IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

IN RE MUTUAL FUNDS INVESTMENT LITIGATION	)	MDL-1586
	)	Case No. 04-MD-15863
Columbia sub-track	)	

DECLARATION OF CLIFFORD S. GOODSTEIN IN SUPPORT OF FINAL APPROVAL OF SETTLEMENTS, PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS, AND APPLICATION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES

I, Clifford S. Goodstein, respectfully submit this declaration ("Goodstein Decl."), pursuant to Federal Rule of Civil Procedure 23(e), in support of: (i) the Court's final approval of the settlements of class, derivative, and ERISA claims pending in the Columbia Sub-track of MDL-1586 - *In re Mutual Funds Investment Litigation* (the "MDL Action"), on the terms and conditions reflected in the settlement agreements,[1] which the Court preliminarily approved by its Order dated May 19, 2010 (the "Preliminary Approval Order"); (ii) certification of the Class for settlement purposes; (iii) the Court's final approval of the proposed plan for allocating the settlement proceeds, totaling $12,653,000 in cash (plus interest); and (iv) Plaintiffs' Counsel's application for an award of attorneys' fees and expenses.

[1] The proposed settlements ("Settlements") in the Columbia Sub-track of the MDL Action are embodied in the following settlement agreements which were previously filed with the Court: (i) the Stipulation and Agreement of Settlement with the Columbia Defendants and Defendant Bank of America, dated and executed as of September 14, 2007; (ii) the Columbia/Bear Stearns Severed Agreement and Stipulation of Settlement, and the Master Agreement of Settlement, with the Bear Stearns Defendants; (iii) the Columbia/Canary Severed Agreement and Stipulation of Settlement and the Master Agreement of Settlement with Canary Defendants; and (iv) the Columbia/Security Brokerage Severed Agreement and Stipulation of Settlement and the Master Agreement of Settlement with The Security Brokerage Defendants The Columbia Defendants, Bank of America Corporation and Banc of America Securities LLC ("BAS"), the Bear Stearns Defendants, the Canary Defendants and the Security Brokerage Defendants are collectively referred to herein as the "Settling Entities."

INTRODUCTION

1. I am a partner with the law firms of Milberg LLP, formerly known as Milberg Weiss Bershad & Schulman LLP ("Milberg"). Milberg serves as Lead Counsel for Court-appointed Lead Class Plaintiff Jackie Williams and the Class in the class action of the Columbia Sub-track of the MDL Action (the "Class Action"). I have been personally involved in all aspects of this Action, including the negotiations resulting in the Settlements. I have also been kept informed of developments in this Action by attorneys working with me and under my direction.

2. Because this Declaration is submitted in support of a settlement, it is therefore privileged and inadmissible in any subsequent proceeding, other than in connection with the Settlements. In the event that the Settlements are not approved by the Court, this Joint Declaration and the statements contained herein and in any supporting memorandum are made without prejudice to 'plaintiff's positions on the merits.

TERMS OF THE SETTLEMENTS

3. The Settlements in the Columbia Sub-track provide for the total payment of $12,653,000 (the "Settlement Funds"), plus interest earned thereon, less Court-approved fees and expenses. Specifically, the Settlement Funds are comprised of: (i) $9,600,000 paid on behalf of the Columbia Defendants and BAS, (ii) $2,450,000 paid on behalf of the Security Brokerage Defendants, (iii) $588,000 paid on behalf of the Bear Stearns Defendants, and (iv) $15,000 paid on behalf of the Canary Defendants. Pursuant to the Stipulations, these funds have been escrowed and are currently earning interest.

4. The proposed Settlements are the product of years of investigation, litigation, damage analysis and extensive settlement negotiations. The negotiations leading up to the Settlements were extremely protracted and complex, as they involved four groups of defendants

represented by separate counsel, as well as securities and derivative claims, and a resolution was achieved only through the diligent efforts of counsel. By the time the agreements in principle to settle with each of the Settling Entities were reached, Plaintiffs and their counsel possessed an adequate understanding of the strengths and weaknesses of their claims, the damages suffered by the Class, and the viability of the defenses put forward by defendants. As explained in detail below, the Settlements confer a substantial benefit to the Class, given the risks faced if the Actions were to proceed. Moreover, in light of all the circumstances present in the Actions, an extensive analysis of the evidence, the relative strengths and weaknesses of the claims and defenses asserted, the serious issues and disputes remaining among the parties involved, and the time and expense necessary to prosecute these complex Actions to trial, Plaintiffs and their counsel believe that the Settlements – which, together, result in the global settlement of all claims asserted in the Columbia Sub-track of the MDL Action – are by any objective measure, fair, reasonable and adequate, and thus, warrant final approval by the Court.

