

**MISSOURI CIRCUIT COURT  
TWENTY-SECOND JUDICIAL DISTRICT  
(City of St. Louis)**

ELEANOR BACHMAN, KAROL B. MCCLINTOCK, and	)	
KAROL B. MCCLINTOCK, IRA, Individually and	)	Cause No. 22052-01266-03
On Behalf of All Others Similarly Situated,	)	Division: 8
	)	
Plaintiffs,	)	
	)	
vs.	)	
	)	
A.G. EDWARDS, INC., et al.,	)	
	)	
Defendants.	)	

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION**

**If you maintained a brokerage account at A.G. Edwards between April 12, 2000 and April 12, 2005 in which you held shares of mutual funds and did not previously elect to exclude yourself, please read this notice. You may be a Class Member and entitled to benefits from the settlement of this certified class action lawsuit.**

*A Missouri Court authorized this notice. This is not a solicitation from a lawyer.*

- The settlement resolves a certified class action lawsuit brought on behalf of individuals and entities who maintained brokerage accounts at A.G. Edwards, in which they held shares of mutual funds. Plaintiffs claim that, between April 12, 2000 and April 12, 2005, Defendants A.G. Edwards, Inc., and A.G. Edwards & Sons, Inc. (collectively referred to as “A.G. Edwards” or “Defendants”) breached their fiduciary duties to their customers and were unjustly enriched by receiving and retaining certain payments from mutual fund companies whose mutual fund shares were held by Class Members. The settlement of the lawsuit is not an admission by Defendants of any wrongdoing or liability, and is not an admission by Plaintiffs that their claims lack merit.<sup>1</sup>
- Your legal rights are affected whether you act or do not act. Please read this notice carefully.

<b>YOUR LEGAL RIGHTS IN THIS SETTLEMENT</b>
If you object to the settlement, you may write to the Court about why you disagree with or dislike the settlement or the request for Plaintiffs’ attorneys’ fees. The deadline to file any objection is April 29, 2010.
You need do nothing to preserve your right to share in the settlement. You may, however, attend the scheduled Settlement Fairness Hearing on May 14, 2010, at 9:30 a.m.
If you do nothing, you will automatically be mailed your share of the settlement and you will give up all Released Plaintiffs’ Claims against Defendants’ Released Persons.

- These rights are more fully explained in this Notice.
- The Court overseeing this lawsuit has not decided whether to approve the settlement. Settlement benefits will be distributed if the Court approves the settlement and after any appeals of the settlement are resolved.

**SUMMARY OF NOTICE**

**Statement of Plaintiffs’ Recovery:** The parties have agreed to settle this certified class action for a total of \$60 million. Specifically, pursuant to the settlement and Plan of Allocation described herein, Defendants will provide

<sup>1</sup> All references to specific defined terms not defined herein shall bear the same meaning and definition as set forth in the Stipulation dated as of February 18, 2010.

\$26,000,000 in cash and Credit Vouchers with a face value of \$34,000,000 for the benefit of Class Members. In addition, Defendants will pay for the cost of class notice and settlement administration. Based on information provided by A.G. Edwards, there are 1,672,925 accounts held by Class Members – of which, 1,379,105 are Current Accounts and 293,820 are Former Accounts, as those terms are defined in the Stipulation. The cut-off date for determining whether you have a Current Account or a Former Account is September 30, 2009. The recovery for each Class Member is \$24.65 of Credit Vouchers per Current Account and \$20.42 in cash per Former Account. See the Summary of the Plan of Allocation beginning on page 6 for more information on the allocation of the Settlement Fund.

**Statement of Potential Outcome of the Lawsuit:** The parties disagree on both liability and the amount of relief obtainable by the Class. The primary issues on which the parties disagree include: (1) whether the Class may assert state law claims for breach of fiduciary duty and unjust enrichment against Defendants and whether such claims are preempted or precluded by federal law; (b) whether Defendants breached a fiduciary duty and were unjustly enriched by receiving and retaining revenue sharing payments from certain mutual fund companies and their affiliates; (c) whether Defendants should pay the revenue sharing payments to the Class; and (d) the extent and amount of damages claimed by the Class. Defendants deny, among other things, the allegations that any Class Member has been injured or that Defendants breached any duty to the Class. Defendants also continue to assert several affirmative defenses.

**Statement of Attorneys' Fees, Costs and Award to Class Representatives Sought:** In addition to seeking approval of the settlement, Plaintiffs' Counsel will move the Court for a fee award from the cash portion of the settlement in an amount not to exceed \$21 million, which is 35% of the \$60 million settlement. Plaintiffs' counsel will also seek to reimburse Plaintiffs' Counsel for approximately \$600,000 in out-of-pocket expenses incurred in connection with the prosecution of this lawsuit as well as to compensate them for their time and effort prosecuting this case over the past five years. In addition, a request for an award of \$10,000 for each of the two class representatives will be made to the Court as compensation for their efforts on behalf of the Class. The requested fees and expenses, if awarded in total, amount to an average of approximately \$12.91 per eligible A.G. Edwards' brokerage account of the Class Members.

