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FOR IMMEDIATE RELEASE

**Alabama to receive over \$300,000 in Wachovia Settlement**  
*Wachovia Capital Markets LLC Settles Multistate Enforcement Actions  
Involving Potential Conflicts of Interest Between Research, Investment Banking*

MONTGOMERY, ALABAMA (July 5, 2006) – Under the terms of a settlement announced today between state securities regulators and Wachovia Capital Markets LLC of Charlotte, North Carolina, Alabama stands to receive over **\$300,000**, which includes **\$40,000** for investor education upon final acceptance of the terms of the agreement said Joseph P. Borg, Director, Alabama Securities Commission.

The settlement results from allegations of potential conflicts of interest between Wachovia Capital Markets' research analysts and investment bankers.

Borg made the announcement following a 28-month investigation of the firm led by a multi-state task force of state securities regulators including Alabama.

The settlement effectively resolves a 28-month multistate investigation of Wachovia Capital Markets, which operates Wachovia Corporation's institutional brokerage and capital markets businesses. The settlement, the allegations of which were neither admitted nor denied by Wachovia Capital Markets, includes the following charges:

- State investigators determined that Wachovia Capital Markets failed to supervise its employees in connection with potential conflicts of interest between equity research and investment banking as evidenced by research analysts' participation in certain presentations with potential investment banking clients. In addition, research analysts' evaluations sought information regarding their interaction with investment banking and regarding the investment banking activity in their sector. Moreover, on occasion, Wachovia Capital Markets considered whether companies were potential clients in determining to provide research coverage on those companies.
- Wachovia did not keep certain electronic communications as required by state securities laws. Wachovia Capital Markets' e-mail system and procedures were inadequate to ensure all electronic mail communications were retained and readily accessible. As a result, 20 percent of the e-mail folders requested in November 2002 could not be produced and 42 percent of the e-mail folders requested in January 2003 were not produced promptly. Wachovia Capital Markets also failed to maintain a system that allowed it to locate and retrieve back-up tapes for its e-mail system.

The multistate settlement is related to the April 2003 Global Settlement that 12 other investment banks have reached with the state, federal and industry regulators. Under the terms of the settlement, Wachovia Capital Markets will pay a total of \$25 million, including: \$20 million in penalties for failing to

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supervise its employees in connection with potential conflicts of interest between equity research and investment banking; \$1.65 million in penalties for failing to preserve required books and records; \$3 million to be used for investor education, as designated by the Board of Directors of the North American Securities Administrators Association, Inc. (NASAA); and \$350,000 for costs associated with the investigation, which will be paid to NASAA.

Borg said the investigation of Wachovia Capital Markets is part of a comprehensive regulatory effort to reform the relationship between investment banking and research and to manage appropriately conflicts of interest. “Today’s agreement is a major step in our ongoing efforts to help maintain investor confidence by ensuring that all investors are provided with objective research and treated with fairness and honesty,” Borg said.

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The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information.

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