THE NOTICE CAMPAIGN

5. Pursuant to the Court's Preliminary Approval Order, the Court-authorized settlement administrator, Rust Consulting ("Rust"), embarked on an extensive notice campaign. As of September 10, 2010, over 1.9 million copies of the approved Short-Form Notice of Pendency and Proposed Settlements of Class and Derivative Actions and Settlement Hearing (the "Mail Notice") have been mailed to potential Class Members. *See* Ex. 1 for a copy of the Affidavit of Elizabeth K. Nelson, submitted on behalf of Rust at ¶7. The Mail Notice contains a description of the nature and procedural history of the Actions, as well as the material terms of the Settlements, including: (i) estimates of the average recovery per eligible share; (ii) the manner in which the settlement proceeds will be allocated among participating Class Members and the Columbia Funds, or their successor funds; (iii) a description of the claims that will be

released in the Settlements; (iv) the right and mechanism for Class Members to exclude themselves from the Class; (v) the right and mechanism for Class Members and current shareholders of the Columbia Funds, or their successor funds, to object to the Settlements, the proposed plan for allocating the settlement proceeds, and/or Lead Counsel's request for attorneys' fees and expenses; and (vi) how to obtain a copy of the more detailed Long-Form Notice as described below. The Mail Notice also instructs recipients on how to obtain a copy of the Proof of Claim and Release form ("Proof of Claim") which each Class Member is required to complete in order to be eligible to receive a payment from the Settlement Funds.[2]

6. In addition to the mailed Mail Notice, Plaintiffs also used the Internet to facilitate notice to the Class and current shareholders of the Columbia Funds, or their successor funds.[3] Specifically, Rust constructed an extensive informational website for the Settlements, www.columbiamutualfundlitigation.com (the "Columbia Settlement Website"), on which Rust posted the Long-Form Notice of Pendency and Proposed Settlements of Class and Derivative Actions, Motion for Attorneys' Fees and Expenses, and Settlement Hearing (the "Long-Form Notice"), a more detailed version of the Mail Notice which includes the plan for allocating the settlement proceeds, and the Proof of Claim. In addition to the Long-Form Notice and Proof of Claim, copies of the Stipulations and Preliminary Approval Order are also available on the Columbia Settlement Website, as well as a list of "Frequently Asked Questions" and answers. As of September 10, 2010, there have been 90,404 visitors to the Columbia Settlement Website.

---

[2] In order to participate in the Settlements, Class Members are required to submit a Proof of Claim, along with their year-end holding information during the Class Period. That said, for Class Members that held directly at Columbia Funds, the Claims Administrator has informed those Class Members that it has received their trading records from Columbia and those Class Members need not complete a Proof of Claim Form.

[3] In connection with an analysis done by The Garden City Group, Inc. ("GCG"), the Internet was found to be an important component for reaching the classes involved in the mutual fund settlements, given that approximately 85 percent of adults that own mutual funds have used the Internet recently.

7. Pursuant to the Preliminary Approval Order, a "global" summary notice – serving to generally inform the public of the proposed settlements reached in sixteen of the seventeen mutual fund sub-tracks involved in the MDL Action − was published in *People* Magazine, *The Wall Street Journal*, the *New York Times* and via PR Newswire in July 2010. *See* Ex. 2 for a copy of the Declaration of Stephen J. Cirami, submitted on behalf of The Garden City Group, Inc. (the "GCG Declaration" or "GCG Decl."). Additional efforts were also undertaken to disseminate the summary notice through the use of targeted web-based "banner ads." *Id*..

8. The reaction thus far to the Settlements has been overwhelmingly positive. Following the extensive notice campaign set forth above and as of the date of this Declaration, no objections to the Settlements has been received, and only 39 potential Class Members have requested exclusion from the Class.[4]

9. Upon the Court's approval of the Settlements and the occurrence of the Effective Date, the claims asserted in the Actions against the Settling Entities shall be dismissed with prejudice, subject to the terms of the Stipulations and the Orders and Final Judgments.[5] For the reasons set forth below, on behalf of Lead Counsel, we respectfully submit that the terms of the Settlements and Plan of Allocation are fair, reasonable and adequate in all respects and, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, should be approved by this Court.

---

[4] The deadline for submitting objections and requests for exclusion is September 21, 2010. If any additional objections or requests for exclusion are received after the date of this submission, Lead Counsel will address them in a separate submission to be filed with the Court on or before October 6, 2010.

[5] The Settling Entities have also executed mutual cross-releases among themselves. Copies of these cross-releases will be attached to the Orders and Final Judgments for the respective Settlements, which will be filed with the Court with Lead Counsel's reply submissions, on or before October 6, 2010.

BACKGROUND REGARDING PLAINTIFFS' CLAIMS

10. Plaintiffs' claims focus on an alleged improper trading scheme, whereby defendants permitted certain investors to "market time" the Columbia Mutual Funds.[6] Plaintiffs asserted, among other things, that defendants allowed select investors to take advantage of short-term inefficiencies in the pricing of the Columbia Mutual Funds, at the expense of long-term investors and, ultimately, the Funds themselves. Plaintiffs also asserted, in connection with their amended complaints, that various brokerage firms were engaged by certain of the Columbia Defendants to sell the right to participate in market-timing (*i.e.*, "timing capacity"), and facilitated, or "cleared" timing transactions in return for substantial fees and other compensation. Moreover, Plaintiffs asserted that, as a result of the foregoing scheme, the defendants profited handsomely, while long-term investors, including Lead Class Plaintiff and the other members of the Class, and the Funds themselves suffered enormous damages.