**Further Information:** Further information regarding the lawsuit and this Notice of Settlement may be obtained by visiting [www.agedwardsclassactionsettlement.com](http://www.agedwardsclassactionsettlement.com), or by calling (877) 234-1312.

**Reasons for Settlement:** For Plaintiffs, the principal reason for the settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery or substantially smaller recovery might be achieved if this class action lawsuit were resolved at trial or by the Court. For Defendants, who deny all allegations of wrongdoing and liability, the principal reason for the settlement is to eliminate the expense of the lawsuit and the risk of an uncertain outcome of the litigation.

## **BASIC INFORMATION**

**1. What is a class action and who is involved?** In a class action lawsuit, one or more persons sue on behalf of other people who have similar claims. The people together are a "Class" or "Class Members." The A.G. Edwards account holders who sued in this case are called the Plaintiffs and they are represented by Eleanor Bachman and Karol McClintock, who have been certified by the Court as Class Representatives. The companies the Plaintiffs have sued (in this case, A.G. Edwards, Inc. and A.G. Edwards & Sons, Inc.) are called the Defendants. One court resolves the issues for Plaintiffs and all the other Class Members who have not excluded themselves from the Class.

**2. Why did I get this settlement notice?** Records show that you may be a Class Member. Specifically, you maintained a brokerage account at A.G. Edwards in which you may have held shares of one or more mutual funds that were advised by, distributed by, or in any way related to companies that may have compensated A.G. Edwards based, at least in part, upon the holdings of A.G. Edwards' clients in the respective mutual funds during any part of the period beginning on April 12, 2000 and ending on April 12, 2005 (the "Class Period").

The Court overseeing this lawsuit directed that this notice be sent to Class Members because they have a right to know about the settlement, and their rights, before the Court decides whether to approve the settlement. If the

Court approves the settlement, and after any appeals are resolved, A.G. Edwards and the Escrow Agent will distribute the benefits that the settlement allows pursuant to the Plan of Allocation.

This Notice explains the lawsuit, the settlement, the legal rights of Class Members, the available benefits, who is eligible for the benefits, and how to receive the benefits.

The Honorable Angela T. Quigless, a Judge in the Missouri Circuit Court, Twenty-Second Judicial Circuit, City of St. Louis, is overseeing this lawsuit. The lawsuit is known as *Bachman, et al. v. A.G. Edwards, Inc.*, Cause No. 22052-01266-03.

**3. What is this lawsuit about?** This lawsuit is about whether Defendants breached their fiduciary duties to Plaintiffs, who are the owners of A.G. Edwards' accounts, and to all others similarly situated, and whether, as a result of those breaches, Defendants have been unjustly enriched by receiving certain payments from mutual fund companies whose funds were held by Plaintiffs. Defendants deny the claims.

**4. Why is there a settlement?** The Court has not decided in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement after multiple discussions among the parties and after several mediation sessions. This Notice does not imply that there has been or would be any findings of violation of the law or that recovery could be had if this lawsuit was not settled.

**5. How do I know if I am part of the settlement?** You are part of the settlement if you are a person or entity who maintained a brokerage account at A. G. Edwards that held shares of any mutual funds that directly or through an affiliate compensated A.G. Edwards based, at least in part, upon the holdings of A.G. Edwards' clients in the respective mutual funds during any part of the period beginning on April 12, 2000 and ending on April 12, 2005.

**6. Are there exceptions to being included?** Excluded from the Class are Defendants, their officers, directors, employees, affiliates, legal representatives, heirs, successors, and assigns, any entity in which Defendants have or had a controlling interest and the immediate family members of each of the foregoing excluded parties. Also excluded are those Class Members who requested to be excluded from this lawsuit prior to December 11, 2009.

**7. What if I am still not sure if I am included?** If you are not sure whether you are included, you may visit [www.agedwardsclassactionsettlement.com](http://www.agedwardsclassactionsettlement.com) or call (877) 234-1312 for additional information concerning the settlement.

## THE SETTLEMENT BENEFITS – WHAT YOU GET

**8. What does the settlement provide?** Defendants are depositing \$26,000,000 in cash into an escrow account, which will earn income for the benefit of the Class, and Defendants will distribute \$34,000,000 in Individual Credit Vouchers to be used by Class Members who maintain Current Accounts with A.G. Edwards' successor in interest, Wells Fargo Advisors, against certain fees that would be otherwise charged by Wells Fargo Advisors. Defendants will also pay the costs necessary for providing this Notice to Class Members and for administering the settlement. See the Summary of the Plan of Allocation beginning on page 6 for more information.

