

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

IN RE MUTUAL FUNDS INVESTMENT LITIGATION

MDL 1586

Bank of America/Nations sub-track

Case No. 04-md-15862

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT
OF CLASS, DERIVATIVE AND ERISA ACTIONS, MOTION
FOR ATTORNEYS' FEES AND EXPENSES AND SETTLEMENT HEARING**

- (1) ALL SHAREHOLDERS WHO, AT ANY TIME FROM SEPTEMBER 8, 1998 TO SEPTEMBER 9, 2003 (THE "CLASS PERIOD"), PURCHASED OR HELD SHARES OF THE NATIONS FUNDS MUTUAL FUNDS¹ (THE "NATIONS FUNDS CLASS") AND ALL BENEFICIARIES, OWNERS, BENEFICIAL OWNERS, OR PRINCIPALS OF TRUSTS, ACCOUNTS, OR OTHER ENTITIES FOR WHICH BANK OF AMERICA, N.A. OR ANY OF ITS PARENTS, SUBSIDIARIES, AFFILIATES, PREDECESSORS, SUCCESSORS OR ASSIGNS ACTED AS TRUSTEE, FIDUCIARY, OR AGENT AND THAT WERE DIRECTLY OR INDIRECTLY INVESTED IN SHARES OF THE NATIONS FUNDS MUTUAL FUNDS AT ANY TIME DURING THE CLASS PERIOD (THE "FIDUCIARY SUB-CLASS," WHICH IS PART OF THE NATIONS FUNDS CLASS);²
- (2) ALL PERSONS WHO PURCHASED AND/OR HELD SHARES IN ANY OF THE CANARY SETTLING FUNDS³ DURING THE CLASS PERIOD (THE "CANARY CLASS");
- (3) ALL PARTICIPANTS IN THE BANK OF AMERICA 401(k) PLAN OR ANY PREDECESSOR PLAN AT ANY TIME FROM OCTOBER 9, 1997 TO SEPTEMBER 29, 2004 (THE "ERISA CLASS PERIOD") WHOSE ACCOUNTS INCLUDED INVESTMENTS IN THE NATIONS FUNDS OR COMMON OR PREFERRED STOCK OF BANK OF AMERICA OR ANY OF ITS PREDECESSORS (THE "ERISA CLASS");⁴ and
- (4) ALL PERSONS WHO ARE PRESENT SHAREHOLDERS OF THE NATIONS FUNDS (THE "DERIVATIVE SHAREHOLDERS")

A federal court authorized this Notice. This is not a solicitation from a lawyer.

SUMMARY OF THIS NOTICE

Securities and Time Period:

(1) shares of the Nations Funds bought, sold, or held during the Class Period; (2) account interests of participants in the Bank of America 401(k) Plan or any predecessor plan to the extent that a participant's account was invested in any Nations Funds shares or Bank of America (or any predecessor's) common or preferred stock during the ERISA Class Period; or (3) shares of any Nations Funds currently held.

¹ Nations Funds Mutual Funds for purposes of the Nations Settlement (defined below) means all of the funds or series of funds housed by the Nations Funds Trust (currently known as Columbia Funds Series Trust) and all other registered investment companies advised by an affiliate of Bank of America housing funds or series of funds using or formerly using the name Nations whose shares were sold directly to the public during the Class Period (collectively, the "Nations Funds"), excluding money market funds.

² Members of the Nations Funds Class and the Fiduciary Sub-Class are referred to as the "Nations Funds Class Members."

³ The Canary Settling Funds are the: Nations Convertible Security Prime A Fund, Nations Emerging Market Prime A Fund, Nations Government Securities Fund, Nations International Equity Fund, Nations Large Cap Prime A Fund, Nations Managing Index A Fund, Nations Mid Cap Index Fund, Nations Small Cap Fund, Nations Small Company Prime A Fund, Nations Strategic Growth Fund and Nations Value Fund. Members of the Nations Funds Class who purchased and/or held shares in any of the Canary Settling Funds are referred to as the "Canary Class Members." This is a subset of the Nations Funds.

⁴ Members of the ERISA Class are referred to as the "ERISA Class Members." The Nations Funds Class, the Canary Class, and the ERISA Class are collectively referred to as the "Consolidated Classes," and the members of those classes as the "Consolidated Class Members."

Statement of Plaintiffs' Recovery:

This Notice explains the terms of two settlements: the "Nations Settlement" with the Bank of America, ERISA and Nations Defendants (defined below) and the "Canary Severed Settlement" with the Canary Defendants (defined below). Both settlements involve the Nations Funds. The Nations Settlement consists in principal part of the establishment of a recommended minimum allocation to the Independent Distribution Consultant ("IDC") of at least \$60 million to shareholders of the Nations Funds, or the Nations Funds themselves, from the Bank of America Fair Fund (see below), as well as important corporate governance reforms. The Bank of America Defendants have also agreed to pay all the costs of providing notice of the Settlements, including mailing this Notice, which is a substantial expense given the very large number of class members. The Canary Severed Settlement provides for the payment of \$1,050,000 (the "Canary Settlement Amount") to be paid on behalf of the Canary Defendants (defined below).

Additional Distribution to the Canary Class:

A total of \$2,100,000 (the "NYAG Amount") from the escrow account created in connection with a settlement between the Canary Defendants and the Office of the New York State Attorney General ("NYAG") has been allocated to the Canary Class, and will be distributed along with the Canary Settlement Amount. The Canary Class will also receive interest on the Canary Settlement Amount and the NYAG Amount.⁵

If approved by the Court, the Settlements will resolve all claims alleged by the Nations Funds Class, the Canary Class, the ERISA Class and the Derivative Shareholders.

The Background of the Settlements:

On September 3, 2003, the New York Attorney General brought an enforcement action against Canary Capital Partners, LLC ("Canary Capital") alleging that Canary Capital had market-timed and late-traded the Nations Funds and various other mutual fund families. Shortly thereafter, various mutual fund shareholders commenced class and derivative actions in different courts across the country alleging market-timing and late-trading in the Nations Funds and numerous other mutual fund families. These actions, including actions brought on behalf of the Nations Funds shareholders, were eventually consolidated for pre-trial proceedings in the United States District Court for the District of Maryland. The cases relating to trading in the Nations Funds were organized into this "Bank of America/Nations sub-track." On September 29, 2004, various plaintiffs ("Plaintiffs") in this sub-track filed consolidated amended complaints, including a securities class complaint, a class complaint pursuant to the Employee Retirement Income Security Act of 1974 ("ERISA"), and a derivative action (the "Actions"). The Actions asserted claims under federal securities laws, ERISA, and state law and alleged, among other things, that Banc of America Capital Management, LLC ("BACAP") and BACAP Distributors, LLC ("BACAP Distributors") permitted Canary Capital to market-time certain Nations Funds during the class period and further alleged that Banc of America Securities LLC ("BAS") provided Canary Capital and three other "introducing brokers" access to a trading platform that allowed them to late-trade Nations Funds and other mutual funds. The Actions named as defendants BACAP, BACAP Distributors, BAS, and Canary Capital, among others.

On February 9, 2005, BACAP, BACAP Distributors and BAS (the "Bank of America Respondents"), settled regulatory investigations into alleged market-timing and late-trading of mutual funds with the Securities and Exchange Commission ("SEC") in *In the Matter of Banc of America Capital Management, LLC, et al.*, SEC Admin. Pro. No. 3-11818 (Feb. 9, 2005), and the NYAG in *In the Matter of Banc of America Capital Management, LLC, et al.* (Feb. 9, 2005) (the "Regulatory Settlements"). Pursuant to the Regulatory Settlements, these subsidiaries agreed to pay \$375 million into a Fair Fund (the "Bank of America Fair Fund"), which was created for distribution to shareholders potentially affected by alleged market-timing and late-trading in the Nations Funds, as well as shareholders of numerous other, unaffiliated mutual funds, such as funds in the Alliance, MFS, Janus, AIM, and other fund families that were allegedly affected by the trading through BAS. Under the Regulatory Settlements, the IDC was tasked with developing a distribution plan for allocating the Bank of America Fair Fund among the hundreds of thousands of mutual fund shareholders who might have been affected by the activities underlying the Regulatory Settlements (the "Distribution Plan"). Most of the trading covered

⁵ Plaintiffs' Counsel entered into a Stipulation of Settlement with the Bank of America and Nations Defendants on December 15, 2005, as amended on February 4, 2010 (the "Nations Stipulation"). On January 26, 2010, certain Plaintiffs' Counsel entered into the Bank of America/Nations/Canary Severed Agreement and Stipulation of Settlement (the "Canary Stipulation") with the Canary Defendants.

by the Regulatory Settlements was in unaffiliated funds. The Regulatory Settlements, however, did not specify what portion of the Fair Fund should be allocated to the shareholders of the Nations Funds and what portion should be allocated to shareholders of the unaffiliated funds. The IDC's Distribution Plan was subject to SEC approval.