11. Given the multiple facets of this alleged trading scheme, Plaintiffs brought claims against persons and entities affiliated with the Columbia Mutual Funds as well as unaffiliated entities, including alleged market-timers and other parties that were alleged to have participated in or facilitated the market timers' trading of the Columbia Mutual Funds.

PROCEDURAL HISTORY OF THE ACTIONS

12. Beginning in late 2003, numerous class action complaints against various Columbia entities were filed in various courts alleging violations of federal securities laws. These were subsequently consolidated under the above caption, with lead plaintiff and lead

[6] 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 are permitted to 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 time cut-off, capitalizing on information obtained after the close of the market.

counsel appointed for the Actions. The securities class action is brought on behalf of a Class of all persons who purchased or held shares of Columbia Mutual Funds during the Class Period.

13. In addition, derivative actions were brought on behalf of the Columbia Fund.

14. On September 29, 2004, following an extensive investigation which included interviews with persons having knowledge regarding defendants' activities during the relevant period,[7] amended complaints were filed in the class and derivative actions (the "Complaints"). Specifically, plaintiffs in the 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), 47 and 48(a) of the Investment Company Act of 1940 ("ICA"), and state law. Plaintiffs 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. On February 25, 2005, defendants moved to dismiss the Complaints. Plaintiffs opposed defendants' motions to dismiss on May 2, 2005.

15. On August 25, 2005, the Honorable J. Frederick Motz issued an order addressing common issues presented in the MDL Action. On November 3, 2005, Judge Motz issued a Memorandum ruling on the motions to dismiss in the Columbia Sub-track, denying in part and granting in part the motions to dismiss.

---

[7] Plaintiffs' Counsel's investigation also included, *inter alia*: (i) review and analysis of SEC filings concerning the Columbia Funds, (ii) review and analysis of press releases and other public statements issued or made concerning the Columbia Defendants and their officers and/or trustees, (iii) review and analysis of public information regarding the ongoing investigations into the mutual fund industry generally, (iv) extensive consultation with experts in areas relevant to Plaintiffs' claims, including damages; and (v) research of the laws applicable to the claims asserted in the Actions and the potential defenses thereto.

16. Thereafter, the parties began informal discovery focused on damages issues. Columbia Defendants provided to lead plaintiff in the class action, and an expert retained by class counsel, trading records that would allow plaintiff's expert to estimate damages.

SETTLEMENT NEGOTIATIONS

17. Discussions of possible settlements of the Actions proceeded with different groups of defendants at various times throughout the litigation. The Canary Defendants reached the first agreement in principle to settle, executing a memorandum of understanding with plaintiffs in various mutual fund families on July 19, 2004, and provided cooperation to Plaintiffs in pursuing their claims against the other defendants. As a result of the settlement with the Canary Defendants, Plaintiffs obtained a significant global monetary recovery, as well as substantial non-public factual information concerning their claims, which included several interviews and a wealth of non-public documents, all of which helped Plaintiffs advance their case against the other defendants and to craft their Complaints filed with the Court in late September 2004.

18. Once tentative settlement agreements were reached with all of the Settling Entities, the Parties participated in arm's-length settlement negotiations over the course of several years to finalize the terms of their respective Settlements. The process of finalizing the Stipulations and the relevant settlement documents was complicated and protracted. Although each set of defendants negotiated and executed their own separate settlement agreement (while at all times attempting to utilize uniform terminology throughout the agreements), there was only one set of notice documents (*i.e.*, the Mail Notice, the Long-Form Notice and the Proof of Claim) for all Settlements in the Columbia Sub-track, which required approval from all Parties.[8] During

[8] Additional efforts were taken by plaintiffs' counsel in the sixteen mutual fund sub-tracks in the MDL Action where settlements had been reached to coordinate their efforts through the settlement approval process.

this same time, Plaintiffs engaged their damages experts to examine the trading records of the Columbia Funds and to explore different methods for allocating the settlement proceeds among the holders of the affected Columbia Funds.

19. The Parties submitted their settlement documents to the Court on April 23, 2010. Following a preliminary settlement hearing on May 7, 2010 and supplemental submissions by the Parties, the Court granted preliminary approval to the Settlements on May 19, 2010.