In return for the settlement, Class Members give up certain legal claims against Defendants and Defendants' Released Persons. See question 11 below for details about the released claims.

**9. How much will my benefit be?** Your recovery will be \$24.65 in Individual Credit Vouchers per Current Account, or \$20.42 in cash per Former Account. See the Summary of the Plan of Allocation beginning on page 6 for more information.

**10. When will I get my benefit?** The Court will hold a hearing on May 14, 2010 (the "Settlement Fairness Hearing") to decide whether to approve the settlement. Distribution of settlement proceeds will occur only after the Court approves the settlement at the Settlement Fairness Hearing and any appeals of the Court's decision have been resolved. Resolving any appeals could take time, perhaps more than a year. Please be patient.

**11. What am I giving up to get a benefit?** If you are a Class Member and you have not excluded yourself from the Class, then upon the "Effective Date" (defined below) you will release all "Released Plaintiffs' Claims" (defined

below) against the “Defendants’ Released Persons” (defined below). In return, Defendants release all “Released Defendants’ Claims” (defined below).

“**Effective Date**” shall mean the date when the order entered by the Court approving the settlement becomes final and not subject to appeal.

“**Released Plaintiffs’ Claims**” shall consist of and collectively mean any and all claims, debts, demands, rights or causes of action or liabilities, whether based on federal, state, local, statutory or common law or any other law, rule, or regulation, related to revenue sharing payments received or retained by Defendants, shelf-space arrangements, directed brokerage transactions and commissions, and mutual fund trades generally, whether fixed or contingent, accrued or unaccrued, known or unknown, liquidated or not liquidated, at law or in equity, matured or not matured, Class-wide or individual in nature including claims: (a) that have been asserted in the Class Action by the Class Members or any of them against any of the Defendants and their respective past or present directors, officers, employees, attorneys, general partners, limited partners, subordinated partners, subordinated limited partners, principals, affiliates, agents, attorneys, shareholders, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns of Defendants, or (b) that could have been asserted in the Class Action or any other forum by the Class Members or any of them against any of Defendants’ Released Persons, that arise out of, are based upon, or related in any way to the allegations, transactions, facts, matters or occurrences, involved, set forth, or referred to in the Class Action or otherwise are based upon or relate in any way to revenue sharing payments or directed brokerage commissions received by Defendants.

“**Defendants’ Released Persons**” means each and all of the Defendants and their respective past or present directors, officers, employees, attorneys, general partners, limited partners, subordinated partners, subordinated limited partners, principals, affiliates, agents, attorneys, shareholders, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns or any entity in which any Defendant has or had a controlling interest.

“**Released Defendants’ Claims**” shall collectively mean any and all claims, rights, or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, that have been or could have been asserted in the Class Action or any forum by Defendants or any of them or the successors and assigns of any of them against any of the Plaintiffs, Class Members, or Plaintiffs’ Counsel, that arise out of or relate in any way to the institution, prosecution, or settlement of the Class Action.

**THE LAWYERS REPRESENTING YOU**

**12. Do I have a lawyer in this case?** Yes. If you did not previously request to be excluded from this Class Action, you are represented by Co-Lead Counsel: Blitz, Bardgett & Deutsch, L.C., Milberg LLP, and Stull, Stull and Brody. The Court has decided that these law firms are qualified to represent you and all Class Members.

**13. How will the lawyers be paid?** On behalf of all Plaintiffs’ Counsel, Co-Lead Counsel will move the Court for a fee award from the cash portion of the settlement in an amount not to exceed \$21 million, which is 35% of the \$60 million settlement. Plaintiffs’ counsel will also seek to reimburse Plaintiffs’ Counsel for approximately \$600,000 in out-of-pocket expenses incurred in connection with the prosecution of this lawsuit as well as to compensate them for their time and effort prosecuting this action for more than five years, which will be further discussed and supported in Co-Lead Counsel’s motion for fees and expenses.

**EXCLUDING YOURSELF FROM THE SETTLEMENT**

**14. If I previously requested to exclude myself from this lawsuit can I get any benefits from the settlement or object to the settlement and Co-Lead Counsel’s motion for attorneys’ fees?** No. Because you already excluded yourself, you are no longer a Class Member. Accordingly, you are not entitled to receive any proceeds from this settlement and you do not have standing to object to the settlement or Co-Lead Counsel’s motion for attorneys’ fees.

**15. If I did not request to be excluded from this Class Action before December 11, 2009, can I still exclude myself or sue Defendants and Defendants’ Released Persons for the same thing later?** No.

