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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

RONALD SIEMERS, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiff,

v.

WELLS FARGO & COMPANY, H.D. VEST
INVESTMENT SERVICES, LLC, WELLS
FARGO INVESTMENTS, LLC, WELLS
FARGO FUNDS MANAGEMENT, LLC,
WELLS CAPITAL MANAGEMENT, INC.,
STEPHENS, INC., WELLS FARGO FUNDS
DISTRIBUTOR, LLC, AND WELLS FARGO
FUNDS TRUST,

Defendants.

No. 05-04518 WHA

STIPULATION OF SETTLEMENT

This stipulation and agreement of settlement dated as of July 5, 2007 (the "Stipulation") is submitted pursuant to Rule 23(e) of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into among Lead Plaintiff Ronald Siemers on behalf of himself, the Settlement Class, and the Wells Fargo Advantage Small Cap Growth Fund, and defendants Wells Fargo & Company, Wells Fargo Investments, LLC, Wells Fargo Funds Trust, Wells Fargo Funds Management, LLC, Wells Capital Management Incorporated, Wells Fargo Funds Distributor, LLC, and Stephens Inc., by and through their respective counsel. This Stipulation is intended by the parties hereto to compromise, resolve, discharge and settle the Action and the Certified Class Claims, Uncertified Class Claims, Stayed Claims and Derivative Claim, subject to the terms and conditions set forth below and final approval of the Court:

WHEREAS, on November 4, 2005, the following federal securities class action lawsuit was filed in the United States District Court for the Northern District of California (the "Court"): *McDaniel Family Trust v. Wells Fargo & Company, et al.*, Civil Action No. 3:05-cv-04518-WHA;

WHEREAS, by Order dated February 28, 2006, the Court appointed Ronald Siemers as Lead

1 Plaintiff;

2 WHEREAS, on April 11, 2006, Lead Plaintiff filed a Consolidated Amended Complaint (the
3 “Complaint”) under the caption *Siemers v. Wells Fargo & Company, et al.*, Civil Action No. 3:05-
4 cv-04518-WHA (N.D. Cal.) (the “Action”), asserting claims under: Sections 12(a)(2) and 15 of the
5 Securities Act of 1933, as amended (the “Securities Act”); Sections 10(b) and 20(a) of the Securities
6 Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10b-5 promulgated thereunder;
7 and Sections 36(b) and 48(a) of the Investment Company Act of 1940 (the “Investment Company
8 Act”);

9 WHEREAS, by Order dated June 30, 2006, the Court appointed the law firm of Gutride Safier
10 LLP (later changed to Gutride Safier Reese LLP) as Lead Counsel;

11 WHEREAS, on August 14, 2006, the Court granted in part and denied in part Defendants’
12 motions to dismiss the Complaint, and therein dismissed the claim under Section 48(a) of the
13 Investment Company Act;

14 WHEREAS, on August 31, 2006, Lead Plaintiff filed a Second Amended Complaint, asserting
15 claims under Sections 12(a)(2) and 15 of the Securities Act, Sections 10(b) and 20(a) of the
16 Exchange Act, and Section 36(b) of the Investment Company Act;

17 WHEREAS, on October 24, 2006, the Court granted in part and denied in part Defendants’
18 motions to dismiss the Second Amended Complaint;

19 WHEREAS, on November 17, 2006, Lead Plaintiff lodged a Proposed Third Amended
20 Complaint, again asserting claims under Sections 12(a)(2) and 15 of the Securities Act, Sections
21 10(b) and 20(a) of the Exchange Act, and Section 36(b) of the Investment Company Act, and moved
22 for leave to file the Proposed Third Amended Complaint;

23 WHEREAS, on March 9, 2007, the Court granted in part and denied in part Lead Plaintiff’s
24 motion for leave to file the Proposed Third Amended Complaint, and therein limited the claim under
25 Section 36(b) of the Investment Company Act to the Wells Fargo Advantage Small Cap Growth
26 Fund, severed and stayed all claims involving non-Wells Fargo mutual funds, and dismissed H.D.
27 Vest Investments, LLC as a defendant;

28 WHEREAS, on March 21, 2007, Lead Plaintiff filed a revised Third Amended Complaint

1 pursuant to the March 9, 2007 order;

2 WHEREAS, on April 17, 2007, the Court denied Defendants' motion to dismiss the Third
3 Amended Complaint;

4 WHEREAS, on May 17, 2007, the Court granted Defendants' motion for judgment on the
5 pleadings as to those claims asserting a violation of Sections 12(a)(2) and 15 of the Securities Act;

6 WHEREAS, on May 23, 2007, the Court denied appointment of Forrest McKenna as a class
7 representative;

8 WHEREAS, on June 1, 2007, the Court appointed Lead Plaintiff Siemers as the class
9 representative and Gutride Safier Reese LLP as class counsel and certified a class of "[a]ll
10 purchasers of shares (of any class) bought between November 4, 2000, and June 8, 2005, in any of
11 the following mutual funds: Wells Fargo Advantage Small Cap Growth Fund, Wells Fargo TR [sic]
12 Montgomery Emerging Markets Focus Fund, and Wells Fargo Diversified Equity Fund," but
13 otherwise denied Lead Plaintiff's motion for class certification and bifurcated and stayed the claim
14 asserting a violation of Section 36(b) of the Investment Company Act;

15 WHEREAS, the Court has held that, to prove the claims under the Exchange Act, Lead
16 Plaintiff will be required to show, among other things, that (1) the defendant fund adviser had a
17 practice of extracting excessive advisory and other fees from the Certified Wells Fargo Mutual
18 Funds, (2) that these excessive fees were imposed to satisfy ongoing revenue-sharing obligations to
19 selling agents in exchange for promoting Wells Fargo mutual funds for the benefit of Wells Fargo,
20 but not the existing investors, (3) that these arrangements were not adequately disclosed to investors,
21 (4) that the non-disclosure was material, (5) that investors relied thereon (or that their reliance can
22 be presumed), and (6) that the actions caused remediable loss to Lead Plaintiff and members of the
23 certified class. With respect to the first point—the excessiveness of the fees—the Court further held
24 that Lead Plaintiff would be required to show that the fees were excessive as judged under the
25 factors set forth in *Gartenberg v. Merrill Lynch Asset Management*, 694 F.2d 923 (2d Cir. 1982),
26 which requires analysis of (1) the nature and quality of services provided to fund shareholders, (2)
27 the profitability of the fund to the adviser-manager, (3) fall-out benefits to Defendants from their
28 sale of the funds, (4) economies of scale in administering the funds, (5) fee structures of comparable

1 funds, and (6) the independence and conscientiousness of the trustees;

2 WHEREAS, on June 13, 2007 and June 28, 2007, counsel for the parties attended a settlement
3 conference with United States Magistrate Judge Joseph C. Spero, during which they engaged in
4 arms-length settlement negotiations that resulted in a settlement agreement in principle that is set
5 forth more fully herein;

6 WHEREAS, Defendants deny any wrongdoing whatsoever, and this Stipulation shall in no
7 event be construed or deemed to be evidence of, or an admission or concession on the part of any of
8 Defendants with respect to, any claim, fault, liability, wrongdoing or damage whatsoever, or any
9 infirmity in the disclosures that Defendants have made or the defenses that Defendants have
10 asserted. Nor shall this Stipulation be construed or deemed to be a concession by the Lead Plaintiff
11 of any infirmity in the claims asserted in the Action;

12 WHEREAS, Lead Counsel has investigated the allegations of wrongdoing asserted and the
13 alleged damages suffered by the Settlement Class and the Wells Fargo Advantage Small Cap
14 Growth Fund. In connection therewith, Lead Counsel reviewed and analyzed hundreds of thousands
15 of pages of documents and information obtained from Defendants, from third parties that responded
16 to subpoenas, and from Lead Counsel's own investigation relating to the claims. In connection
17 therewith, Lead Counsel has also taken or defended ten depositions. Lead Plaintiff and Lead
18 Counsel believe that the investigation they have undertaken provides an adequate and satisfactory
19 basis for the settlement described herein;