THE FACTORS AFFECTING SETTLEMENT

20. The Settlements now before the Court in the Columbia Sub-track are the result of hard-fought and protracted negotiations between experienced counsel who have concluded that the Settlements are fair, reasonable and adequate and should be approved by the Court. As Lead Class Counsel, I believe that the proposed Settlements – which, together, result in the global settlement of all claims asserted in the Columbia Sub-track of the MDL Action – are in the best interests of the Class when evaluated in light of the many risks that could have prevented Plaintiffs from obtaining any recovery from defendants. The Settlements also avoid the substantial complexity, expense and time that would be necessary to prosecute the Actions through the completion of discovery, including the tremendous costs posed by expert discovery, summary judgment, preparation for trial, trial, post-trial motions and likely appeals. Moreover, the significant risks involved in taking these complex Actions further in litigation, coupled with the substantial time and expense associated with continued litigation, when measured against the substantial benefit of the Settlement Funds, justify the Settlements.

THE POSTURE OF THE CASE AND THE EXTENT OF DISCOVERY

21. By the time the Parties reached their tentative agreement to settle the Actions with the last group of defendants in the Columbia Sub-track, counsel had been litigating the Actions for years. During this time, Plaintiffs' Counsel completed an extensive investigation (dating

back to when the news of alleged market-timing and late trading in certain mutual funds first broke in 2003), drafted detailed amended complaints, briefed motions to dismiss by various defendants, and initiated discovery, including the review of substantial electronic discovery and damages data produced by defendants. Plaintiffs' Counsel used the information obtained from their investigation and litigation efforts, as well as the conclusions reached by Plaintiffs' damages expert after a detailed analysis of the defendants' damages data, to engage in an extensive settlement process with four separate groups of defendants, represented by separate, experienced counsel, over the course of several years.[9] As a result, Plaintiffs had a thorough understanding of the strengths and weaknesses of their claims, as well as the likelihood of obtaining a greater recovery following further litigation, which allowed them to reach the conclusion that the proposed Settlements − representing a global resolution of all claims asserted in the Actions − were in the best interests of the Class.

THE CIRCUMSTANCES SURROUNDING THE NEGOTIATIONS

22. As discussed above, the Parties engaged in extensive, arm's-length negotiations over the course of several years before reaching their prospective Settlements. Not only were these settlement negotiations hard-fought, but they were also protracted, given the number of parties and contested issues involved. The fact that there were several years between the first agreement in principle with the Canary Defendants, and the last agreement to settle, demonstrates, in part, that Plaintiffs and their counsel pursued the litigation until they were able to negotiate settlements that they considered to be fair and in the best interest of all parties. In

[9] The first proposed settlement, the agreement in principle with the Canary Defendants, was reached in July 2004, and it reflects the only one of the Settlements reached prior to defendants filing their vigorously contested motions to dismiss in 2005. As set forth above, as a result of the settlement with the Canary Defendants, Plaintiffs obtained, in addition to the global monetary recovery, substantial non-public factual information concerning their claims, which included several interviews and a wealth of non-public documents, all of which helped Plaintiffs advance their case against the other defendants.

addition, the knowledge and understanding that Lead Counsel gleaned during this settlement process guided them to the conclusion that there was a substantial possibility that the recovery of a larger sum for the Class might not be obtained.

THE EXPERIENCE OF COUNSEL

23. Counsel for both Plaintiffs and the Settling Entities have extensive experience in litigating class and derivative actions, and have litigated these types of cases in courts throughout the United States. At all times during their negotiations, the Parties zealously advocated their respective positions. Moreover, Lead Class Counsel submits that the Settlements of the Class Action are in the best interest of the Class, and Lead Fund Derivative Counsel submits that the Settlement of the Derivative Action is in the best interest of the Columbia Funds. *See* Exs. 3 and 5 for biographies of Lead Class Counsel and Lead Fund Derivative Counsel, respectively.

THE STRENGTH OF PLAINTIFFS' CASE ON THE MERITS AND THE DIFFICULTIES OF PROOF OR STRONG DEFENSES THAT PLAINTIFFS ARE LIKELY TO ENCOUNTER IF THE CASE GOES TO TRIAL

24. While Lead Counsel believe their claims are strong on the merits and that these claims would ultimately result in a verdict for the Class and Columbia Funds, litigation is never free from risk and uncertainty, and Lead Counsel recognized that Plaintiffs' ultimate success in these Actions was far from certain.

25. As in every complex case of this kind, the Class faces formidable obstacles to recovery, both with respect to liability and damages. This case, however, was especially complex, involving complicated trading practices as well as multiple defendants. In particular, there would be risks involved in establishing that the defendants' alleged participation in or facilitation of market-timing and late trading violated the law relevant to the claims because there is little or no established precedent for applying Plaintiffs' legal theories of liability to the

specific factual context of their claims.[10] This lack of precedent created substantial unpredictability as to the ultimate outcome of the litigation.

26. Additionally, given the varying views on calculating investor damages as a result of the improper trading practices at the heart of this litigation, damages would certainly have been the subject of competing expert testimony at summary judgment and trial. Although Plaintiffs would have been prepared to present expert testimony to meet their burden on loss causation and damages issues at trial, and to rebut any arguments that defendants would make, damages calculations in securities class actions are complex and one can never predict how a jury will weigh the testimony of competing experts. After many years of litigation, Plaintiffs could lose this "battle of the experts," and the Class would not receive any recovery. Thus, the proposed Settlements eliminate the foregoing risks, and others.