With respect to the Nations Funds, the Bank of America Respondents presented analyses to the IDC showing that for the trading in the Nations Funds covered by the Regulatory Settlements, the high end of the potential dilution damages range was approximately \$21 million. The Bank of America Defendants argued to Plaintiffs' Counsel that a distribution by the IDC of approximately \$21 million to the Nations Funds shareholders would fully compensate the putative class members and Plaintiffs, given that damages for transaction costs and fees, if any, would be negligible. The Bank of America Defendants also argued that in light of the potential distribution from the Bank of America Fair Fund to the Nations Funds shareholders, Plaintiffs would be unable to prove any separate damages in the Actions, even if liability could be established. Plaintiffs' Counsel (defined below) in the Actions also met with the IDC, both before and after reaching an agreement in principle to settle the Actions, to discuss issues concerning market-timing and late-trading and to present their views on the damages resulting from such trading in the Nations Funds.

Thereafter, in settlement of the claims against the Bank of America, ERISA and Nations Defendants, the parties agreed, among other things, that the Bank of America Respondents would join Plaintiffs' Counsel in recommending an allocation from the Bank of America Fair Fund to the Nations Funds and their shareholders in an amount of not less than \$60 million. Plaintiffs' Counsel was still free to argue, and did argue, that the damages suffered by the Nations Funds and its shareholders exceeded that amount. Pursuant to the Nations Settlement, the Bank of America Respondents informed the IDC that they recommended an allocation to the Nations Funds and its shareholders of \$60 million or more. The IDC was informed of the Nations Settlement, but was not a party to the Nations Settlement and was free to develop a plan that provided for more money or less money going to the Nations Funds and/or Nations Funds shareholders in his discretion and judgment, subject to the approval or disapproval of the SEC. Under the Nations Settlement, if less than \$60 million was allocated to the Nations Funds, either the Bank of America Defendants would have had to fund the difference or Plaintiffs would have the right to terminate the Settlement and litigate their claims.

On or about July 11, 2007, following the presentations by Plaintiffs' Counsel and discussions with the Bank of America Respondents and Nations Defendants, the IDC proposed a plan for distributing the Bank of America Fair Fund, the "Distribution Plan," which was subsequently approved by the SEC (available at <http://www.sec.gov/litigation/admin/2007/34-57048-dp.pdf>). Pursuant to the Distribution Plan, shareholders in the Nations Funds who may have been affected by the alleged trading activity from January 2000 to December 2003 were allocated \$89.7 million as follows: \$18,973,656 in dilution damages; \$466,264 in transaction costs; \$6,851,878 in interest; and \$63,396,949 as a return of fees. The fee return represented a return of all fees on the timed funds during the relevant period, not just fees paid on the timer's assets. The allocated amount of \$89.7 million has already been largely distributed.⁶

As a result of the size of the distribution to the Nations Funds and its shareholders from the Bank of America Fair Fund, the \$60 million minimum allocation condition of the Nations Settlement was met, and the Bank of America Defendants were not required to contribute any additional money to the Settlement over and above what was paid out through the Distribution Plan and no additional money has been contributed pursuant to the Settlement.

The Nations Settlement also provides for non-monetary, equitable relief in the form of corporate governance changes that will benefit all Consolidated Class Members and the Nations Funds by preventing future market-timing and late-trading in the Nations Funds. Upon the Settlement becoming final, the board of the Nations Funds Trust (currently known as Columbia Funds Series Trust) will establish and maintain for at least five years a Mutual Fund Trading Committee of at

⁶ The Distribution Plan included the following Nations Funds: Nations Bond Fund; Nations California Municipal Fund; Nations Convertible Securities Fund; Nations Emerging Markets Fund; Nations Government Securities Fund; Nations Intermediate Municipal Fund; Nations International Equity Fund; Nations International Value Fund; Nations Large Cap Index Fund; Nations Managed Index Fund; Nations MidCap Index Fund; Nations Municipal Income Fund; Nations Short Term Income Fund; Nations Small Company Fund; Nations SmallCap Index Fund; Nations Strategic Growth Fund; and Nations Value Fund.

least two non-interested trustees whose responsibility it will be to review issues concerning market-timing and late-trading in the Nations Funds, including efforts to detect and stop any such trading. This review shall include review of mutual fund share turnover ratios in the Nations Funds and receipt of periodic reports from portfolio managers and personnel responsible for detecting and preventing market-timing. For the five fiscal years following final approval of the Nations Settlement, the Nations Funds Trust shall report on the Mutual Fund Trading Committee's work and process in its registration statement filed with the SEC.

Finally, the Nations Settlement provides that the Nations Funds Trust will be authorized to take direct control over claims against certain non-settling third parties that had originally been brought in a derivative capacity.

With respect to the Canary Severed Settlement, on September 3, 2003, the NYAG announced that it had settled claims against Canary Capital and that \$30 million would be paid into a restitution fund (the "NYAG Restitution Fund"). On July 19, 2004, plaintiffs in all mutual fund sub-tracks entered into a memorandum of understanding with the Canary Defendants regarding settlement of the claims against them. On January 26, 2010, Lead Plaintiff Retirement Design Management, Inc. and Plaintiff Robert K. Finnell in the Derivative Action entered into the Canary Stipulation to settle all claims against the cross-track defendants Canary Capital, Canary Capital Partners, Ltd, Canary Investment Management, LLC and Edward Stern (the "Canary Defendants") relating to alleged market-timing and late-trading within certain Nations Funds (the "Canary Settling Funds") in exchange for payment of \$1,050,000. Distribution of this Canary Settlement Amount, along with the NYAG Amount, will be made to Canary Class Members who were eligible for a payment from the Bank of America Fair Fund, pursuant to the same distribution method used to distribute the Bank of America Fair Fund. *See* pages ___ - __.⁷

Given the inherent difficulties in estimating the number of allegedly damaged shares in the Canary Settling Funds arising from the manner in which mutual fund shares are issued, and the millions of shares that were held during the Class Period, Plaintiffs' Counsel expect that the average recovery per damaged share to the Canary Class Members will be less than \$0.01 per share before deduction of any Court-awarded attorneys' fees and expenses. **Please Note: This is only an estimate.**

Each Canary Class Member's actual recovery will depend on: (1) the amount each Class Member was allocated pursuant to the Distribution Plan; (2) whether the Class Member held shares in the Canary Settlement Funds; (3) when the Class Members held shares in the Canary Settling Funds; (4) administrative costs of distributing the Canary Settlement Amount; and (5) the amount awarded by the Court for attorneys' fees, costs, and expenses.

Reasons for the Settlements and Statement of Potential Outcome in Absence of the Settlements:

The Nations Funds Class Action Lawsuit:

The Settlement resolves class action litigation concerning mutual fund market-timing and late-trading against: (1) Bank of America, N.A., BACAP Distributors, LLC, Banc of America Capital Management, LLC, and Banc of America Securities, LLC, (collectively, the "Bank of America Defendants"), Nations Funds Trust, Nations Master Investment Trust, Nations Separate Account Trust, William H. Grigg, James Ermer, Thomas F. Keller, Edmund L. Benson, III, James B. Sommers, Thomas S. Word, Jr., Charles B. Walker, Carl E. Mundy, Jr., William P. Carmichael, Minor M. Shaw, Dr. Cornelius J. Pings, and A. Max Walker (collectively, the "Nations Defendants"), Robert H. Gordon, Richard M. DeMartini, Theodore C. Sihpol and Putnam Investment Management LLC.; (2) the Canary Defendants; and (3) Trautman Wasserman & Co., Inc., Pritchard Capital Partners, LLC, TranSierra and Aurum Securities Corp. (the "Broker-Dealer Defendants") (all, collectively with the ERISA Defendants (defined below) the "Defendants").⁸ *See* Question 2 below for more information about the lawsuits.⁹

⁷ The ERISA Class did not have any claims against the Canary Defendants, who were not fiduciaries of the 401(k) plan, and are not eligible to recover from the Canary Severed Settlement.