20 WHEREAS, the investigation conducted by the parties has shown with respect to the Certified
21 Wells Fargo Mutual Funds that, in addition to dealer reallowances, approximately \$10.9 million was
22 paid to broker dealers in connection with sales and assets under management during the Class
23 Period, of which approximately \$1.70 million was denominated as "revenue sharing," with the
24 remainder paid for shareholder servicing, 12b-1 fees, networking, and internal profit sharing among
25 certain Wells Fargo affiliates;

26 WHEREAS, the investigation conducted by the parties has shown that of the total "revenue
27 sharing" payments of approximately \$1.70 million, approximately \$392,000 (23.1%) was with
28 respect to sales and assets of the Wells Fargo Advantage Small Cap Growth Fund, approximately

1 \$1.18 million (69.4%) was with respect to sales and assets of the Wells Fargo Diversified Equity
2 Fund, and approximately \$127,000 (7.5%) was with respect to the Wells Fargo Montgomery
3 Emerging Markets Focus Fund;

4 WHEREAS, Defendant Wells Fargo Funds Trust had responsibility for the registration of the
5 Wells Fargo Advantage Small Cap Growth Fund and the Wells Fargo Diversified Equity Fund
6 throughout the Class Period (from November 4, 2000 through June 8, 2005), but only had such
7 responsibility with respect to the Wells Fargo Montgomery Emerging Markets Focus Fund
8 beginning June 9, 2003;

9 WHEREAS, the investigation conducted by the parties has shown that with respect to the
10 Wells Fargo Advantage Small Cap Growth Fund Class A shares, approximately \$35,800 was paid in
11 “revenue sharing” to broker dealers in the calendar year prior to the initiation of this Action. From
12 this investigation, Lead Counsel has estimated that with respect to all share classes of that fund,
13 approximately \$87,500 in “revenue sharing” was paid to broker dealers during that time frame;

14 WHEREAS, Lead Plaintiff and Lead Counsel believe that based upon the elements of proof
15 identified by the Court, success is not assured on their Exchange Act claim and that their best case
16 would be with respect to the amounts paid by Defendants for the denominated purpose of “revenue
17 sharing,” which for the Certified Wells Fargo Mutual Funds during the Class Period has been
18 calculated to be approximately \$1.70 million;

19 WHEREAS, Lead Plaintiff and Lead Counsel believe that success also is not assured on their
20 Investment Company Act claim and that their best case would be with respect to the amounts paid
21 by Defendants for the denominated purpose of “revenue sharing” at least for the one-year period
22 prior to the filing of this Action, which Lead Counsel has estimated to be approximately \$87,500;

23 WHEREAS, based on the claims asserted, the procedural posture of the case, the evidence
24 developed, and the damages that might be proven by the Settlement Class, Lead Counsel and Lead
25 Plaintiff believe that the settlement provides a fair and reasonable monetary recovery for the
26 Settlement Class of \$1,098,500, which is 65% of the estimated total paid with respect to the
27 Certified Wells Fargo Mutual Funds during the Class Period as “revenue sharing”;

28 WHEREAS, based on the procedural posture of the case, the evidence developed, and the

1 damages that might be proven by the Wells Fargo Advantage Small Cap Growth Fund, Lead
2 Counsel and Lead Plaintiff believe that the settlement provides a fair and reasonable monetary
3 recovery for the Wells Fargo Advantage Small Cap Growth Fund of \$50,000, or 57% of Lead
4 Counsel's estimate for the "revenue sharing" paid during the year prior to initiation of this Action;

5 WHEREAS, Lead Plaintiff and Lead Counsel believe that the settlement also benefits the
6 Settlement Class by requiring improved disclosures in the prospectuses and statements of additional
7 information for the Certified Wells Fargo Mutual Funds;

8 WHEREAS, based on a review of the records of Wells Fargo Investments, the parties estimate
9 that approximately 75% of shareholders of the Wells Fargo Advantage Small Cap Growth Fund as
10 of June 26, 2007, were holders of that fund as of June 8, 2005;

11 WHEREAS, Lead Plaintiff believes that with respect to his Stayed Claims regarding non-
12 Wells Fargo Funds, as to which no motion for class certification has been filed, and also with
13 respect to the Uncertified Class Claims, he would be able to establish recoverable, personal losses in
14 excess of \$1,500;

15 WHEREAS, Lead Plaintiff and Lead Counsel further recognize and acknowledge the expense
16 and length of continued proceedings necessary to prosecute the Action through trial and appeal.
17 They have also considered the uncertain outcome and the risk of any litigation, including the risk
18 that they might recover nothing, especially in complex actions such as the Action, as well as the
19 difficulties and delays inherent in any such litigation. Lead Plaintiff and Lead Counsel are also
20 mindful of the inherent problems of proof and possible defenses to the federal securities law
21 violations asserted against Defendants and therefore believe that it is desirable that the Action and
22 the Certified Class Claims, Uncertified Class Claims, Stayed Claims and Derivative Claim be
23 compromised, settled and resolved as set forth herein. Based upon their evaluation, Lead Plaintiff
24 and Lead Counsel have determined that the settlement set forth in this Stipulation is fair, reasonable
25 and adequate and in the best interests of Lead Plaintiff, the Settlement Class and the Wells Fargo
26 Advantage Small Cap Growth Fund.

27 NOW THEREFORE, without any admission or concession on the part of Lead Plaintiff of any
28 lack of merit of the Action, and without any admission or concession of any liability or wrongdoing

1 or lack of merit in the defenses whatsoever by Defendants, it is hereby STIPULATED AND
2 AGREED, by and among the Settling Parties, through their respective attorneys, subject to approval
3 of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure and other conditions set
4 forth herein, in consideration of the benefits flowing to the parties hereto from the Settlement, that
5 the Action and the Certified Class Claims, Uncertified Class Claims, Stayed Claims, and Derivative
6 Claim shall be, to the extent set forth herein, settled and dismissed upon and subject to the terms and
7 conditions set forth herein.

8 **1. Definitions**

9 As used herein, the following terms shall have the meanings indicated:

10 (a) "Action" means the action styled *Siemers v. Wells Fargo & Company, et al.*, Civil Action
11 No. 3:05-cv-04518-WHA (N.D. Cal.).

12 (b) "Administration Expenses" means all costs, disbursements, and expenses incurred in the
13 implementation of this Settlement including, but not limited to: the Other Notice Costs; the costs of
14 receiving, processing and reviewing Proofs of Claim filed by the Settlement Class Members, to the
15 extent such receipt, processing and/or review is contemplated by the Plan of Allocation; the costs of
16 transferring payments to Settlement Class Members entitled to recovery, to the extent such payments
17 are contemplated by the Plan of Allocation; Taxes and Tax Expenses; and other reasonable fees and
18 expenses of an agent to administer the Settlement including, but not limited to, the Claims
19 Administrator. Notwithstanding the above, Administration Expenses shall not include the Wells
20 Fargo Notice Expenses and Wells Fargo Distribution Expenses.

21 (c) "Certified Class Claims" means the claims asserted in the Action on behalf and for the
22 benefit of the Settlement Class Members alleging violations of Section 10(b) of the Securities
23 Exchange Act and Rule 10b-5 enacted pursuant thereto with respect to the Certified Wells Fargo
24 Mutual Funds.