THE ANTICIPATED DURATION AND EXPENSES OF ADDITIONAL LITIGATION

27. When the Settlements were reached, the Parties had only begun discovery. If the Actions were to proceed, there is no question that the completion of discovery, including additional document review, depositions and expert discovery, summary judgment, a trial and the inevitable post-trial appeals would entail substantial time and significant expense for both sides. Further litigation of the Actions would also require many hours of the Court's time and resources. As a result, it would be years before the Class would receive a recovery, if any.

[10] Moreover, in the few cases similar to the case at hand, the Court dismissed the Janus and Putnam actions at the summary judgment stage.

THE DEGREE OF OPPOSITION TO THE SETTLEMENTS

28. Here, Rust, in accordance with the procedures for mailing and publication established by the Court's Preliminary Approval Order, undertook an extensive program to ensure that notice of the Actions and the proposed Settlements was widely disseminated to potential Class Members. After the dissemination of over 1.9 million copies of the Mail Notice and a wide-reaching publication campaign, no objections have been received as of the date of this Declaration. Additionally, only 39 potential Class Members have sought to be excluded from the Class. *See* Ex. 1.

29. Because the deadline for filing objections has not yet passed, plaintiffs will address any objections in their reply brief due to be filed on October 6, 2010.

CLASS CERTIFICATION

30. In connection with final approval of the Settlements in the Class Action, Lead Class Plaintiff seeks final certification of the Class for settlement purposes. As a term of the Settlements, the Parties agreed to certification of a Class consisting of all persons and entities who, during the period November 1, 1998 through February 25, 2004, inclusive, purchased and/or held shares in any of the Columbia Mutual Funds (as defined in the Stipulations). Excluded from the Class are: (i) any and all defendants named in any action that is part of the Columbia Subtrack of MDL-1586; (ii) for defendants who are natural persons, members of their immediate families (parents, spouses (current or former), siblings, and children), their heirs, successors or assigns, and any person acting on their behalf for purposes of collecting a payment under this Settlement; (iii) for defendants that are legal entities, their parents, subsidiaries, affiliates, successors or assigns; (iv) any entity in which any defendant has, or during the Class Period had, a controlling interest; and (v) all Columbia portfolio managers during the Class

Period (defined as the person or persons with primary responsibility for the day-to-day management of the investment portfolio of a Columbia Mutual Fund during the Class Period).

31. The Court, in its May 19, 2010 Preliminary Approval Order, preliminarily certified the proposed Class, solely for purposes of effectuating the Settlements. The Class warrants final certification pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure because the proposed Class satisfies each of the requirements for class certification.

32. The requirements of Fed. R. Civ. P. 23(a) have been met. First, the Class is numerous; Class counsel believe that Class Members number in the millions. Second, there are various issues common to the Class, including whether federal securities laws were violated, whether defendants acted with the requisite intent or recklessness to establish scienter under the federal securities laws, and whether members of the Class suffered damages. Third, Lead Class Plaintiff's claims are typical of those of the Class, because Lead Class Plaintiff, like the other members of the Class, purchased and/or held shares in the Columbia Mutual Funds during the Class Period, and as a result of the alleged improper trading practices in such Funds, suffered damages. Finally, Lead Class Plaintiff is an adequate representative in that her claims and interests are co-extensive, and not antagonistic, to those of absent Class Members, and Lead Class Counsel is qualified, experienced, and able to litigate and settle the Class Action.

33. Furthermore, the requirements of Fed. R. Civ. P. 23(b)(3) are also satisfied. Since the liability of defendants will be the same as to all Class Members, with only the amount of damages differing, common questions predominate. Similarly, a class action is a superior method of litigating claims against defendants, given the large number of plaintiffs and the likelihood that individual claims would often be too small to warrant individual suits.

THE PLAN OF ALLOCATION

34. The proposed Plan of Allocation (the "Plan"), as set forth in the Long-Form Notice, provides the manner in which the Settlement Funds shall be distributed to Class Members and the Columbia Funds. Class Members and the Columbia Funds in the first instance in a manner agreed to by Plaintiffs' Counsel.

35. The Net Settlement Funds will first be split into a component for Class Members and a component for the Columbia Mutual Funds. The Columbia Mutual Funds will receive $1,500,000 of the Net Settlement Funds (less a *pro rata* share of court awarded fees and litigation expenses), to be distributed in accordance with a plan of allocation to be reasonably determined by Lead Fund Derivative Counsel in consultation with counsel for the then-current trustees of the Columbia Mutual Funds family of mutual funds, which they reasonably believe redresses any alleged harm to the Columbia Mutual Funds. The remainder of the Net Settlement Funds will be distributed among Class Members based on their holdings of Columbia Mutual Funds during the Class Period (the "Class Settlement Funds"). Lead Class Counsel have, in consultation with expert advisors, developed an analysis of when and to what extent the various Columbia Mutual Funds were allegedly affected by the activities alleged in the Actions. Because the analysis developed by Lead Class Counsel shows that some Columbia Mutual Funds were potentially affected more than others by those alleged activities, and that the potential impact of those alleged activities varied from time to time, Lead Class Counsel developed a Plan of Allocation that provides relatively larger distributions for holdings that were, according to their analysis, more strongly affected by the alleged activities.