⁸ Neither TranSierra nor Aurum Securities ever appeared in the Actions. As part of the Nations Settlement, claims against the Broker-Dealer Defendants are being assigned to the Nations Funds Trust to enable the Trust to take direct control of them. Plaintiffs have determined that the cost of continuing to litigate the claims against these defendants outweighs any potential future recovery that might be achieved, years in the future.

The ERISA Lawsuit:

The Settlement also resolves class action litigation concerning mutual fund market-timing and late-trading brought on behalf of the ERISA Class Members against Bank of America Corporation, the Bank of America Corporation Corporate Benefits Committee, Kenneth D. Lewis, O. Temple Sloan, Jr., Paul Fulton, Meredith R. Spangler, Virgil Williams and Kathy S. Dugnan (the “ERISA Defendants”) pursuant to ERISA.¹⁰

The Derivative Lawsuit:

The Settlement also resolves derivative litigation over whether certain managers, investment advisers and trustees of the Nations Funds breached their fiduciary duties by allowing improper trading practices to occur in the Nations Funds. The derivative lawsuit is brought derivatively on behalf of the Nations Funds, and not on behalf of the individual shareholders of the Nations Funds.

* * *

The principal reason for Plaintiffs’ decision to enter into the Settlements was to provide substantial benefits to the Nations Funds Class, the Canary Class, the ERISA Class and Derivative Shareholders. With respect to the Nations Settlement, Plaintiffs believed that the best way to maximize a potential recovery was to become involved in the IDC process and to have Plaintiffs’ Counsel and the Bank of America Defendants recommend a minimum agreed-upon distribution amount to the IDC in connection with the potential distribution to the Nations Funds and Nations Funds shareholders. Based on their damages analyses, Plaintiffs believed that if the distribution to the Nations Funds and/or shareholders through that process equaled or exceeded \$60 million for trading by Canary and the Broker-Dealer Defendants in the Nations Funds, a significant recovery would be achieved and there would be no basis to continue to pursue claims for additional damages. Securing the Bank of America Defendants’ agreement to recommend an IDC allocation of at least \$60 million was a substantial and meaningful contribution to achieving the highest recovery possible for Plaintiffs.

The benefits achieved in the Settlements should be compared to the likely recovery that might be achieved after contested dispositive motions, a trial and likely appeals, possibly years into the future. While Plaintiffs’ Counsel believe Plaintiffs’ claims were meritorious, they also recognize that further litigation of complex claims, such as the ones brought in the Actions, including conducting a trial, is a risky endeavor and that Plaintiffs might not prevail on all their claims. The claims advanced in the Actions involve numerous complex legal and factual issues, including complicated trading practices and the determination of damages, which would require voluminous discovery and extensive expert discovery and testimony, and would add considerably to the expenses and duration of the litigation. Further, if the Actions were to proceed, the Nations Funds Class and Canary Class would have to overcome significant defenses to scienter and the ERISA Class would have faced defenses concerning whether each of the ERISA Defendants were fiduciaries and whether they acted prudently. With respect to damages, Plaintiffs would have had to rebut arguments from the defendants that, through the Distribution Plan, the Nations Funds shareholders were compensated multiple times over for any possible harm. The parties disagree about, inter alia: (1) the method for determining whether shares in the Nations Funds were damaged; (2) the amount of any such damage; (3) the extent, if any, that various facts alleged by Plaintiffs influenced the trading price of such shares during the relevant period (with respect to the Nations Funds and Canary Classes); (4) whether the Defendants acted with the requisite state of mind and are liable under the federal securities laws (with respect to the Nations Funds and Canary Classes) and ERISA (with respect to the ERISA Class); and (5) whether the Nations Defendants breached fiduciary duties to the Nations Funds. If the Actions went to trial, issues of liability and the measure of damages would be hotly contested. As a result, Plaintiffs’ Counsel believe the Settlements provide a fair, reasonable, and adequate recovery for all of the Classes and shareholders.

⁹ The Nations Settlement does not intend to release: (i) those claims asserted in the Bank of America Parent Derivative case; (ii) those claims asserted in any other sub-track that is part of MDL-1586 and that involves alleged harm to investors or funds in a family of mutual funds other than the Nations Funds Mutual Funds; or (iii) the claims, other than Released Claims (if any), asserted in *Kutten, et al. v. Bank of America, N.A., et al.*, Case No. 04-CV-00244 (TIA) (E.D. Mo.); *Reinke, et al., v. Bank of America N.A., et al.*, Case No. 04-CV-01758 (JCH) (E.D. Mo.); and *Williams, et al. v. Bank of America, N.A. et al.*, CA 02-15454 AB (Cir. Ct., 15th Jd. Cir. FL).

¹⁰ The “Bank of America Defendants,” the “Nations Defendants,” the “Canary Defendants” and the “ERISA Defendants” are collectively referred to as the “Settling Defendants”.

In agreeing to the Settlements, the Settling Defendants do not concede any infirmities in their defenses to the claims asserted, or that the claims are valid or have merit. The Settling Defendants have denied, and continue to deny, each and all of the claims and contentions alleged in the Actions. The Settling Defendants expressly have denied, and continue to deny, all charges of wrongdoing or liability against them arising out of any of the conduct alleged, or that could have been alleged, in the actions. In addition, the Settling Defendants have maintained, and continue to maintain, that the amounts paid to the Nations Funds and/or Nations Funds shareholders vastly exceed any reasonable measure of damages, and that any attempt to recover damages above those amounts would be frivolous. The Settling Defendants consent to the Settlements to eliminate the burden, risk and expense of further litigation.

Attorneys’ Fees and Expenses:

Plaintiffs’ Counsel have litigated their respective actions on a contingent basis and have advanced the expenses of litigation with the expectation that if they were successful, they would receive fees and be reimbursed for their litigation expenses, as is customary in these types of litigation, either from the creation of a common fund or from the Defendants. If they were not successful, they would not be paid.

In connection with the Nations Settlement, Plaintiffs’ Counsel and other counsel will jointly apply to the Court for attorneys’ fees of \$6.25 million for the benefits achieved in the Settlement. They will also request reimbursement of litigation expenses not to exceed \$750,000. Such amounts as are awarded by the Court, up to a total of \$7 million, will be paid by the Bank of America Defendants and will not be paid out of the Bank of America Fair Fund.

In connection with the Canary Severed Settlement, Plaintiffs’ Counsel (excluding counsel for the ERISA Class) and other counsel will jointly apply to the Court for 18% of the \$1,050,000 recovered by the Canary Severed Settlement;¹¹ in addition to the reimbursement of litigation expenses not to exceed \$50,000. This amount will be paid from the Canary Settlement Amount. If these amounts are requested and approved by the Court, the average cost per share of the Canary Settling Funds cannot be determined with any accuracy at this time, given the inherent difficulties in quantifying the number of allegedly damaged shares.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

EXCLUDE YOURSELF BY September 21, 2010	Receive no payment from the Canary Settlement Amount. This is the only option that allows you to participate in another lawsuit against the Defendants or the Released Persons concerning the Released Claims (both as defined in the Nations Stipulation and Canary Stipulation).
OBJECT BY September 21, 2010	You may write to the Court if you do not like the Settlements, the distribution plan for the Canary Settlement Amount, or Plaintiffs’ Counsel’s requests for attorneys’ fees and expenses.
GO TO A HEARING ON October 21 and 22, 2010	You may ask to speak in Court about the fairness of the Settlements. In order to speak at the hearing, you need to alert the Court in writing by September 21, 2010 of your desire to do so.
DO NOTHING	Give up your rights with regard to the claims in these lawsuits. If you are a Canary Class Member who is eligible to receive a distribution with respect to the Canary Settlement Amount, you do not need to take any action in order to receive that distribution.