## **OBJECTING TO THE SETTLEMENT**

**16.** If you are a Class Member, you can object to the settlement or any of its terms, the proposed Plan of Allocation, and/or the application by Co-Lead Counsel for an award of attorneys' fees and expenses. To object, you must send a signed letter stating that you object to the proposed settlement in the A.G. Edwards Revenue Sharing Litigation. Be sure to include your name, address, telephone number, and your signature and state the reasons why you object to the Settlement. Your objection must be filed with the Court and sent to the following counsel on or before April 29, 2010:

### **THE COURT:**

Clerk of the Court  
St. Louis City, Missouri Circuit Court  
Civil Courts Building  
10 North Tucker Boulevard  
St. Louis, MO 63101-2044

### **CO-LEAD COUNSEL:**

Robert D. Blitz, Esq.  
Blitz, Bardgett & Deutsch, L.C.  
120 South Central Avenue, Suite 1650  
St. Louis, MO 63105

Janine L. Pollack, Esq.  
Milberg LLP  
One Pennsylvania Plaza  
New York, NY 10119

Mark Levine, Esq.  
Stull, Stull & Brody  
6 East 45<sup>th</sup> Street  
New York, NY 10017

### **DEFENDANTS' COUNSEL:**

Brian A. Herman, Esq.  
Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, NY 10178-0600

Jeffrey Kalinowski, Esq.  
Husch Blackwell Sanders LLP  
190 Carondelet Plaza  
Suite 600  
St. Louis, MO 63105

At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class and who has complied with the procedures set out herein for filing with the Court and providing to the counsel for Plaintiffs and Defendants a statement of an intention to appear at the Settlement Fairness Hearing may also appear and be heard, to the extent allowed by the Court. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Settlement Fairness Hearing.

Any Class Members who intend to object to the settlement, the Plan of Allocation, and/or Co-Lead Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing.

## **THE COURT'S SETTLEMENT FAIRNESS HEARING**

**17. What is a Settlement Fairness Hearing?** The Court has not yet approved the settlement and will hold a Settlement Fairness Hearing to determine whether or not to approve the settlement. At the Settlement Fairness Hearing, the Court will consider whether the settlement is fair, reasonable, and adequate and whether the proposed Plan of Allocation for the proceeds of the settlement is fair and reasonable. In addition, the Court will consider the application of Co-Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections. The Court may listen to people who have properly indicated an intention to speak at the Settlement Fairness Hearing, but decisions regarding the conduct of the Settlement Fairness

Hearing will be made by the Court. After the Settlement Fairness Hearing, the Court will decide whether to approve the settlement.

**18. When and where will the Court decide whether to approve the proposed settlement?** The Court will hold the Settlement Fairness Hearing on May 14, 2010 at 9:30 a.m. at the St. Louis City Circuit Court, Civil Courts Building, 10 North Tucker Boulevard, St. Louis, MO 63101-2044.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the Settlement Fairness Hearing, you should check with Co-Lead Counsel before coming to be sure that the date and/or time have not changed.

#### **IF YOU DO NOTHING**

**19. What happens if I do nothing at all?** If you do nothing and you have not previously excluded yourself from the Class, you will get your share of the Settlement Fund.

#### **GETTING MORE INFORMATION**

**20. Are there more details about the proposed settlement?** This notice summarizes the proposed settlement. More details are in a Stipulation of Settlement dated as of February 12, 2010 (the "Stipulation"). You can get a copy of the Stipulation by visiting the website at [www.agedwardsclassactionsettlement.com](http://www.agedwardsclassactionsettlement.com), or by calling (877) 234-1312.

**21. How do I get more information about the lawsuit and settlement?** The pleadings, the Stipulation, the orders entered by the Court, and other papers filed in the Class Action may be inspected at the Office of the Clerk of the Court, St. Louis City Circuit Court, Civil Courts Building, 10 North Tucker Boulevard, St. Louis, MO 63101-2044, during regular business hours. You may also contact Co-Lead Counsel. Do not call the Court.

#### **SUMMARY OF PLAN OF ALLOCATION FOR SETTLEMENT PROCEEDS AMONG CLASS MEMBERS**

The parties have submitted a Plan of Allocation to the Court concerning the distribution of the settlement proceeds to Class Members. If the Court approves the proposed settlement, Class Members will be eligible to receive a settlement benefit on the terms described therein. Under the Plan of Allocation, Class Members with accounts that are classified as Current Accounts will be mailed three Individual Credit Vouchers which together will total \$24.65. The recipient will be entitled to redeem one Individual Credit Voucher each year for three years for a credit against certain fees charged to customers by Wells Fargo Advisors. Class Members with accounts that are classified as Former Accounts will be mailed a check in the amount of \$20.42.

For information on how to obtain a copy of the full Plan of Allocation, please visit [www.agedwardsclassactionsettlement.com](http://www.agedwardsclassactionsettlement.com) or call (877) 234-1312.

Dated: St. Louis, Missouri  
February 22, 2010

By Order of Missouri Circuit Court, Twenty-Second Judicial Circuit, City of St. Louis