25 (d) "Certified Wells Fargo Mutual Funds" means the mutual funds that are series of Wells
26 Fargo Funds Trust and currently named Wells Fargo Advantage Small Cap Growth Fund, Wells
27 Fargo Advantage Emerging Markets Focus Fund, and Wells Fargo Advantage Diversified Equity
28 Fund, and refers to those funds as they are currently named or named previously (for example, the

1 Wells Fargo Advantage Small Cap Growth Fund was formerly named the Wells Fargo Small Cap
2 Growth Fund, the Wells Fargo Advantage Emerging Markets Focus Fund was formerly named the
3 Wells Fargo Montgomery Emerging Markets Focus Fund, and the Wells Fargo Advantage
4 Diversified Equity Fund was formerly named the Wells Fargo Diversified Equity Fund). However,
5 mutual funds that were series of entities other than Wells Fargo Funds Trust and were later acquired
6 by or merged with mutual funds that are or were series of Wells Fargo Funds Trust do not constitute
7 Certified Wells Fargo Mutual Funds for the time prior to such acquisition or merger. Thus, the term
8 Certified Wells Fargo Mutual Funds does not include the Montgomery Emerging Markets Focus
9 Fund prior to June 9, 2003 because Wells Fargo Funds Trust did not have responsibility for the
10 registration of that fund prior to June 9, 2003.

11 (e) “Claims Administrator” means the Claims Administrator designated in the Plan of
12 Allocation, if any.

13 (f) “Class Period” means the period of time between November 4, 2000 and June 8, 2005,
14 inclusive.

15 (g) “Counsel Fees and Expenses” means fees and expenses allowed by the Court that are
16 sought and were incurred by Lead Counsel and any other plaintiffs’ counsel in the prosecution of the
17 Action, including the Derivative Claim and all other claims, but excluding any expenses that qualify
18 as Administration Expenses.

19 (h) “Court” means the United States District Court for the Northern District of California.

20 (i) “Defendants” means Wells Fargo & Company, Wells Fargo Investments, LLC, H.D. Vest
21 Investment Services, LLC, Wells Fargo Funds Trust, Wells Fargo Funds Management, LLC, Wells
22 Capital Management Incorporated, Wells Fargo Funds Distributor, LLC, and Stephens Inc.

23 (j) “Defendants’ Counsel” means the law firms of Howard Rice Nemerovski Canady Falk &
24 Rabkin, A Professional Corporation, and Pillsbury Winthrop Shaw Pittman LLP.

25 (k) “Derivative Claim” means Lead Plaintiff’s claim in this Action under Section 36(b) of the
26 Investment Company Act asserted on behalf and for the benefit of the Wells Fargo Advantage Small
27 Cap Growth Fund.

28 (l) “Effective Date” means the date upon which the Settlement contemplated by this

1 Stipulation shall become effective, as set forth in Paragraph 7 below.

2 (m) “Escrow Agent” means the Claims Administrator or another person or agent chosen by
3 Lead Counsel with the approval of Defendants who is qualified to perform the duties of the Escrow
4 Agent as set forth herein.

5 (n) “Fairness Hearing” means the hearing held by the Court to consider final approval of the
6 Settlement of the Certified Class Claims pursuant to Rule 23(e) of the Federal Rules of Civil
7 Procedure and final approval of the Settlement of the Derivative Claim.

8 (o) “Lead Counsel” means the law firm of Gutride Safier Reese LLP.

9 (p) “Lead Plaintiff” means plaintiff Ronald Siemers.

10 (q) “Notice” means the Notice of Proposed Class Action Settlement, substantially in the form
11 attached hereto as Exhibit 2.

12 (r) “Order and Final Judgment” means the proposed order and final judgment approving the
13 Settlement pursuant to Rule 23(e) of the Federal Rules of Civil Procedure to be entered substantially
14 in the form attached hereto as Exhibit 5.

15 (s) “Other Notice Costs” means the reasonable costs, disbursements and expenses of
16 providing notice as ordered by the Court (other than the Wells Fargo Notice Costs), and shall
17 include the costs of processing returned mail; the costs of researching the correct address for, and
18 resending the Notice to, any person from whom the Notice is returned to the Claims Administrator
19 as undeliverable, including without limitation postage, printing and return envelopes; the costs of
20 establishing and maintaining any website created, maintained or utilized in connection with the
21 Settlement; the costs of publishing the Summary Notice; and the costs of any other notice as
22 provided herein and/or as may be ordered by the Court.

23 (t) “Plan of Allocation” means the plan of allocating the Settlement Account to be approved
24 by the Court and entered substantially in the form attached hereto as Exhibit 4.

25 (u) “Preliminary Approval Order” means the proposed order to be entered by the Court
26 substantially in the form attached hereto as Exhibit 1, which shall provide, among other things, for a
27 Fairness Hearing and the giving of appropriate, reasonable notice of the Settlement.

28 (v) “Released Parties” means Defendants (including without limitations any other entities

1 named as defendants in the Action at any time, including any defendants who were dismissed in the
2 Action), and all of their present and former employees, officers, trustees and directors, and all of
3 their respective past or present subsidiaries, parents, affiliates, successors, predecessors, agents,
4 attorneys, advisors, insurers, investment advisors, distributors, auditors, accountants, assigns,
5 spouses, any member of their immediate family, or any trust which is for the benefit of any of them
6 and/or member(s) of their immediate family and the legal representatives, heirs or successors in
7 interest of all of the foregoing, and any person, firm, trust, corporation, officer, director or other
8 individual or entity in which any one of them has a controlling interest or which is related to or
9 affiliated with any of the foregoing.

10 (w) "Settlement" means the terms of settlement of the Action agreed to hereby.

11 (x) "Settlement Class" means all purchasers of shares (of any class) bought between
12 November 4, 2000, and June 8, 2005, in the Certified Wells Fargo Mutual Funds, but excluding:

13 (i) any person or entity whose only purchases of shares in the Certified Wells Fargo Mutual Funds
14 during the Class Period were through dividend reinvestments; (ii) Judge William H. Alsup; (iii) the
15 Released Parties; and (iv) any putative member of the Settlement Class who makes a proper and
16 timely request for exclusion from the Settlement Class.

17 (y) "Settlement Class Members" means all members of the Settlement Class.

18 (z) "Settlement Payment" means the payments Defendants shall deliver to the Settlement
19 Account (defined in Paragraph 2(b)(ii) below) pursuant to Paragraph 2(a) hereof.

20 (aa) "Settling Parties" means Lead Plaintiff, on behalf of himself, the Settlement Class and the
21 Wells Fargo Advantage Small Cap Growth Fund, and Defendants.

22 (bb) "Stayed Claims" mean all claims stayed in the Court's order entered on March 9, 2007,
23 including all claims alleged in the Action relating to non-Wells Fargo mutual funds.

24 (cc) "Stipulation" means this Stipulation of Settlement.

25 (dd) "Summary Notice" means the summary form of Notice of Proposed Class Action
26 Settlement, substantially in the form attached hereto as Exhibit 3.

27 (ee) "Taxes" means all taxes (including any estimated taxes, interest or penalties) arising with
28 respect to the income earned by the Settlement Account, including all accrued interest.

1 (ff) “Tax Expenses” mean costs, disbursements and expenses incurred in connection with
2 estimating and paying the Taxes (including, without limitation, expenses of tax attorneys and/or
3 accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the
4 returns described in Paragraph 2(b)(iv)).

5 (gg) “Uncertified Class Claims” means the claims asserted in this Action on behalf and for the
6 benefit of the Settlement Class Members alleging violations under Section 10(b) of the Securities
7 Exchange Act and Rule 10b-5 enacted pursuant thereto with respect to any Wells Fargo mutual
8 funds other than the Certified Wells Fargo Mutual Funds.

9 (hh) “Wells Fargo Account” means any reasonably identifiable account used to purchase the
10 Certified Wells Fargo Mutual Funds during the Class Period, where the account is or was held at
11 Wells Fargo Investments, LLC, H.D. Vest Investment Services, LLC, Wells Fargo Funds
12 Distributor, LLC, or Wells Fargo Funds Management, LLC, or is or was a direct to fund account of
13 Wells Fargo Funds Trust.

14 (ii) “Wells Fargo Distribution Expenses” means the costs, disbursements and expenses
15 reasonably incurred in the transferring of payments to any Wells Fargo Account that is open at the
16 time of distribution to the extent such payments are contemplated in the Plan of Allocation. The
17 Wells Fargo Distribution Expenses shall not include any other expenses associated with the
18 administration of this Settlement or distribution of any payments.