¹¹ Plaintiffs’ Counsel will only request fees on the Canary Settlement Amount. Plaintiffs’ Counsel will not seek any attorneys’ fees or expenses in connection with the NYAG Amount.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice. Please note the date of the Final Settlement Hearing – currently scheduled for October 21 and 22, 2010 – is subject to change without further notice and may not occur on both days. If you plan to attend the hearing, you should check the website, www.nationsmutualfundlitigation.com, or with Nations Funds Counsel, ERISA Class Counsel or Derivative Counsel, as set forth below to be sure that no change to the date and time of the hearing has been made.
- The Court in charge of the actions still has to decide whether to approve the Settlements. Payments from the Canary Severed Settlement will be made to the Canary Members and/or the Nations Funds only if the Court approves the Canary Severed Settlement and that approval is upheld, in the event any appeals are filed. Please be patient.

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**YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.
PLEASE READ THIS NOTICE CAREFULLY.**

OVERVIEW OF THIS NOTICE

PAGE

1. Why did I receive this Notice package?	9
2. What has happened in the Lawsuits so far?.....	9
3. What is the history of the negotiation of the Settlements?.....	10
4. Why are the Nations Funds Class Action and the ERISA Action class actions?.....	11
5. Why is the Derivative Action a derivative action?	11
6. Why is the ERISA Action an ERISA action?.....	11
7. Why are there settlements?.....	11
8. Who is affected by the Nations Settlement?.....	12
9. Who is affected by the Canary Severed Settlement?	12
10. Who is affected by the ERISA Settlement?.....	12
11. What are the exceptions to being included in the Nations, Canary and ERISA Settlements?	12
12. Who is affected by the settlement of the Derivative Action?	12
13. I am still not sure if I am included?	12
14. What do the Settlements provide?	12
15. How much will my Canary payment be?.....	13
16. How will I receive a payment from the Canary Severed Settlement, if I am eligible?	14
17. When will I receive my payment?.....	14
18. What am I giving up by staying in the Consolidated Classes?.....	14
19. How do I exclude myself from the Settlements?.....	17
20. If I do not exclude myself, can I sue the Defendants for the same thing later?.....	17
21. Can I exclude myself from the Derivative Action?	17
22. Can I exclude myself from the ERISA Action?	17
23. Do I have a lawyer in this case?.....	17
24. How will the lawyers be paid?	18
25. How do I tell the Court that I do not like the Settlements?	18
26. What is the difference between objecting and excluding?.....	19
27. When and where will the Court decide whether to approve the Settlements?.....	19
28. Do I have to come to the Final Settlement Hearing?	19
29. May I speak at the Final Settlement Hearing?.....	19
30. What happens if I do nothing at all?	19
31. Are there more details about the Settlements?.....	20

BASIC INFORMATION

1. Why did I receive this notice package?

You or someone in your family may (i) hold, have held or purchased (or be the beneficiary or principal of an account in which Bank of America, N.A. acted as a fiduciary and invested in) Nations Funds shares from September 8, 1998 to September 9, 2003; or (ii) have been a participant in a Bank of America 401(k) plan (or any predecessor plan) from October 9, 1997 to September 29, 2004, whose account included investments in Nations Funds or common or preferred stock of Bank of America or any of its predecessors.

If this description applies to you or you are a current Nations Funds shareholder, you have a right to know about the proposed settlement of a class action lawsuit, an ERISA lawsuit, and a derivative lawsuit, and about all of your options, before the Court decides whether to approve the Settlements. If the Court approves the Canary Severed Settlement and after any objections or appeals are resolved, the claims administrator appointed by the Court will make the payments that the Canary Severed Settlement allows. This package explains the lawsuits, the Settlements, your legal rights, what benefits are available, who is eligible for them, and how to receive them.

2. What has happened in the Lawsuits so far?

On September 8, 2003, the first in a series of putative securities class action complaints was filed concerning the Nations Funds and related entities in the United States District Court for the District of New Jersey, alleging misstatements concerning market-timing and late-trading in violation of the federal securities laws. Market-timing is an investment technique involving short-term, “in and out” trading of mutual fund shares, designed to exploit inefficiencies in the way mutual fund companies price their shares. Late-trading is an investment practice whereby investors place orders to buy, sell or exchange mutual fund shares using the day’s net asset value (“NAV”) after the 4:00 p.m. Eastern Standard Time cut-off, capitalizing on post-4:00 p.m. information. On November 24, 2003, a derivative action resulting from the same alleged market-timing and late-trading practices was filed in the United States District Court for the Eastern District of New York. On October 9, 2003, an ERISA action resulting from the same alleged conduct was filed in the Southern District of New York.

In the weeks and months that followed, numerous additional suits were filed in District Courts throughout the country. Various other mutual fund families identified as being involved in the regulatory market-timing and late-trading investigations that were ongoing likewise were named in numerous complaints filed in courts throughout the United States. On February 20, 2004, the Judicial Panel on Multi-District Litigation issued an order centralizing all of these actions in one multi-district docket in the United States District Court for the District of Maryland under the caption *MDL-1586 - In re Mutual Funds Investment Litigation* (the “MDL Actions”).¹² By letters to counsel in the MDL Actions dated April 9, 2004 and April 12, 2004, the Court assigned four Judges each a separate track of the MDL Actions, with multiple mutual fund families assigned to sub-tracks within each track. The Bank of America/Nations sub-track was assigned to the Honorable Andre M. Davis, and later transferred to the Honorable J. Frederick Motz.

On May 24, 2004, the Court issued a case management order consolidating all class actions and other direct cases involving Alliance, Franklin/Templeton, Nations Funds, and Pilgrim Baxter mutual funds, as well as all cases filed on behalf of purchasers or holders of shares of the corporate parents of any of these entities or their investment advisors (including all cases brought nominally on behalf of the funds or corporate parents of the funds or their investment advisors and styled as derivative actions), for pretrial purposes under the caption *In re Alliance, Franklin/Templeton, Nations Funds, and Pilgrim/Baxter*, Civil No. 04-md-15862. By this same case management order, the Court appointed Retirement Design Management, Inc. as Lead Plaintiff for the Nations Funds Class Action and approved its selection of Labaton

¹² The derivative action was transferred to the United States District Court for the District of Maryland on March 29, 2004 and assigned case number 04-0861. The ERISA action was transferred to the United States District Court for the District of Maryland on or about March 3, 2004 and assigned case number 04-0867.

Sucharow LLP (formerly Goodkind, Labaton, Rudoff & Sucharow LLP) as Lead Counsel in the MDL Bank of America/Nations sub-track (“Nations Lead Counsel”), the law firm of Wolf Haldenstein Adler Freeman & Herz, LLP as counsel for the derivative action (“Derivative Counsel”) and the law firm of Wechsler Harwood LLP as counsel for the ERISA action (“ERISA Counsel”) (collectively “Plaintiffs’ Counsel”). The Court also appointed the law firm of Tydings & Rosenberg LLP to act as administrative chair of a steering committee of plaintiffs’ counsel in the MDL Action (“Plaintiffs’ Administrative Chair”).

On September 29, 2004, amended complaints were filed in the consolidated class, derivative, and ERISA actions (the “Complaints”). Plaintiffs Retirement Design and Management, Inc. and D.M. Griffith in the Nations Funds Class Action asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (“Securities Act”), Sections 34(b), 36(a), 36(b) and 48(a) of the Investment Company Act of 1940 (“ICA”), and state law. Likewise, Plaintiff Robert K. Finnell in the Derivative Action asserted claims under Sections 36(a), 36(b), 47 and 48 of the ICA, Sections 206 and 215 of the Investment Advisors Act of 1940 (“IAA”), and state law. Plaintiff Katrina McKoy in the ERISA Action asserted claims under the Employee Retirement Income Security Act of 1974. On February 25, 2005, certain Defendants moved to dismiss the Complaints. The Court heard extensive argument on the motions to dismiss on June 15, 2005. When the Settlements were reached, the Court had not ruled on the motions to dismiss. (Since then, the Court has rendered decisions granting motions in part and denying them in part in other sub-tracks.)