36. The objective of the Plan is to first equitably distribute the Class Settlement Funds to those Class Members who were potentially damaged by the alleged conduct. Under the Plan,

the Court-appointed settlement administrator, Rust, will calculate a "Recognized Claim" for each Class Member who submits an acceptable Proof of Claim.

37. Recognized Claims are based on Plaintiffs' expert's analysis of transaction records in the Columbia Mutual Funds during the Class Period. Based on its analysis of the trading data, Plaintiffs' expert has estimated the "dilution" allegedly suffered by shareholders in each Columbia Mutual Fund in each calendar year through 2003, or part thereof, as a result of potential market timing and late trading. Dilution is the money allegedly drained from a fund by market timing and late trading. Plaintiffs' expert's analysis does not take account of the amounts distributed to Columbia shareholders through the Columbia Mutual Funds' IDC (Independent Distribution Consultant) distribution process.

38. An Authorized Claimant's Recognized Claim will be calculated as follows:

> (i) For each Columbia Mutual Fund, the Settlement Administrator will calculate the Authorized Claimant's "Average Share Holdings" for each calendar year during the Class Period by averaging the claimant's starting share count and ending share count. For purposes of calculating a claimant's Average Share Holdings (a) "calendar year 1998" will be deemed to begin as of November 1, 1998 and (b) "calendar year 2003" will be deemed to end on December 31, 2003. If an Authorized Claimant did not hold shares in a particular Columbia Mutual Fund during a particular calendar year, his, her, or its Average Share Holdings for that Fund and for that year shall be zero.
>
> (ii) For each Columbia Mutual Fund, the Settlement Administrator will calculate the Authorized Claimant's "Annual Losses" for each year during the Class Period by multiplying the Authorized Claimant's Average Share Holdings by the Estimated Uncompensated Dilution Losses Per Share as set forth in [a] table [in the Long-Form Notice].[11] The table reflects those funds where dilution per share in at least one year exceeded one cent. The total of the Annual Losses for a particular Fund across all years during the Class Period shall equal the Authorized Claimant's "Total Losses" for that Fund.
>
> (iii) For shares held after December 31, 2003 (the last two months of the Class Period), no allocation will be made because, as market timing had become a

[11] Positive per share numbers indicate periods where fundholders were allegedly damaged by market timing traders. Negative per share numbers indicate periods where the trading identified in the analysis may have benefited fundholders.

publicly known target of government investigation by the end of 2003, all alleged timing activity had ended by that time.

(iv) The Authorized Claimant's Recognized Claim will equal the sum of the claimant's Total Losses across all Columbia Mutual Funds. If an Authorized Claimant's Total Losses for a particular fund are negative, then the Total Losses for that Fund shall be set to zero for purposes of the calculation of an Authorized Claimant's Recognized Claim.

39. No distribution will be made on a claim where the potential distribution amount is $10.00 or less in cash.

40. Under the Plan, checks will be distributed to Authorized Claimants after the Court has finally approved the Settlements and after all claims have been processed. The Plan provides for a redistribution process if checks are not cashed, and after such redistribution, any remaining funds will be distributed to the Columbia Mutual Funds in accordance with a plan of allocation to be reasonably determined by Lead Fund Derivative Counsel in consultation with counsel for the then-current trustees of the Columbia Funds family of mutual funds.

41. As of the filing of this Declaration, not a single objection to the Plan has been received. Accordingly, Lead Counsel believe that this method of allocation is fair and reasonable and that the Plan should be approved.

ATTORNEYS' FEES AND EXPENSES

42. Lead Counsel respectfully request an award of attorneys' fees in the amount of 20% of the Settlement Funds, and reimbursement of expenses in the amount of $471,345.97 plus interest earned on both amounts at the same rate earned on the Gross Settlement Funds. This request for attorneys' fees and expenses is a joint request and is made in connection with the Settlements obtained in the Class and Derivative Actions of the Columbia Subtrack.[12]

[12] In addition to Lead Counsel's request for attorneys' fees and expenses, Court-appointed Plaintiffs' Administrative Chair and Liaison Counsel, Tydings & Rosenberg LLP, will make a separate request for an award of attorneys' fees and expenses of 1.25% of the Gross Settlement Funds.