19 (jj) “Wells Fargo Notice Expenses” means the costs, disbursements and expenses
20 reasonably incurred in connection with sending the Notice as described in Paragraphs 4(a)(i)-(ii).
21 The Wells Fargo Notice Expenses shall not include any Other Notice Costs.

22 **2. Consideration For Release Of Claims**

23 (a) Settlement Payment

24 (i) Derivative Claim Payment: On or before ten (10) business days following entry
25 of the Preliminary Approval Order, Defendants shall pay fifty thousand dollars (\$50,000.00)
26 into the Settlement Account for the benefit of the Wells Fargo Advantage Small Cap Growth
27 Fund.

28 (ii) Class Settlement Payment: On or before ten (10) business days following entry of

1 the Preliminary Approval Order, Defendants shall pay one million ninety-eight thousand five
2 hundred dollars (\$1,098,500.00) into the Settlement Account for the benefit of the Settlement
3 Class Members.

4 (iii) Personal Settlement of Stayed Claims and Uncertified Class Claims: On or before
5 ten (10) business days following entry of the Preliminary Approval Order, Defendants shall
6 pay one thousand five hundred dollars (\$1,500.00) into the Settlement Account for the benefit
7 of Ronald Siemers. This payment is made solely in exchange for Mr. Siemers' individual
8 settlement of the Stayed Claims and Uncertified Class Claims as reflected in the Siemers
9 Release.

10 (b) Settlement Account

11 (i) In the event of the entry of a final order of a court of competent jurisdiction
12 determining the transfer of the Settlement Payment, or any portion thereof, to be a preference,
13 voidable transfer, or fraudulent transfer, or in violation of 11 U.S.C. §362, then the releases
14 given and judgment entered pursuant to this Stipulation shall be voidable by Lead Counsel,
15 and if so voided, then the provisions of Paragraph 7(d) shall be applicable.

16 (ii) The Settlement Account shall be an account bearing interest from the date monies
17 are deposited into it as provided herein until it is transferred in accordance with the provisions
18 of this Stipulation, the Plan of Allocation, and orders of the Court, or returned to Defendants
19 as described herein. The Settlement Account shall be established so that the funds therein are
20 held in escrow by the Escrow Agent, and shall be deemed to be in the custody, and shall
21 remain subject to the jurisdiction, of the Court until the funds are distributed or returned to
22 Defendants pursuant to this Stipulation, the Plan of Allocation, and/or further Court order.
23 The Escrow Agent shall not disburse funds from the Settlement Account except as provided in
24 this Stipulation, the Plan of Allocation, or by an order of the Court, or with the written
25 agreement of counsel for each of the Settling Parties.

26 (iii) The Settlement Account shall be the sole source of funds from Defendants for
27 payment of any claims to Lead Plaintiff (including without limitation as set forth in Paragraph
28 10 herein), the Settlement Class, or the Wells Fargo Advantage Small Cap Growth Fund. The

1 Settlement Account shall also be the sole source of funds from Defendants for payment of
2 Counsel Fees and Expenses and all Administration Expenses (excepting Defendants' separate
3 payment of the Wells Fargo Notice Expenses and Wells Fargo Distribution Expenses). Lead
4 Plaintiff, Settlement Class Members and the Wells Fargo Advantage Small Cap Growth Fund
5 will look solely to the Settlement Account for settlement and satisfaction of any and all claims
6 against any and all Defendants and the Released Parties. Lead Counsel and any other
7 plaintiffs' attorneys will look solely to the Settlement Account for Counsel Fees and Expenses
8 and Administration Expenses, and neither Defendants nor the Released Parties will pay any
9 Counsel Fees and Expenses and/or Administration Expenses beyond the Settlement Payment
10 (excepting Defendants' separate payment of the Wells Fargo Notice Expenses and Wells
11 Fargo Distribution Expenses). Defendants shall have no other responsibility or obligation in
12 connection with the administration, investment, or distribution of the Settlement Account or
13 funds therein, except for transferring payments to any Wells Fargo Account that is open at the
14 time of distribution to the extent such payments are contemplated in Paragraph 6 of the Plan of
15 Allocation.

16 (iv) The Parties and the Escrow Agent shall treat the Settlement Account and funds
17 therein as being at all times a "qualified settlement fund" with the meaning of Treas. Reg.
18 Section 1.468B-1. In addition, the Escrow Agent shall timely make the "relation-back
19 election" (as defined in Treas. Reg. Section 1.468B-1) back to the earliest permitted date.
20 Such election shall be made in compliance with the procedures and requirements contained in
21 such regulations. It shall be the responsibility of the Escrow Agent to timely and properly
22 prepare and deliver the necessary documentation for signature by all necessary parties, and to
23 cause the appropriate filing to occur.

24 For the purposes of Section 468B of the Internal Revenue Code of 1986, and Treas.
25 Reg. Section 1.468B, the "administrator" shall be the Claims Administrator. The Claims
26 Administrator shall timely and properly file all informational and other tax returns necessary
27 or advisable with respect to the Settlement Account (including without limitation the returns
28 described in Treas. Reg. Section 1.468B-2(k)). Such returns (as well as the "relation back"

1 election) shall be consistent with this Paragraph 2(b)(iv) and in all events shall reflect that all
2 taxes (including any estimated taxes, interest or penalties) on the income earned by the
3 Settlement Account shall be paid out of the Settlement Account.

4 (v) Taxes and Tax Expenses shall be treated as, and considered to be, part of the
5 Administration Expenses of the Settlement. As such, Taxes and Tax Expenses shall be timely
6 paid by Lead Counsel or the Claims Administrator without prior order from the Court, and the
7 Claims Administrator shall be obligated (notwithstanding anything herein to the contrary) to
8 withhold from distribution any funds necessary to pay such amounts (as well as any amounts
9 that may be required to be withheld under Treas. Reg. Section 1.468B-2(1)(2)). Lead Plaintiff
10 and Defendants agree to cooperate with the Claims Administrator, each other, and their tax
11 attorneys and accountants to the extent reasonably necessary to carry out the provisions of this
12 paragraph.

13 In all events, Defendants and the Released Parties shall have no liability or
14 responsibility for the payment or withholding of Taxes or the Tax Expenses, or the
15 preparation or filing of returns, all of which shall be the sole responsibility of Lead Counsel or
16 their designee.

17 (c) Disclosures

18 (i) As further consideration for the Settlement, Defendant Wells Fargo Funds Trust
19 agrees to amend the disclosures regarding revenue sharing payments in the prospectuses and
20 Statements of Additional Information (“SAIs”) for each of the Certified Wells Fargo Mutual
21 Funds as set forth substantially in the form attached hereto as Exhibits 6 and 7 (“Stipulated
22 Disclosures”). To the extent permitted by applicable law and regulations, the Stipulated
23 Disclosures shall be preceded by a heading or subheading fairly apprising readers of the
24 subject of the Stipulated Disclosures, which heading or subheading shall be listed in any
25 existing table of contents to the prospectuses and SAIs.

26 (ii) The Stipulated Disclosures will be inserted only as prospectuses and SAIs are
27 amended and/or issued in the normal course of business, and will remain in the prospectuses
28 and SAIs for any of the Certified Wells Fargo Mutual Funds for at least two (2) years after the

1 Effective Date.

2 (iii) Should the Securities Exchange Commission (“SEC”) or any other body with
3 regulatory authority over the mutual fund industry mandate disclosures (“Regulatory
4 Disclosures”) on any or all of the subjects covered by the Stipulated Disclosures, then, such
5 Regulatory Disclosures shall control over the Stipulated Disclosures, relieving Defendants of
6 their obligations to include such Stipulated Disclosures in prospectuses and SAIs, even if the
7 Regulatory Disclosures and Stipulated Disclosures are not in conflict. Should the SEC or any
8 other body with regulatory authority over the mutual fund industry approve but not mandate
9 Regulatory Disclosures on any or all of the subjects covered by the Stipulated Disclosures, and
10 should Defendant Wells Fargo Funds Trust choose to adopt the Regulatory Disclosures,
11 Defendant shall also provide the portion of the Stipulated Disclosures that is not in conflict
12 with the Regulatory Disclosures.