While the motions to dismiss in the Bank of America/Nations sub-track were still pending, Plaintiffs’ Counsel and Counsel for the Bank of America and Nations Defendants engaged in extensive settlement negotiations that included the exchange of confidential materials and numerous face-to-face and telephonic meetings which resulted in the execution of a memorandum of understanding on August 3, 2005. On December 15, 2005, Plaintiffs Counsel and the Bank of America and Nations Defendants signed the Stipulation of Settlement but postponed seeking the approval of the settlement until negotiations with the Canary Defendants (in this sub-track and other mutual fund sub-tracks) could reach a similar point and eventual settlement. Combining future settlements would reduce the cost of notifying class members and shareholders of the settlements.

3. What is the history of the negotiation of the Settlements?

On September 3, 2003, the NYAG announced that it had settled claims against Canary Capital and that \$30 million would be set aside in a restitution fund. On July 19, 2004, plaintiffs in all mutual fund sub-tracks entered into a memorandum of understanding with the Canary Defendants regarding settlement of the claims against them. By January 2010, all the parties suing the Canary Defendants signed the Canary Master Agreement and Nations Lead Counsel and Derivative Counsel signed the Canary Severed Stipulation settling the claims in the Nations Lawsuit and Derivative Action. In this Canary Severed Settlement, the Canary Defendants have agreed to pay \$1,050,000 to settle all claims against them in this sub-track. Separately, \$2,100,000 from the NYAG Restitution Fund will be allocated to the Canary Class.

As set forth above, on February 9, 2005, certain subsidiaries of Bank of America Corporation settled regulatory investigations into alleged market-timing and late-trading with the SEC and the NYAG. As part of the Regulatory Settlements, the subsidiaries agreed to pay \$375 million into the Bank of America Fair Fund. The IDC was appointed to determine how the Fair Fund was to be distributed among all the mutual funds that were allegedly impacted by trading permitted or facilitated by these subsidiaries.

At the time the IDC was developing the Distribution Plan, the Plaintiffs and the Bank of America and Nations Defendants engaged in extensive settlement negotiations that included the exchange of confidential materials and numerous face-to-face and telephonic meetings. These negotiations resulted in the execution of a Memorandum of Understanding (“MOU”) dated August 3, 2005. In these negotiations (and in a subsequent presentation to the IDC), each Plaintiffs’ Counsel argued on behalf of the Nations Funds Class, the Derivative Shareholders and the ERISA class, that the damages Plaintiffs sustained materially exceeded the “Delta NAV” and the “net profit” methodologies presented by the Bank of America subsidiaries to the IDC. At all times, the Bank of America Defendants denied liability and argued that under any reasonable measure of damages the dilution in the Nations Funds resulting from the alleged improper trading would not exceed approximately \$21 million, including under the so-called Delta NAV and net profit methodologies.

Notwithstanding that the vast majority of allegedly improper trading that the Bank of America Fair Fund was intended to compensate was in fund families *other than* the Nations Funds, pursuant to the Nations Settlement, the parties agreed that the Bank of America Defendants would not advocate that an allocation from the Bank of American Fair Fund to the Nations Funds and Nations Funds shareholders should be limited to \$21 million of dilution or otherwise be less than \$60 million. Instead, the parties would jointly recommend to the IDC a minimum allocation to the Nations Funds and Nations Funds Shareholders of \$60 million. In the event that the Nations Funds investors received \$60 million or more from the IDC Distribution Plan, the Actions would be resolved without any further payment. The parties further agreed that in the event the IDC allocated less than \$60 million to the Nations Funds' shareholders, the Bank of America Defendants would either fund the difference or the Plaintiffs would have the right to terminate the Nations Settlement and continue their lawsuits. The Nations Settlement provided that the parties would be bound by the IDC's determination of the proper persons and/or entities to receive compensation from the Fair Fund. The Settlement also required that safeguards be put into place to detect and stop future market-timing in the Nations Funds and that the settling defendants pay for the substantial costs of sending notice to impacted class members and shareholders.

On or about July 11, 2007, the IDC recommended that \$89,688,747 of the Bank of America Fair Fund be allocated to the Consolidated Class Members and the Nations Funds as follows: \$18,973,656 in dilution damages; \$466,264 in transaction costs; \$6,851,878 in interest; and \$63,396,949 as a return of fees. As argued for by Plaintiffs' Counsel, this amount substantially exceeded the approximately \$21 million of dilution calculated by defendants. On December 27, 2007, the SEC approved the IDC's Distribution Plan. A copy of the IDC Distribution Plan is available for review on the SEC's website, www.sec.gov, and at <http://www.sec.gov/litigation/admin/2007/34-57048-dp.pdf>. The Nations allocation of approximately \$89.7 million was largely distributed to eligible Nations Funds Class Members and ERISA Class Members in 2009.

4. Why are the Nations Funds Class Action and the ERISA Action class actions?

In a class action, one or more individuals and/or entities called class representatives (in this case, court-appointed Lead Plaintiff Retirement Design Management, Inc. and Plaintiff McKoy) sue on behalf of individuals and entities who have similar claims. Here, all the individuals and entities that have similar claims are referred to collectively as the Nations Funds Class (and its subset the Canary Class) and the ERISA Class, or individually as an Nations Funds Class Member (or Canary Class Member if they bought or held one of the Canary Settling Funds) or an ERISA Class Member. One court resolves the issues for all Nations Funds, Canary and ERISA Class Members, except for those who exclude themselves from the classes, if applicable. The United States District Court for the District of Maryland, the Honorable J. Frederick Motz, is in charge of the Nations Funds, Derivative, and ERISA actions.

5. Why is the Derivative Action a derivative action?

In a derivative action, one or more people and/or entities who are shareholders of a corporation, or as here, the Nations Funds (in this case, Robert K. Finnell (the "Derivative Plaintiff")), sue on behalf of the corporation, alleging that the corporation was injured, and seek recovery on behalf of the corporation. In a derivative action, the corporation and not the individual shareholders of the corporation usually receives the benefit of the settlement.

6. Why is the ERISA Action an ERISA action?

In an ERISA action, participants in a 401(k) plan sue fiduciaries of their plan, alleging breach of fiduciary duties and subsequent harm to plan participants.

7. Why are there Settlements?

The Court did not decide in favor of Plaintiffs or the Settling Defendants. Instead, in order to avoid the risks, costs and additional delay of further litigation and trial, the parties agreed to a settlement. As explained above, Plaintiffs and Plaintiffs' Counsel believe the Settlements are in the best interests of all Class Members and Plaintiffs.

WHO IS IN THE SETTLEMENT

8. Who is affected by the Nations Settlement?

The Nations Funds Class includes all persons and entities that, at any time from September 8, 1998 to September 9, 2003, purchased or held any Nations Funds shares; including all beneficiaries, owners, beneficial owners, or principals of trusts, accounts, or other entities for which Bank of America, N.A. or any of its parents, subsidiaries, affiliates, predecessors, successors or assigns acted as trustee, fiduciary, or agent and that were directly or indirectly invested in any Nations Funds at any time from September 8, 1998 to September 9, 2003, *except for the Canary Defendants*.

9. Who is affected by the Canary Severed Settlement?

The Canary Class includes all persons and entities that, from September 8, 1998 to September 9, 2003, purchased or held shares in any of the Canary Settling Funds, *except for the Canary Defendants*.

10. Who is affected by the ERISA Settlement?

The ERISA Action was brought on behalf of the participants in Bank of America's 401(k) plan or any predecessor plan at any time from October 9, 1997 to September 29, 2004 whose accounts included investments in the Nations Funds or common or preferred stock of Bank of America or any of its predecessors.

(Because the ERISA Class does not have claims against the Canary Defendants, ERISA Class Members who are not also members of the Canary Class will not benefit or be bound by the Canary Severed Settlement.)

11. What are the exceptions to being included in the Nations, Canary or the ERISA Class?

The Canary Defendants are excluded from the Nations Funds Class and the Canary Class. Also excluded from the Nations and Canary Classes are all persons and entities that exclude themselves from the Settlements by timely requesting exclusion in accordance with the requirements set forth herein.

However, the ERISA Class is being certified under a different law, Rule 23(a) and 23(b)(1) or (2) of the Federal Rules of Civil Procedure, and no one can request to be excluded from the ERISA Class. This is because, among other things, what the Court decides about the ERISA claims, whether as part of a settlement or continuing litigation, cannot be applied to only some parts of the 401(k) plan.

