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PRESS RELEASE

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Colorado to receive \$287,000 in Wachovia Settlement

Wachovia Capital Markets LLC Settles Multistate Enforcement Actions Involving Potential Conflicts of Interest Between Research, Investment Banking

Colorado Securities Commissioner Fred Joseph announced today that under the terms of a settlement between state securities regulators and Wachovia Capital Markets LLC of Charlotte, North Carolina, Colorado will receive \$287,000. The settlement results from allegations of potential conflicts of interest between Wachovia Capital Markets' research analysts and investment bankers.

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. 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 2003 Global Settlement that 12 other investment banks have reached with the state, federal and industry regulators.

Commissioner Joseph 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," Joseph said.

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