13 **3. Scope And Effect Of Settlement**

14 (a) Certified Class Claims: As consideration for the Settlement and providing the Effective
15 Date occurs, Lead Plaintiff, on behalf of himself and the Settlement Class Members, shall dismiss
16 on the merits and with prejudice all Certified Class Claims. As further consideration for the
17 Settlement and providing the Effective Date occurs, Lead Plaintiff and the Settlement Class
18 Members, and each of their respective past or present agents, partners, members, affiliates,
19 subsidiaries, issues, heirs, representatives, successors and assigns, shall release and forever
20 discharge, as against any and all of the Released Parties, each and every of the Certified Class
21 Claims and, in addition, any and all known and unknown claims, debts, demands, rights or causes of
22 action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or
23 any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or
24 unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, or
25 direct or derivative, with respect to the Certified Wells Fargo Mutual Funds, arising out of or based
26 upon the allegations made in any of the complaints filed in the Action and/or related in any way to
27 any payments by or to any of Defendants in connection with the Certified Wells Fargo Mutual
28 Funds. With respect to the above Release, Lead Plaintiff and the Settlement Class Members

1 expressly waive, any and all provisions, rights and benefits conferred by law of any state or territory
2 of the United States, federal law, or principle of common law, which is similar, comparable, or
3 equivalent to Cal. Civ. Code §1542, which provides

4 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
5 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR
6 AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR
7 HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
8 THE DEBTOR,

9 but only to the extent that any such claims were made or might have been made with respect to the
10 Certified Wells Fargo Mutual Funds, and arise out of or are based upon the allegations made in any
11 of the complaints filed in the Action and/or relate in any way to any payments by or to any of
12 Defendants in connection with the Certified Wells Fargo Mutual Funds. Lead Plaintiff and
13 Defendants acknowledge, and by operation of law they and Settlement Class Members shall be
14 deemed to have acknowledged, that the inclusion of such unknown claims in this release was
15 separately bargained for and was a key element of the Settlement. Lead Plaintiff or Settlement Class
16 Members may hereafter discover facts in addition to or different from those which he, she or its now
17 knows or believes to be true with respect to the subject matter of the claims described in Paragraph
18 3(a), but Lead Plaintiff intends, and Settlement Class Members are deemed to have intended by
19 operation of the Order and Final Judgment, for the release of such claims to be effective without
20 regard to the subsequent discovery or existence of such different or additional facts and for it to
21 extend to unknown claims. The release of all such claims is intended to be a full and binding release
22 of all such claims, including unknown claims, and shall be construed broadly to effect that purpose.

23 (b) Uncertified Class Claims: As consideration for the Settlement and providing the
24 Effective Date occurs, Lead Plaintiff, on behalf of himself and the putative members of any class
25 alleged in any of the complaints filed in the Action, shall dismiss the Uncertified Class Claims.
26 Such dismissal shall be with prejudice as to Lead Plaintiff and without prejudice as to any putative
27 member of any class.

28 (c) Stayed Claims: As consideration for the Settlement and providing the Effective Date
occurs, Lead Plaintiff, on behalf of himself and the putative members of any class alleged in the any
of the complaints filed in the Action, shall dismiss all Stayed Claims. Such dismissal shall be with

1 prejudice as to Lead Plaintiff and without prejudice as to any putative member of any class.

2 (d) Derivative Claim: As consideration for the Settlement and providing the Effective Date
3 occurs, Lead Plaintiff, on behalf of himself and the Wells Fargo Advantage Small Cap Growth
4 Fund, including all predecessors to that fund (whether those predecessors were simply renamed or
5 merged into the current fund) shall dismiss on the merits and with prejudice the Derivative Claim.
6 As further consideration for the Settlement and providing the Effective Date occurs, Lead Plaintiff,
7 on behalf of himself and the Wells Fargo Advantage Small Cap Growth Fund, including all
8 predecessors to that fund (whether those predecessors were simply renamed or merged into the
9 current fund), and each of Lead Plaintiff's respective past or present agents, partners, issues, heirs,
10 representatives, successors and assigns, shall release and forever discharge the Derivative Claim as
11 against any and all of the Released Parties.

12 (e) Siemers Release: As consideration for the Settlement and providing the Effective Date
13 occurs, Lead Plaintiff, on behalf of himself, shall, consistent with Paragraphs 3(a)-(d), dismiss on
14 the merits and with prejudice the Action. As further consideration for the Settlement and providing
15 the Effective Date occurs, Lead Plaintiff, on behalf of himself, his spouse, and any retirement or
16 other account maintained by Lead Plaintiff or his spouse, and on behalf of each of his respective past
17 or present agents, partners, issues, heirs, representatives, successors and assigns, shall release and
18 forever discharge, as against any and all of the Released Parties, any and all known and unknown
19 claims, debts, demands, rights or causes of action or liabilities whatsoever, whether based on
20 federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or
21 contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or
22 unmatured, whether class or individual in nature, or direct or derivative, arising out of, based upon
23 or related in any way to (i) the allegations made in any of the complaints filed in the Action by the
24 Lead Plaintiff against any of the Released Parties, or (ii) the allegations that could have been made
25 in any forum by the Lead Plaintiff against any of the Released Parties which arise out of or are based
26 upon the allegations, transactions, facts, matters or occurrences, representations or omissions
27 involved, set forth, or referred to in any of the complaints in the Action; *provided, however*, that this
28 release shall not extend to claims unrelated to (i) the issuance, sale, marketing, distribution, and/or

1 management of mutual funds by any of the Released Parties, or the purchase of the mutual funds by
2 the Lead Plaintiff, during the Class Period, or (ii) any disclosures made in connection therewith,
3 including without limitation within prospectuses and statements of additional information and by
4 broker-dealers.

5 With respect to the release described in this Paragraph 3(e), the Settling Parties further
6 stipulate and agree that upon the Effective Date, Lead Plaintiff shall expressly waive, and by
7 operation of the Order and Final Judgment shall be deemed to have expressly waived, any and all
8 provisions, rights and benefits conferred by law of any state or territory of the United States, federal
9 law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code
10 §1542, which provides:

11 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
12 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR
13 AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR
HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
THE DEBTOR.

14 Lead Plaintiff and Defendants acknowledge, and by operation of law shall be deemed to have
15 acknowledged, that the inclusion of unknown claims in this release was separately bargained for and
16 was a key element of the Settlement. Lead Plaintiff may hereafter discover facts in addition to or
17 different from those which he now knows or believes to be true with respect to the subject matter of
18 the claims described in Paragraph 3(e), but Lead Plaintiff intends the release of such claims to be
19 effective without regard to the subsequent discovery or existence of such different or additional facts
20 and for it to extend to unknown claims. The release of all such claims is intended to be a full and
21 binding release of all such claims, including unknown claims, and shall be construed broadly to
22 effect that purpose.

23 (f) McKenna Claims: Within ten (10) days of the execution of this Stipulation, Plaintiff
24 Forrest McKenna shall dismiss his claims against all Defendants without prejudice.

25 (g) The Notice shall provide that when the Effective Date occurs, Settlement Class Members
26 shall have released Defendants and the Released Parties as provided in Paragraph 3(a).

27 (h) The Notice shall provide that when the Effective Date occurs, the Wells Fargo Advantage
28 Small Cap Growth Fund shall have released Defendants and the Released Parties as provided in

1 Paragraph 3(d).

2 **4. Notice, Administration And Plan Of Allocation**

3 (a) The Settlement Class Members shall be provided notice of the Settlement as follows:

4 (i) To all Settlement Class Members having Wells Fargo Accounts, Defendants shall
5 distribute the Notice by first-class U.S. mail to the Settlement Class Member's last known
6 address, or, in Defendants' sole discretion, by email to the last known email address of any
7 Settlement Class Member who has requested receipt of shareholder communications by email.
8 If any such email is returned as undeliverable, Defendants shall send the Notice to that
9 Settlement Class Member's last known address by first-class U.S. mail. Each Notice
10 distributed by U.S. mail shall bear the return address of the Claims Administrator. Defendants
11 shall bear all costs incurred in complying with the terms of this Paragraph (4)(a)(i).

12 (ii) To all other Settlement Class Members, Defendants shall also make reasonable
13 efforts to give notice through nominee owners such as brokerage firms as follows:

14 (a) Any nominee owners who are under a legal obligation to send notice at their own
15 expense to the beneficial owners of the shares pursuant to shareholder servicing agreements or
16 the terms of prospectuses for administrator class and/or investor class shares or other
17 agreements with any Defendant shall forward copies of the Notice to their beneficial owners
18 within a reasonable period after receipt thereof. Such Notice shall be sent by first-class U.S.
19 mail to the Settlement Class Members' last known address, or, in the nominee owner's sole
20 discretion, by email to the last known email address of any Settlement Class Member who has
21 requested receipt of shareholder communications by email. If any such email is returned as
22 undeliverable, the nominee owner shall send the Notice to that Settlement Class Member's last
23 known address by first-class U.S. mail. Each Notice distributed by U.S. mail shall bear the
24 return address of the Claims Administrator. The nominee owner shall bear the costs of notice
25 under this Paragraph 4(a)(ii)(a), except that should the nominee owner dispute its obligation to
26 pay such costs, and such dispute cannot be resolved as between such nominee owner and
27 Defendants, then the Court shall resolve the dispute. Any costs under this Paragraph
28 4(a)(ii)(a) not borne by the nominee owner shall be borne by Defendants.

1 (b) Any nominee owners not falling within Paragraph 4(a)(ii)(a) shall, within a
2 reasonable period of receipt of the Notice, forward copies of the Notice to their beneficial
3 owners or send a list of names and addresses of such persons or entities to a person or entity
4 designated by Defendants to facilitate notice. In the former case, Defendants shall upon
5 request furnish additional copies of the Notice for mailing or emailing and/or reimburse the
6 nominee for reasonable out-of-pocket expenses incurred in providing notice, if requested,
7 which expenses would not have been incurred but for the sending of such notice. In the latter
8 case, Defendants shall cause a copy of the Notice to be sent to each person on the list provided
9 by the nominee. Such Notice shall be sent by first-class U.S. mail to the Settlement Class
10 Members' last known address, or, in Defendants' sole discretion, by email to the last known
11 email address of any Settlement Class Member who has requested receipt of shareholder
12 communications by email. If any such email is returned as undeliverable, the nominee owner
13 or Defendants shall send the Notice to that Settlement Class Member's last known address by
14 first-class U.S. mail. Each Notice distributed by U.S. mail shall bear the return address of the
15 Claims Administrator. Defendants shall bear all costs incurred in complying with the terms of
16 this Paragraph (4)(a)(ii)(b).

17 (iii) If any mailed Notice is returned to the Claims Administrator as undeliverable, the
18 Claims Administrator shall make reasonable efforts to locate a correct address for the
19 Settlement Class Member and shall re-send the Notice to the updated address by first-class
20 U.S. mail. Defendants shall not bear any costs incurred under this Paragraph 4(a)(iii).

21 (iv) The Notice shall inform all Settlement Class Members of the method of opting out
22 of the Settlement, objecting to the settlement, and making a claim under the Settlement.

23 (v) The Notice shall remind all Settlement Class Members who hold Administrator or
24 Institutional class shares of the Certified Wells Fargo Mutual Funds of their potential duty to
25 forward the Notice to the beneficial owners of such shares at their own expense, or to opt out,
26 object, and/or make claims under this Settlement on behalf of such beneficial owners.

27 (vi) The Claims Administrator shall publish the Summary Notice once in the Investors
28 Business Daily and distribute it once to a national newswire such as PR Newswire or

1 Marketwire.

2 (vii) The Claims Administrator shall publish the Notice, the Summary Notice, the
3 Preliminary Approval Order, the Plan of Allocation, an online claim form, a downloadable
4 version of the claim form, and a copy of this Stipulation on the Internet. The website, and any
5 other website used for notice or claims administration or otherwise in connection with the
6 Settlement, shall be subject to the approval of Defendants to ensure their usability, adherence
7 to Defendants' information security requirements (including, but not limited to, appropriate
8 encryption levels), and non-infringement of any Defendants' names, logos, symbols and
9 trademarks and, in addition, shall be subject to the approval of Defendants with respect to their
10 URL and content; such approval shall not be unreasonably withheld. Defendants additionally
11 reserve the right to add, at their discretion, disclaimers stating that the websites are owned by
12 the Claims Administrator and not by Defendants and regarding any privacy policy and
13 security of the websites. Absent their consent, any such websites shall not be located on any
14 of Defendants' servers nor shall they link to any of Defendants' websites, nor shall they be
15 branded as though they are owned or maintained by any of Defendants, nor shall Defendants
16 have any responsibility for the maintenance of any such websites, including without limitation
17 their compliance with all applicable laws.

18 (b) The Settlement Account and funds therein shall be allocated, administered, and
19 distributed according to the Plan of Allocation.

20 (c) None of the Released Parties or Defendants' Counsel shall have any responsibility for,
21 interest in or liability whatsoever with respect to:

22 (i) any act, omission or determination of Lead Counsel, the Escrow Agent or the
23 Claims Administrator, or any of their respective designees or agents, in connection with the
24 administration of the Settlement, any website or data collected in connection therewith, or
25 otherwise;

26 (ii) the management, investment or distribution of the Settlement Account and funds
27 therein;

28 (iii) the determination, administration, or calculation of any claims asserted against the

1 Settlement Account, or the payment of any claims (other than to holders of Wells Fargo
2 Accounts that are open at the time of distribution);

3 (iv) any losses suffered by, or fluctuations in the value of, the Settlement Account and
4 funds therein.

5 (d) Lead Counsel and Lead Plaintiff shall have no liability to any person for any claim based
6 on distributions made substantially in accordance with this Stipulation, the Plan of Allocation and
7 any further orders of the Court.

8 (e) Defendants and their counsel shall make all reasonable efforts to comply with their
9 obligations set forth in this Stipulation. No discovery shall be allowed of the Released Parties or
10 Defendants' Counsel on the merits of the Action, the Settlement, or anything listed in Paragraph
11 4(c). Absent good cause and order by the Court, no discovery shall be allowed of the Released
12 Parties or Defendants' Counsel regarding the administration of the Settlement, including without
13 limitation in connection with their notice obligations set forth in Paragraph 4(a), or their obligations
14 respecting electronic payments set forth in the Plan of Allocation.

15 **5. Court Approval**

16 (a) After the execution of this Stipulation, the Settling Parties hereto will promptly submit it
17 to the Court and will request the entry of the Preliminary Approval Order from the Court,
18 substantially in the form attached as Exhibit 1 hereto.

19 (b) Lead Counsel will also, in due course, submit a motion to approve the settlement of the
20 Derivative Claim, which motion shall be heard at the same time as the motion for final approval of
21 the Settlement.

22 (c) In connection with the motion for final approval of the Settlement, Lead Counsel will
23 move for dismissal of the Certified Class Claims and entry of the Order and Final Judgment, in
24 accordance with Paragraph 3(a).

25 (d) In connection with the motion for final approval of the Settlement, Lead Counsel will also
26 move to dismiss the Uncertified Class Claims and Stayed Claims, in accordance with Paragraphs
27 3(b)-(c).

28 (e) In connection with the motion for final approval of the Settlement, Lead Counsel will also

1 move to dismiss the Derivative Claim, in accordance with Paragraph 3(d).

2 (f) In connection with the motion for final approval of the Settlement, Lead Counsel will also
3 move to dismiss the Action, in accordance with Paragraph 3(e).

4 (g) The Settling Parties and their attorneys agree that they will use their best efforts to obtain
5 all necessary approvals of this Stipulation by the Court.

6 **6. Opt-Out Termination Right**

7 If (i) more than two-thousand five-hundred (2,500) Settlement Class Members or (ii)
8 Settlement Class Members who hold or held at any time during the class period an aggregate of fifty
9 million dollars (\$50,000,000.00) in the Certified Wells Fargo Mutual Funds, request to be or are by
10 Court order excluded from the Settlement Class, then this Stipulation may be withdrawn and/or the
11 Settlement terminated in the sole discretion of the Defendants as to one, two or all of the Certified
12 Wells Fargo Mutual Funds. In the event of a full or partial termination of this Settlement, this
13 Stipulation shall become null and void and of no further force and effect as to the mutual funds
14 subject to the termination and the provisions of Paragraph 7(d) herein shall apply as to the force of
15 the settlement as to the funds for which the settlement is terminated.

16 **7. Effective Date Of Settlement, Waiver Or Termination**

17 (a) The Effective Date of the Settlement shall be the date when all of the following shall have
18 occurred:

19 (i) the Court's entry of the Preliminary Approval Order in all material respects in the
20 form attached as Exhibit 1 hereto;

21 (ii) the Court's final approval of the Settlement following dissemination of the Notice,
22 Summary Notice and any other notice ordered by the Court, and the Fairness Hearing; and

23 (iii) the Court's entry of an Order and Final Judgment, in all material respects in the
24 form set forth in attached Exhibit 5, and the expiration of any time for appeal or review of
25 such Order and Final Judgment, or, if any appeal is filed and not dismissed, five (5) business
26 days after such Order and Final Judgment is upheld on appeal in all material respects and is no
27 longer subject to review upon appeal or by writ of certiorari, or, if the Court enters an order
28 and final judgment in a form other than that provided above ("Alternative Judgment") and

1 none of the Settling Parties hereto elect to terminate this Settlement, the date that such
2 Alternative Judgment becomes final and no longer subject to appeal or review.

3 *Provided, however,* that any award of Counsel Fees and Expenses and/or compensation to Lead
4 Plaintiff pursuant to Paragraph 10 shall not be considered a material provision of the Order and Final
5 Judgment and any appeal of any such awards shall not delay the Effective Date and any
6 modification as a result of such appeal shall not be considered a modification of a material term.

7 (b) Defendants or Lead Plaintiff shall have the right to terminate the Settlement contemplated
8 by this Stipulation by providing written notice of such election to the Settling Parties within ten (10)
9 days of the discovery of any of the following events:

10 (i) the Court declines to enter the Preliminary Approval Order in all material respects
11 in the form attached as Exhibit 1 hereto;

12 (ii) the Court declines to adopt the Plan of Allocation in all material respects in the
13 form attached as Exhibit 4 hereto; or

14 (iii) the Court declines to enter the Order and Final Judgment in all material respects in
15 the form attached as Exhibit 5 hereto;

16 (iv) the Order and Final Judgment is vacated and/or reversed on appeal.

17 (c) Notwithstanding Paragraph 7(b) herein, the following event or occurrence shall not create
18 in Lead Counsel or Lead Plaintiff a right to terminate the Settlement: a decision by any court to
19 award Counsel Fees and Expenses and/or compensation to Lead Plaintiff pursuant to Paragraph 10
20 in an amount less than the amounts applied for by Lead Counsel, other plaintiffs' counsel, or Lead
21 Plaintiff.

22 (d) If the Settlement is terminated in whole or in part or fails to become effective for any
23 reason, or if the Effective Date does not occur, then (i) the Settlement shall be without force and
24 effect upon the Settling Parties' rights as to the mutual funds subject to the termination, and none of
25 its terms shall be effective or enforceable, except to the extent Administrative Expenses have been
26 expended under this Stipulation; (ii) this Stipulation, the facts and terms of the Settlement, and all
27 oral and written communications and other documents pertaining to the Settlement shall be null and
28 void and without prejudice as to the mutual funds subject to termination and shall not be referred to

1 by any of the Settling Parties or be admissible in any further proceedings in the Action or any other
2 action or proceeding; (iii) the balance remaining in the Settlement Account attributable to the
3 terminated fund or funds, together with accrued interest thereon, less any Administrative Expenses
4 incurred before such termination shall be returned to Defendants within ten (10) business days; and
5 (iv) the Settling Parties shall revert to their respective positions in the Action as of June 12, 2007,
6 and the fact and terms of this Stipulation or the negotiations thereto or any information provided in
7 connection with such negotiations shall not be admissible in any hearing or trial of the Action or any
8 other action or proceeding as to the funds subject to termination. Except as set forth in this
9 paragraph 7(d), Defendants shall have no right to the return of any of the funds paid into the
10 Settlement Account.

11 **8. The Settling Parties' Reaffirmation of Commitment to Protective Order**

12 The Settling Parties and counsel for the Settling Parties (including Lead Counsel) hereby
13 reaffirm their commitment to comply with all terms of the Stipulated Protective Order dated
14 December 18, 2006 (as modified by the Court on December 21, 2006) and all settlement and
15 mediation privileges, and represent and warrant that they have not divulged to any person or entity
16 other than the Court, the named parties hereto, and any other persons or entities authorized to
17 receive such materials under Section 7 of the Protective Order, the following: (i) any documents
18 (including CDs and other electronic files) or information obtained during discovery and designated
19 as Confidential or Highly Confidential pursuant to the Protective Order in the Action, or obtained in
20 connection with the negotiation of this Settlement; or (ii) any material derived from such documents
21 or information, including without limitation counsel's work product derived from such documents or
22 information and any Confidential or Highly Confidential documents or information contained in
23 pleadings filed under seal. The Settling Parties and their counsel further reaffirm their obligation
24 under Section 7.1 of the Protective Order and settlement and mediation privileges to use such
25 Confidential Information and Highly Confidential Information, documents or information obtained
26 in connection with the negotiation of this Settlement, and any materials or written (including
27 electronic) work product derived from such documents and information solely in connection with
28 this Action. In accordance with Section 11 of the Protective Order, the Settling Parties and their

1 counsel reaffirm their obligation to destroy all Confidential and Highly Confidential documents
2 (including CDs and other electronic files) and information, and any material derived therefrom
3 (including without limitation all copies, abstracts, compilations, summaries) so as to render it
4 unreadable and unusable within 60 days of the Effective Date (except that counsel may retain an
5 archival copy of all pleadings, motion papers, transcripts, legal memoranda, correspondence or
6 attorney work product), and counsel for the Settling Parties agree to certify in writing to the
7 Producing Party that they and each of their clients in the Action have done so. Nothing in this
8 Paragraph or this Stipulation shall be deemed to preclude counsel for the Settling Parties from
9 retaining and using any information that was previously designated Confidential or Highly
10 Confidential but became public due to its use at any public hearing or its incorporation in any
11 publicly available order of the Court. To the extent Lead Counsel desires to keep information
12 allegedly falling within the immediately preceding sentence, it shall notify Defendants' Counsel in
13 writing of all of the specific documents and information previously designated Confidential or
14 Highly Confidential that it wishes to retain and/or use. Such notice shall be given at the same time
15 that Lead Counsel certifies the destruction of other material and information.

16 **9. Counsel Fees And Expenses**

17 Lead Counsel may apply to the Court for an award of Counsel Fees and Expenses reasonably
18 incurred in connection with the prosecution of the Action, including the Derivative Claim, to be paid
19 out of the Settlement Account. This application shall be filed at least thirty-five (35) days prior to
20 the Fairness Hearing. The award shall be paid to Lead Counsel on or before ten (10) business days
21 following the Effective Date or the Court's approval of the application for Counsel Fees and
22 Expenses, whichever is later, together with any interest accrued thereon from the date of the award
23 until the date of payment. The Defendants and Released Parties shall have no other obligation to
24 pay attorneys' fees or expenses of Lead Counsel or any other plaintiffs' counsel.

25 **10. Compensation To Lead Plaintiff**

26 Separately from and in addition to the amount paid to Lead Plaintiff under Paragraph 2(a)(iii),
27 Lead Plaintiff may apply to the Court for an award of reasonable costs and expenses (including lost
28 wages) directly relating to the representation of the class, to be paid out of the Settlement Account.

1 This application shall be filed at least thirty-five (35) days prior to the Fairness Hearing. The award
2 shall be paid to Lead Plaintiff on or before ten (10) business days following the Effective Date or the
3 Court's approval of the application for such an award, whichever is later, together with any interest
4 accrued thereon from the date of the award until the date of payment. The Defendants and Released
5 Parties shall have no other obligation to pay for any time or expenses incurred by Lead Plaintiff.

6 **11. Entry Of Final Judgments/Orders**

7 Consummation of this Settlement and distribution of the Settlement Account according to the
8 Plan of Allocation are contingent upon the Court's entry of the Order and Final Judgment in all
9 material respects in the form attached as Exhibit 5 hereto and the occurrence of the Effective Date.

10 **12. 28 U.S.C. §1715**

11 Defendants shall bear the responsibility for complying with 28 U.S.C. §1715 to the extent
12 necessary and shall pay the expenses for such compliance separately from and in addition to any
13 other payments made herein. Lead Counsel shall fully cooperate with Defendants as necessary to
14 effectuate such compliance.

15 **13. No Admission Of Wrongdoing**

16 It is expressly understood that this Stipulation, whether consummated or not, and any
17 negotiations or proceedings in connection herewith and any orders of the Court relating to it do not
18 constitute and will not be construed as, or be deemed to be, evidence or an admission or concession
19 on the part of Defendants of any liability or wrongdoing whatsoever, or the propriety of certifying a
20 class other than for settlement purposes, or on the part of Lead Plaintiff or Settlement Class
21 Members of any lack of merit to the Action. This Stipulation and each of its provisions and any
22 orders of the Court relating to it, and any related proceedings, will not be offered or received in
23 evidence of or construed as or deemed to be evidence of any presumption, concession, or admission
24 by any person with respect to the truth of any fact alleged by plaintiffs, or the validity of any claim
25 that has been or could have been asserted in the Action or in any litigation, or of any liability,
26 negligence, fault or wrongdoing of any person.

27 **14. General Provisions**

28 (a) All of the exhibits attached hereto are hereby incorporated by reference in this Stipulation

1 as though fully set forth herein.

2 (b) The undersigned attorneys and representatives for Lead Plaintiff and Defendants have
3 authority to execute this Stipulation pursuant to the express authorization of their respective clients.

4 (c) Lead Plaintiff expressly represents and warrants that, in entering into the Settlement, he
5 has relied upon his own knowledge and investigation (including the knowledge of and investigation
6 performed by Lead Counsel), and not upon any promise, representation, warranty, or other statement
7 made by or on behalf of any Defendant not expressly contained in this Stipulation.

8 (d) This document may be signed in counterparts, each of which shall be deemed to be and
9 have the force of an original insofar as the signature thereon is concerned. Consistent with General
10 Order 45(X), any electronic signature to this Stipulation (which the parties contemplate will be e-
11 filed) shall be treated in all manners and respects as an original signature and shall be considered to
12 have the same binding effect as if it were the original signed version thereof delivered in person.

13 (e) The service of papers and notices under this Stipulation shall be made upon Lead Counsel
14 and the Settlement Class by serving such papers on:

15 Adam J. Gutride, Esq.
16 Seth A. Safier, Esq.
17 Gutride Safier Reese LLP
835 Douglass Street
San Francisco, CA 94114-3606

18 and upon Defendants by serving such papers on counsel for Defendants:

19 Gilbert R. Serota, Esq.
20 Howard, Rice, Nemerovski, Canady,
Falk & Rabkin
21 A Professional Corporation
Three Embarcadero Center, 7th Floor
22 San Francisco, CA 94111-4024

23 Bruce A. Ericson, Esq.
24 Pillsbury Winthrop Shaw Pittman LLP
50 Fremont Street
San Francisco, CA 94105-2228

25 by personal delivery or First Class mail.

26 (f) When used herein, the masculine shall include the feminine and the neuter.

27 (g) Federal law shall govern this Stipulation and any documents prepared or executed
28 pursuant to this Stipulation, except that California law shall govern in the absence of controlling

1 federal law. The forum for resolving disputes arising under or relating to this Stipulation shall be
2 the United States District Court for the Northern District of California.

3 (h) This Stipulation may not be modified or amended, except by a writing signed by all
4 Settling Parties or their respective successors-in-interest.

5 (i) The waiver by one party of any breach of this Stipulation by any other party shall not be
6 deemed a waiver of any other prior or subsequent breach of this Stipulation.

7 (j) This Stipulation shall be binding upon, and inure to the benefit of, the successors and
8 assigns of the Settling Parties and the Released Parties.

9 (k) The Settling Parties acknowledge, represent and warrant to each other that the releases
10 and payments hereunder are adequate consideration for the consideration given.

11 (l) This Stipulation constitutes the complete agreement of the Settling Parties hereto and
12 supersedes any prior agreements, oral or otherwise, which may have been reached in this Action.

13 (m) Except as set forth herein, the parties shall bear their own expenses and attorneys' fees
14 incurred in this Action.

15 DATED: July 5, 2007.

GILBERT R. SEROTA
PATRICIA J. MEDINA
JASON M. SKAGGS
HOWARD RICE NEMEROVSKI CANADY
FALK & RABKIN
A Professional Corporation

19 By: _____/s/
JASON M. SKAGGS

Attorneys for Defendants WELLS FARGO FUNDS
MANAGEMENT, LLC, WELLS CAPITAL
MANAGEMENT INCORPORATED, WELLS FARGO
FUNDS DISTRIBUTOR, LLC, WELLS FARGO
FUNDS TRUST and STEPHENS INC.

23 DATED: July 5, 2007.

BRUCE A. ERICSON
DAVID STANTON
PILLSBURY WINTHROP SHAW PITTMAN LLP

26 By: _____/s/
DAVID STANTON

Attorneys for Defendants WELLS FARGO & CO.,
WELLS FARGO INVESTMENTS, LLC, and H.D.
VEST INVESTMENT SERVICES, LLC

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DATED: July 5, 2007.

ADAM J. GUTRIDE
SETH A. SAFIER
MICHAEL R. REESE
GUTRIDE SAFIER REESE LLP

By: _____/s/_____
ADAM J. GUTRIDE

Attorneys for Lead Plaintiff RONALD SIEMERS,
Plaintiff FORREST McKENNA and the
SETTLEMENT CLASS

DECLARATION PURSUANT TO GENERAL ORDER 45, § X.B

I, JASON M. SKAGGS, hereby declare pursuant to General Order 45, § X.B, that I have obtained the concurrence in the filing of this document from each of the other signatories listed above.

I declare under penalty of perjury that the foregoing declaration is true and correct. Executed on July 5, 2007, at San Francisco, California.

_____/s/_____
JASON M. SKAGGS

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EXHIBIT LIST

1. [Proposed] Order Preliminarily Approving Settlement, Notice, And Setting Fairness Hearing
2. Notice of Proposed Settlement of Class Action and Derivative Action
3. Summary Notice of Proposed Settlement of Class Action And Derivative Action
4. [Proposed] Plan of Allocation
5. [Proposed] Order Granting Final Approval Of Settlement And Entering Final Judgment
6. Changes to Disclosures in Prospectuses
7. Changes to Disclosures In Statement of Additional Information