12. Who is affected by the Settlement of the Derivative Action?

The Derivative Action was brought on behalf of the Nations Funds.

13. I am still not sure if I am included.

If you are still not sure whether you are included, you can ask for free help. You can call the Claims Administrator, Rust Consulting, at 1-866-665-8440, for more information.

THE SETTLEMENT BENEFITS – WHAT YOU MAY RECEIVE

14. What do the Settlements provide?

The Nations Settlement provided that, notwithstanding the Bank of America Defendants' original position that dilution damages were at most approximately \$21 million, they would join Plaintiffs' Counsel in supporting an allocation from the Bank of America Fair Fund to the Nations Funds and their shareholders in an amount of not less than \$60 million. Plaintiffs' Counsel was still free to argue, and did argue, that the damages suffered by the Nations Funds and its shareholders exceeded that amount. Pursuant to the Nations Settlement, the Bank of America Respondents informed the IDC that they recommended an allocation to the Nations Funds and its shareholders of \$60 million or more. Following presentations by Plaintiffs' Counsel and discussions with the Bank of America Respondents, the IDC determined to allocate approximately \$89.7 million to the Nations Funds and Nations Funds shareholders. The Nations Settlement does not provide for the payment of any money in addition to what was paid or will be paid to the Nations Funds and Nations Funds shareholders through the Distribution Plan for the Bank of America Fair Fund.

The \$1,050,000 to be paid on behalf of the Canary Defendants, after payment of court-approved attorneys' fees and litigation expenses, administrative expenses and taxes, along with the NYAG Amount (\$2,100,000), will be divided among all Canary Class Members who received a payment from the Bank of America Fair Fund. See Question 15 below for more details regarding the allocation of the Settlement Fund.

The Nations Settlement also provides for non-monetary, equitable relief/corporate governance changes that will benefit all Consolidated Class Members and the Nations Funds by preventing future market-timing and late-trading in the Nations Funds. Upon the Settlement becoming final, the board of the Nations Funds Trust (currently known as Columbia Funds Series Trust) will establish and maintain for at least five years a Mutual Fund Trading Committee of at least two non-interested trustees whose responsibility it will be to review issues concerning market-timing and late-trading in the Nations Funds, including efforts to detect and stop any such trading. This review shall include review of mutual fund share turnover ratios in the Nations Funds and receipt of periodic reports from portfolio managers and personnel responsible for detecting and preventing market-timing. For the five fiscal years following final approval of the Nations Settlement, the Nations Funds Trust shall report on the Mutual Fund Trading Committee's work and process in its registration statement filed with the SEC.

Finally, the Nations Settlement provides that the Nations Funds Trust will take direct control over claims against certain non-settling third parties that had originally been brought in the Derivative Action.

DISTRIBUTION OF THE CANARY SEVERED SETTLEMENT

15. How much will my Canary payment be?

The Canary Settlement Amount, after deduction of court-approved attorneys' fees and litigation expenses, administrative expenses and taxes, and the NYAG Amount, will be distributed to Canary Class Members using the same methods and calculations the IDC used to distribute amounts from the Bank of America Fair Fund to Nations Funds shareholders. Specifically, the net Canary Settlement Amount and the NYAG Amount will be allocated to Canary Class members in a manner based on the Distribution Plan approved by the SEC and the money will be distributed by the same claims administrator, Rust Consulting. Your share of the settlement amount will depend on many things, including: (a) whether you were eligible for a distribution by the IDC; (b) trading activity in the Fund that you owned; (c) the amount of the recognized losses of other Canary Class Members; (d) how many shares of the Nations Settling Funds you bought; (e) how much you paid for the shares; (f) when you bought or held them; and (g) whether or when you sold them (and, if so, for how much you sold them).

If you are eligible for a payment, the payment you will receive will be a portion of the net Canary Settlement Amount and the NYAG Amount. Your share will be your recognized loss, if any, as determined according to the IDC Distribution Plan, divided by the total of all Canary Class Members' recognized losses and then multiplied by the total of the net Canary Settlement Amount and the NYAG Amount. See the IDC Distribution Plan, available at www.sec.gov and <http://www.sec.gov/litigation/admin/2007/34-57048-dp.pdf>.

Once all the claims are calculated, Lead Counsel, without further notice to the Canary Class, will apply to the Court for an order distributing the net Canary Settlement Amount and the NYAG Amount to the members of the Canary Class. Lead Counsel will also ask the Court to approve payment, from the Canary Settlement Amount, of the Claims Administrator's fees and expenses incurred in connection with administering the Canary Severed Settlement that have not already been reimbursed.

The Canary Defendants do not have any responsibility or liability with respect to claims administration, the management, investment or distribution of the Canary Settlement Amount and/or the NYAG Amount. The distribution of the Canary Settlement Amount and/or the NYAG Amount is a matter separate and apart from the proposed settlement, and any decision by the Court concerning the distribution shall not affect the validity or finality of the proposed settlement if approved by the Court. The distribution of the net Canary Settlement Amount and/or the NYAG Amount may be modified in connection with, among other things, a ruling by the Court, or an objection filed by a Canary Class Member, without further notice.

HOW YOU MAY RECEIVE A PAYMENT

16. How will I receive a payment from the Canary Severed Settlement, if I am eligible?

To qualify for a cash payment, you must be an eligible Canary Class Member and have received a distribution under the Distribution Plan approved by the SEC and administered by the IDC and the Bank of America Fair Fund Administrator, either directly or through a payment to one of your accounts, such as a brokerage account or retirement account. If you are solely an ERISA Class Member or a Derivative Shareholder, you cannot receive a cash payment from the Canary Severed Settlement. If you are eligible for a payment, payment will be made in the same manner as was done by the Bank of America Fair Fund Administrator, however no distribution of less than \$10.00 will be made given the cost of creating and mailing checks. In addition, the amount to be distributed to shareholders in some of the Canary Settling Funds may be of such a small amount that it is not economically feasible to distribute the money to each individual class member. In that event, distributions will be paid directly to the applicable Canary Settling Fund itself rather than eligible class members, as was done in the distribution of the Bank of America Fair Fund.

You do not need to make a claim or otherwise take any action in order to receive a payment from the net Canary Settlement Amount and the NYAG Amount, if you are eligible for such a payment. If you received a check from the distribution of the Bank of America Fair Fund and you have since moved, please notify the Claims Administrator, Rust Consulting, at P.O. Box 2337, Faribault, MN 55321-9037 or 1-866-665-8440, of your new address. If you are eligible to receive an individual distribution, a check will be sent to you.

17. When will I receive my payment?

The Court will hold a hearing on October 21 and 22, 2010, to decide whether to approve the Settlements. If the Court approves the Canary Severed Settlement, there may be appeals. It is always uncertain whether appeals, if any, can be resolved, and resolving them can take time, perhaps several years. In addition, the Claims Administrator must calculate all of the eligible claims. The processing is complicated and will take many months. Please be patient.

18. What am I giving up by staying in the Consolidated Classes?

Unless you exclude yourself, which you can *only do* if you are a member of the Nations Funds Class or the Canary Class, you will stay in the Consolidated Classes. That means that once the Settlements become effective (the "Effective Date"), you cannot sue, continue to sue, or be part of *any other* lawsuit against the Defendants or the released parties (defined below) about the released claims (defined below). It also means that all of the Court's orders will apply to you and legally bind you, whether those orders are favorable or unfavorable.