43. A cross-check of Plaintiffs' Counsel's lodestar also supports the attorneys' fees requested. Plaintiffs' Counsel have collectively incurred $3,410,908.50 in time from the inception of the Action through September 2, 2010.[13] Thus, the requested fee award, rather than seeking a positive risk multiplier generally awarded by courts applying the lodestar or lodestar cross check methods, actually represents a negative multiplier of approximately .74 to the lodestar (*i.e.*, Lead Counsel are requesting less than what Plaintiffs' Counsel's billable hours would have provided).

44. Lead Counsel respectfully submit that an analysis of these criteria demonstrates that the requested fee is fair and reasonable.

THE TIME AND LABOR REQUIRED

45. As set forth above, Plaintiffs' Counsel devoted 8,936.30 hours to the Actions – resulting in a lodestar of $3,410,908.50 *See* Columbia Exs. 3 through 9 for Plaintiffs' Counsel's lodestar and expense submissions. Thus, Lead Counsel's request for 20% of the Settlement Funds (*i.e.*, slightly over $2.5 million) represents a negative multiplier of approximately 0.74 to Plaintiffs' Counsel's aggregate lodestar. As Plaintiffs' Counsel invested substantial resources without a guarantee of payment, Lead Counsel respectfully submit that such a negative multiplier from the attendant lodestar cross-check clearly supports the assertion that the requested attorneys' fees are fair and reasonable.

46. Lead Class Counsel will continue to expend additional resources working with the Settlement Administrator, Rust, to ensure the smooth progression of distribution of the Net Settlement Funds based on review of Proofs of Claim.

[13] *See* Exs. 3 through 9 for the lodestar and expense submissions of plaintiffs' counsel. These exhibits reflect the names of the attorneys and paraprofessionals who worked on the Actions, the hourly rates currently chargeable by each such attorney and paraprofessional, the lodestar value of the time expended by such attorneys and paraprofessionals, the unreimbursed disbursements of the firms, and the background and experience of the firms.

THE RESULTS OBTAINED FOR THE CLASS AND COLUMBIA FUNDS

47. An analysis of the results obtained strongly supports Lead Counsel's fee request. Here, through their extensive efforts during the prosecution and settlement of the Actions, Lead Counsel have obtained Settlements totaling $12,653,000 in cash. Notably, Plaintiffs' expert found that dilution damages not already compensated by the SEC fair fund proves to be minimal. Under this damages calculation, the Settlements represent a recovery of a significant percentage of the estimated dilution damages.

48. Further, the Actions involved complicated issues of fact and law, and presented risks to proving liability with respect to multiple defendants, as well as damages. Rather than exposing the Class, and in the context of the Derivative Action, the Columbia Funds, to the risks of further litigation and the delays associated therewith, the Settlements provide a benefit to the Class and Columbia Funds now, rather than a speculative payment many years down the road. Moreover, the Settlements provide an additional benefit in that, together, the Settlements represent a global resolution of all claims asserted in the Actions. The recovery obtained by Lead Counsel represents a substantial result for the Class and Columbia Funds.

OBJECTIONS TO THE SETTLEMENT TERMS AND/OR FEES REQUESTED BY COUNSEL

49. The reaction to the Settlements, including the fees requested by Lead Counsel has been positive, and this lack of dissent weighs in favor of Lead Counsel's fee request. Over 1.9 million copies of the Mail Notice have been distributed to Class Members and Nominees. In addition, a far-reaching publication and web-based campaign was used as another means to provide Class Members as well as current shareholders of the Columbia Mutual Funds, or their successor funds. Specifically, the Mail Notice advises recipients that Lead Counsel will apply to the Court for attorneys' fees not to exceed 20% of the Gross Settlement Funds and for

reimbursement of litigation expenses not to exceed $550,000, plus interest. The Mail Notice also explains how an objection can be made to the Settlements, including Lead Counsel's fee request. To date, not one objection to the amount of attorneys' fees and expenses set forth in the Mail Notice has been received.

THE QUALITY, SKILL AND EFFICIENCY OF THE ATTORNEYS INVOLVED

50. An analysis of the quality, skill and efficiency of the attorneys involved in the Actions counsels in favor of the requested fee award. Given the complexity of the causes of action and the presence of numerous contested issues, no less than highly skilled counsel could have successfully represented the Class and Columbia Funds and obtained such a favorable recovery. Lead Counsel for the Class, Milberg LLP, practices extensively in the complex field of shareholder securities litigation and has successfully litigated these types of actions in courts throughout the country. In addition, Lead Fund Derivative Counsel, Wolf Haldenstein Adler Freeman & Herz LLP, is experienced in derivative litigation as described in its affidavits (Exs. 3,5).[14] Indeed, over the course of more than six years, Plaintiffs' Counsel invested substantial resources to vigorously prosecute the Actions against the Settling Entities, and respectfully submit that their expertise and hard work helped to yield a positive result for the Class and the Columbia Funds in a difficult case.

51. Likewise, the quality of the work performed by Plaintiffs' Counsel in attaining the Settlements also should be evaluated in light of the quality of the opposition. Throughout the entire litigation, Plaintiffs' Counsel faced formidable opposition from the prominent law firms representing the Settling Entities. Thus, the issues of law and fact presented by the Actions coupled with the ability of Plaintiffs' Counsel to obtain such a favorable recovery for the Class

[14] *See* Exs. 3 through 9 for firm biographies for Plaintiffs' Counsel.

and Columbia Funds in the face of such legal opposition further reflects the superior quality of Plaintiffs' Counsel's work.

THE COMPLEXITY AND DURATION OF THE LITIGATION

52. An analysis of the complexity and duration of the litigation favors Lead Counsel's fee request. As discussed in above, the Actions involved complicated issues of fact and law (in both the securities and derivative context), and presented risks to proving liability with respect to multiple defendants, as well as damages. Additionally, since there is little or no established precedent for applying Plaintiffs' legal theories of liability to the specific factual context of their claims, the lack of precedent created an added level of complexity.

53. Continued litigation of the Actions would have certainly been protracted. When the Settlements were reached, the Parties were in the discovery stage. If the Actions were to proceed, there is no question that the completion of discovery, including expert discovery, summary judgment, a trial and the inevitable post-trial appeals would entail substantial time for both sides. In fact, Plaintiffs' Counsel have already devoted over 8,900 hours to the Actions. Further litigation of these Actions would also require many hours of the Court's time and resources. As a result, it would be years before the Class and/or the Columbia Funds would receive a recovery, if any.

THE RISK OF NONPAYMENT

54. An analysis of the risk of nonpayment strongly supports Lead Counsel's fee request. Here, Plaintiffs' Counsel have litigated the Actions on a wholly contingent basis, and have borne all the risk of the Actions − including surviving dispositive motions, obtaining class certification, proving liability, causation and damages, prevailing in the "battle of the experts," and litigating the Actions through trial and possible appeals. Plaintiffs' Counsel understood from the outset that they were embarking on a complex, expensive and lengthy litigation, which would

require the investment of substantial resources, with no guarantee of ever being compensated for the investment of their time and money. Plaintiffs' Counsel also understood that the Settling Entities would (and, in fact, did) retain large and highly experienced corporate defense firms to mount a strong defense. In undertaking this risk, Plaintiffs' Counsel were obligated to ensure that sufficient resources were dedicated to the prosecution of the Actions. Plaintiffs' Counsel have not been compensated for any of their time or expenses during the pendency of the Actions.

55. Further, a law firm handling complex contingent litigation does not always prevail. In fact, the factor labeled by the courts as "the risks of litigation" is not an empty phrase. In numerous cases, plaintiffs' counsel working on a contingent basis, such as this, have expended thousands of hours only to receive no compensation. Moreover, there have been many hard-fought lawsuits where, because of: (i) the discovery of facts unknown when the case was commenced; (ii) changes in the law while the case was pending; or (iii) decisions of summary judgment or following a trial on the merits, that excellent professional efforts produced no fee for counsel. Thus, there existed the risk that Plaintiffs' Counsel would invest substantial resources and efforts and receive nothing.

PUBLIC POLICY CONSIDERATIONS

56. Plaintiffs' Counsel committed substantial resources to the litigation of the Actions, notwithstanding significant uncertainty as to whether the Actions would ultimately succeed. The Settlements are providing the only monetary recovery for Class Members and the Columbia Funds, and are clearly serving as a necessary supplement to government enforcement.

AWARDS IN SIMILAR CASES

57. Here, unlike fee requests made in the typical securities class action, Lead Counsel's fee request is being made jointly by counsel in both the Class and Derivative Actions, and will be used to compensate the efforts expended by counsel in both Actions. Thus, the

present request for a fee of 20% of the Gross Settlement Funds is reasonable in relation to fees typically awarded in complex class actions.

REIMBURSEMENT OF PLAINTIFFS' COUNSEL'S EXPENSES

58. Lead Counsel also request reimbursement of expenses in the amount of $471,345.97, incurred by Plaintiffs' Counsel to date in connection with the prosecution and resolution of the Actions on behalf of the Class and the Columbia Funds, plus interest on such amount at the same rate earned by the Gross Settlement Funds. It is well-settled that attorneys who have created a common fund are entitled to be reimbursed for their out-of-pocket expenses incurred in creating the fund so long as the submitted expenses are reasonable, necessary and directly related to the prosecution of the action.

59. A large portion of Plaintiffs' Counsel's expenses was used to fund Plaintiffs' investigation and engage experts. These expenses were critical to Plaintiffs' Counsel's success in achieving the proposed Settlements. Plaintiffs' Counsel's remaining expenses arise from filing fees, photocopying of documents, on-line research, messenger services, postage, express mail and next day delivery, transportation, meals, travel and other expenses directly related to the prosecution of the Actions. These expenses are laid out in each firm's expenses submissions. *See* Exs. 3 through 9. To date, no objections have been received regarding this expense figure.

I hereby declare that the foregoing is true and correct.

Dated: September 14, 2010

/s/
CLIFFORD S. GOODSTEIN