In the Nations Settlement:

"Released Claims" means any and all claims, including Unknown Claims, whether direct, derivative or brought in any other capacity, against the Released Parties that the Releasing Parties had, have now, or may have that concern or relate in any way, whether directly or indirectly, to excessive or short-term trading, market-timing or late-trading in the Nations Funds Mutual Funds, including, without limitation, claims based on allegations that the Released Parties allowed, failed to prevent, cleared, brokered, financed, facilitated, subjected investors to, or were otherwise involved in such trading (all only to the extent of such trading in the Nations Funds Mutual Funds), including, without limitation, claims brought under the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, ERISA, RICO, other federal common or statutory law, state common law or state statutory law, and including, without limitation, claims for compensatory damages, whether direct or consequential, punitive damages, treble damages, penalties, injunctive or equitable relief, declaratory relief, rescission, disgorgement, restitution or the return or forfeiture of advisory, management, or other fees. The Released Claims include, without limitation, all claims asserted against the Released Parties in the Consolidated Amended Class Action Complaint, the Amended Class Action Complaint for Violations of the Employee Retirement Income Security Act, and the Consolidated Amended Fund Derivative Complaint, which were all filed in the Bank of America/Nations Funds Sub-track and are all dated September 29, 2004, and Anding v. Bank of America Corporation, originally filed in the Eastern District of Arkansas as 4-05 CV 0000525 (JLH) and transferred to this Court by the Judicial Panel on Multidistrict Litigation.

“Released Parties” means:

- (i) Bank of America Corporation and all of its present and former affiliates and subsidiaries, including, without limitation, Bank of America, N.A. (in any capacity, including, without limitation, in its capacity as a trustee, fiduciary, or agent), Banc of America Capital Management, LLC, BACAP Distributors, LLC, and Banc of America Securities, LLC, and all of their present and former employees, officers, directors, members, partners, managers, agents, counsel, predecessors, successors and assigns;
- (ii) Nations Funds, Nations Master Investment Trust, and Nations Separate Account Trust and all of their present and former employees, officers, directors, trustees, members, agents, counsel, predecessors, successors and assigns;
- (iii) Nations Funds Mutual Funds and all of their predecessors, successors and assigns;
- (iv) William H. Grigg, James Ermer, Thomas F. Keller, Edmund L. Benson, III, James B. Sommers, Thomas S. Word, Jr., Charles B. Walker, Carl E. Mundy, Jr., William P. Carmichael, Minor M. Shaw, Cornelius J. Pings, and A. Max Walker (collectively, the “Named Trustees”), and each of their families, heirs, spouses, successors, general or limited partners or partnerships, personal or legal representatives, estates, administrators, related or affiliated entities, or any trust of which any of the Named Trustees are the settlers or which is for the benefit of any family member of any Named Trustees;
- (v) all other entities that provided advisory, distribution, administration, or other services to the Nations Funds or Nations Funds Mutual Funds during the relevant time period, including but not limited to Stephens Inc., PFPC, Inc., Putnam Investment Management, LLC, Marsico Capital Management, LLC, Brandes Investment Partners, LP, and Invesco Global Asset Management, N.A., and all of their present and former employees, officers, directors, members, partners, managers, agents, counsel, predecessors, successors and assigns; and
- (vi) the Bank of America 401(k) Plan or any predecessor plan, and all individuals or entities that are or may have been at any time considered to be fiduciaries of the Bank of America 401(k) Plan or any predecessor plan under any applicable law including but not limited to ERISA.

“Unknown Claims” means: any and all Released Claims which any Releasing Party does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Parties’ Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Settling Parties shall expressly waive, and each Class Member and each of the Released Parties shall with respect to such claims be deemed to have waived, and by operation of the Order and Final Judgment of Dismissal (“Judgment”) shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR 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.

In the Canary Severed Settlement:

“Canary Released Parties” means the Canary Defendants and their respective Related Parties.

“Released Claims” means any and all claims against the Canary Released Parties, whether direct, derivative or brought in any other capacity, whether under federal or state law, whether known or unknown (including “Unknown Claims” as defined below), whether suspected or unsuspected, whether accrued or unaccrued, concerning in any respect,

directly or indirectly, market-timing, late-trading, or short-term or excessive trading in any of the Nations Mutual Funds during the Class Period, including any claims that the Canary Released Parties allowed, assisted, cleared, brokered, financed, provided the means for, subjected investors to or otherwise facilitated market-timing, late-trading, or short-term or excessive trading and including, without limitation, all claims that were alleged in the Class Complaint and the Fund Derivative Complaint and all claims that could have been brought against the Canary Released Parties concerning in any respect, directly or indirectly, market-timing, late-trading, or short-term or excessive trading in any of the Nations Mutual Funds during the Class Period.

“Related Parties” means (a) with respect to natural persons, their past or present agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers, executors and administrators; (b) with respect to legal entities other than natural persons, their past and present, parents, employees, subsidiaries, general partners, limited partners, officers, directors, trustees, members, employees, agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers; and (c) the predecessors, successors, heirs and assigns of the foregoing.

“Unknown Claims” means any and all Released Claims which any Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Parties’ Claims which any Canary Defendant does not know or suspect to exist in his or its favor at the time of the release of such claims, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Severed Settlement. With respect to any and all Released Claims and Released Parties’ Claims, the Parties stipulate and agree that upon the Effective Date, Plaintiffs and the Canary Defendants shall expressly waive, and each Class Member and each of the other Canary Released Parties shall with respect to such claims be deemed to have waived, and by operation of the Order and Final Judgment in the Actions shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR 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.

The Parties acknowledge, and the Class Members and the other Canary Released Parties by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Parties’ Claims was a material and separately bargained for element of this Severed Settlement.

Capitalized terms used in the above definitions have the meanings ascribed to them in the Nations Stipulation and the Canary Stipulation. The “Effective Date” will occur when the Judgments by the Court approving the Settlements become final and are not subject to appeal.

EXCLUDING YOURSELF FROM THE SETTLEMENTS

If you are a member of the Nations Funds Class and you want to keep the right to sue or continue to sue the Settling Defendants on your own, then you must take steps to exclude yourself from the Nations Settlement. If you are a member of the Canary Class and you want to keep the right to sue or continue to sue the Canary Defendants on your own, then you must take steps to exclude yourself from the Canary Severed Settlement. This is referred to as opting out of the Nations Funds Class or the Canary Class. If you opt out of the Nations Settlement, you will NOT have to return any money you may have received, or may be entitled to receive, through the Bank of America Fair Fund distribution. ERISA Class Members cannot opt out of the Settlements. If you opt out of the Canary Severed Settlement, you will not receive any portion of the net Canary Settlement Amount or the NYAG Amount.

Pursuant to letter agreements between Plaintiffs’ Counsel and some of the Defendants, the Bank of America Defendants, and the Canary Defendants, may withdraw from and terminate the Nations Settlement, and the Canary Severed Settlement, if potential Class Members who held in excess of a certain amount of shares of the Nations Funds, or the Canary Settling Funds, during the Class Period opt out from the Classes.

19. How do I exclude myself from the Settlements?

To exclude yourself from the Settlements, you must send a letter by mail stating that you want to be excluded from the Settlements in the *In re Mutual Funds Investment Litigation – Bank of America/Nations Sub-Track* 04-MD-15862. You must include your name; address; telephone number; signature; and information concerning your holding(s) and purchase(s) of shares in the Nations Funds, including the full name of the Nations Funds Mutual Fund(s) purchased and the number of shares held at the beginning of the Class Period, the end of the Class Period, and at the end of each calendar quarter during the Class Period. If you represent to the Claims Administrator (subject to verification) that quarterly information is not available, you may provide the number of shares that you held at the end of each calendar year during the Class Period. You will not be legally bound by anything that happens in this lawsuit and you will be able to pursue the claims that are being released in these Settlements. You must mail your exclusion request so that it is postmarked on or before **September 21, 2010** to:

In re Mutual Funds Investment Litigation – Bank of America/Nations Sub-Track
c/o Rust Consulting, Inc.
Claims Administrator
P.O. Box 2337
Faribault, MN 55021-9037

Please keep a copy of everything you send by mail, in case it is lost or destroyed during shipping.

You cannot exclude yourself over the phone or by e-mail. If you ask to be excluded from the Settlements, you are not eligible to receive any further payment from the Canary Severed Settlement, and you cannot object to the Settlements. You will not be legally bound by anything that happens in these lawsuits and you will be able to pursue the claims that are being released in this Settlement.

20. If I do not exclude myself, can I sue the Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue the Defendants, the Canary Released Parties (as defined in the Canary Stipulation) and/or the Released Parties (as defined in the Nations Stipulation) for the claims being released by these Settlements. If you have a pending lawsuit relating to the claims being released in the Actions against any of the Settling Defendants, speak to your lawyer in that case *immediately*. Remember, the exclusion deadline is **September 21, 2010**.

21. Can I exclude myself from the Derivative Action?

No. Because the Derivative Action is on behalf of the Nations Funds, you cannot exclude yourself from the Settlement in the Derivative Action.

22. Can I exclude myself from the ERISA Action?

No. Breach of fiduciary duty claims under ERISA must be brought by participants on behalf of an ERISA plan, and any judgment or resolution of such claims necessarily applies to all plan participants and beneficiaries. Thus, it is not possible for participants or beneficiaries to exclude themselves from the benefits of the Nations Settlement. As an ERISA Class Member, you will be bound by any judgments or orders that are entered in the actions for all claims asserted in the actions or otherwise included in the release under the Settlement. Although you cannot exclude yourself from the Nations Settlement, you can object to the Settlement and ask the Court not to approve it. See Question No. 25.

THE LAWYERS REPRESENTING YOU

23. Do I have a lawyer in this case?

The Court appointed the law firm of Labaton Sucharow LLP as lead class counsel to represent you and the other Nations Funds Class Members. These lawyers are called “Nations Lead Counsel.” The Court also appointed Wolf Haldenstein Adler Freeman & Herz, LLP as Derivative Counsel, and Wechsler Harwood LLP as ERISA Counsel. The

Court also appointed the law firm of Tydings & Rosenberg LLP to act as administrative chair of a steering committee of plaintiffs' counsel in the MDL Action ("Plaintiffs' Administrative Chair"). You will not be separately charged for the services of these lawyers. The attorneys' fees and expenses, if any, awarded by the Court will be paid either by the Bank of America Defendants or from the Canary Settlement Amount. If you want to be represented by your own lawyer, you may hire one at your own expense. You do not, however, need to retain a lawyer to exclude yourself from the Nations Funds Class or the Canary Class or to object to the Settlements.

24. How will the lawyers be paid?

In connection with the Nations Settlement, Plaintiffs' Counsel and Plaintiffs' Administrative Chair will jointly apply for attorneys' fees of \$6.25 million for the benefits achieved in the Settlement. They will also request reimbursement of litigation expenses not to exceed \$750,000. Such amounts as are awarded by the Court, up to a total of \$7 million, will be paid by the Bank of America Defendants, and will not be paid from the Bank of America Fair Fund.

Plaintiffs' Counsel and Plaintiffs' Administrative Chair will also jointly apply for attorneys' fees of 18% from the Canary Settlement Amount of \$1,050,000 and reimbursement of litigation expenses up to an amount of \$50,000, plus interest on both amounts at the same rate as earned by the Canary Settlement Amount once it is deposited in the bank. Canary Class Members are not personally responsible for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payments to Nations Funds Class Counsel, Derivative Counsel, and ERISA Counsel for their efforts in achieving these Settlements and for their risk in undertaking this representation on a wholly contingent basis and advancing the money necessary to pursue the Actions. To date, Plaintiffs' Counsel have not been paid for their services, including Plaintiffs' Counsel's efforts on behalf of the Consolidated Classes, or for their substantial litigation expenses. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlements and Plaintiffs' Counsel believe that it is well within the range of fees awarded to counsel under similar circumstances in other cases of this type. The Court has discretion, however, to award less than this amount.

OBJECTING TO THE SETTLEMENTS

You can tell the Court that you do not agree with the Settlements or some part of them.

25. How do I tell the Court that I do not like the Settlements?

You can object to the Settlements if you do not like any part of them. To object, you must send a letter saying that you object to the Settlements in the *In re Mutual Funds Investment Litigation – Bank of America/Nations Sub-Track*, 04-MD-15862, and the reasons why you object to the Settlements. Be sure to include your name, address, telephone number and signature. You must also include information concerning your holding(s), purchase(s) and sale(s) of your shares in the Nations Funds and/or the relevant 401(k) plan in which you participated during the Class Period or the ERISA Class Period or currently, as is applicable to show that you are a member of one of the Classes or a current shareholder. If you are a Class Member, you must include the full name of the Nations Funds Mutual Fund(s) purchased and the number of shares held at the beginning of the Class Period or the ERISA Class Period, the end of the Class Period or the ERISA Class Period, and at the end of each calendar year during the Class Period or the ERISA Class Period. Any objection to the Settlements must be received by *each of the following* postmarked on or before **September 21, 2010**:

COURT	PLAINTIFFS' COUNSEL
Clerk of the Court United States District Court District of Maryland 101 W. Lombard Street Baltimore, MD 21201	Lawrence A. Sucharow, Esq. LABATON SUCHAROW LLP 140 Broadway New York, New York 10005

26. What is the difference between objecting and excluding?

Objecting means telling the Court that you do not like something about the Settlements or the applications for attorneys' fees and litigation expenses, and you want the Court to disapprove the Settlements or modify them in some way. You can object *only if* you stay in the Consolidated Classes or you are a current shareholder. Excluding yourself is telling the Court that you do not want to be part of the Settlements. If you exclude yourself, you have no basis to object because the case no longer affects you. If you have received a payment or will receive a payment through the Distribution Plan, you will be able to keep that payment regardless of whether you object to the Settlements or exclude yourself from the Consolidated Classes and regardless of whether the Court approves or does not approve the Settlements.

THE COURT'S FINAL SETTLEMENT HEARING

27. When and where will the Court decide whether to approve the Settlements?

The Court will hold a fairness hearing at 10:00 a.m., on October 21 and 22, 2010, at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201. These dates may change without further notice. At this hearing, the Court will consider whether the Settlement and the distribution plan for the Canary Severed Settlement are fair, reasonable, and adequate and whether to certify the Classes, appoint Lead Plaintiff Retirement Design Management, Inc. and ERISA Plaintiff Katrina McKoy as class representatives and appoint the law firms of Labaton Sucharow and Wechsler Harwood as class counsel. If there are objections, the Court will consider them. The Court may listen to people who have requested in writing, postmarked on or before **September 21, 2010**, to speak at the hearing. The Court may also consider Plaintiffs' Counsel's applications for attorneys' fees and reimbursement of expenses.

28. Do I have to come to the Final Settlement Hearing?

No. Plaintiffs' Counsel will answer any questions Judge Motz may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection so that it is received on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

29. May I speak at the Final Settlement Hearing?

Yes, but you must first ask the Court for permission to speak at the Final Settlement Hearing. To do so, you must send a letter stating your intention to appear in the *In re Mutual Funds Investment Litigation – Bank of America/Nations Sub-Track*, 04-MD-15862. Be sure to include your name, address, telephone number, signature, and also identify your holding(s), purchase(s) and sale(s) of shares in the Nations Funds and/or the relevant 401(k) plan in which you participated during the Class Period or the ERISA Class Period or currently, as is applicable, including the full name of the Nations Funds Mutual Fund(s) purchased and the number of shares held at the beginning of the Class Period or the ERISA Class Period or currently, the end of the Class Period or the ERISA Class Period, and at the end of each calendar year during the Class Period or the ERISA Class Period. Your notice of intention to appear must be postmarked on or before **September 21, 2010**, and be sent to the Clerk of the Court and Nations Lead Counsel at the addresses listed in Question 25. You cannot speak at the hearing if you exclude yourself from the Settlement.

IF YOU DO NOTHING

30. What happens if I do nothing at all?

If you do nothing, and you are eligible to receive a distribution from the Canary Severed Settlement, you will receive a check from the Claims Administrator. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Settling Defendants, the Canary Released Parties (as defined in the Canary Stipulation) or the Released Parties (as defined in the Nations Stipulation) about the same claims being released in these Settlements.

OBTAINING MORE INFORMATION

31. Are there more details about the Settlements?

This Notice summarizes the proposed Settlements. More details can be found in the Nations Stipulations dated December 15, 2005 and amended as of February 4, 2010 and the Canary Stipulation, dated as of January 26, 2010. You can obtain a copy of the Stipulations and other papers filed in the Actions or more information about the Settlements by visiting www.nationsmutualfundlitigation.com or by writing to Nations Lead Counsel at the address listed above in Question 25. You can also obtain a copy of the Stipulations or other papers filed in the Actions from the Clerk's office at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201, during regular business hours.

DO NOT TELEPHONE THE COURT OR BANK OF AMERICA REGARDING THIS NOTICE

DATED: June 15, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND