

**Part 2A of Form ADV
Firm Brochure for:
FundSource 401(k)**



801 - 37967

Investment Advisory Services of Wells Fargo Advisors, LLC

Revised March 2013

Wells Fargo Advisors is the trade name used by two separate broker-dealers: Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC. Members SIPC, and non-bank affiliates of Wells Fargo & Company.

One North Jefferson, St. Louis, MO 63103

Phone (314) 955-3000

www.wellsfargoadvisors.com

This brochure provides information about the qualifications and business practices of Wells Fargo Advisors, LLC and our FundSource 401(k) Program. This information should be considered before becoming a Client. If you have any questions about these services or the contents of this brochure, please contact us at the telephone number above.

This information has not been approved or verified by United States Securities and Exchange Commission or by any state securities authority. Additional information about Wells Fargo Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involve risk, including the possible loss of principal.

Summary of Material Changes

Material changes to the Firm Brochure for FundSource 401(k) since March 31, 2012:

In May 2012, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to establish and maintain supervisory systems, including written procedures, reasonably designed to achieve compliance with applicable FINRA rules in connection with the sale of leveraged, inverse and inverse-leveraged Exchange-Traded Funds. Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$2,100,000 fine and restitution to specified clients.

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Advisory Business

Firm Description and Ownership

Wells Fargo Advisors, LLC ("WFA"), whose predecessors span more than 150 years, is a leading national securities firm providing investment and other financial services to individual, corporate, and institutional Clients. It is a non-bank affiliate of Wells Fargo & Company ("Wells Fargo"), a publicly held company (NYSE: WFC), and financial holding company and bank holding company founded in 1852. Wells Fargo and its Affiliates are engaged in a number of financial businesses, including retail brokerage and investment advisory services.

Wells Fargo Advisors, LLC is affiliated with Wells Fargo Advisors Financial Network ("WFAFN"), a broker-dealer also providing advisory and brokerage services. Information about the advisory and brokerage services offered by WFAFN is available by contacting them directly.

The terms "Client," "you," and "your" are used throughout this document to refer to the person(s) or organization(s) who contract with us for the services described here. "WFA," "we," "our," and "us" refer to WFA together with our Affiliates, including but not limited to, Wells Fargo & Company and its agents with respect to any services provided by those agents. "Affiliate" means any entity that is controlled by, controls or is under common control with WFA. Each Affiliate is a separate legal entity, none of which is responsible for the obligations of the other.

"Account" means collectively or individually any brokerage Account and/or any Advisory Program Account you have with us, including any and all funds, money, securities and/or other property you have deposited with us. "Securities and/or Other Property" means, but is not limited to, money, securities, financial instruments and commodities of every kind and nature and related contracts and options, distributions, proceeds, products and accessions of all property.

Types of Advisory Services

We sponsor a number of wrap fee advisory Programs that are designed to help Clients meet their investment objectives and goals. They include Separately Managed Account Programs, Mutual Fund Advisory Programs, Financial Advisor-Directed Programs and Non-Discretionary Advisory Programs ("Programs"). WFA also offers Consulting and Financial Planning advisory services. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940 and deals solely with our FundSource 401(k) Program. Descriptions of the services and fees for the other Programs and services we offer can be found in separate disclosure documents, copies of which are available upon request.

FundSource 401(k)

FundSource 401(k) is an investment advisory service designed to help sponsors and/or plan administrators of 401(k) salary savings plans or other defined contribution plans ("Plans" or "Clients") allocate the investment options offered to participants in the Plan. FundSource 401(k) makes available seven professionally managed portfolios called the FundSource Optimal Blend portfolios and a list of over 150 open-end mutual funds that meet our quantitative and qualitative research criteria ("FundSource Funds").

There is a minimum \$500,000 Account size in FundSource 401(k) that may be waived in some instances. Additional investment options and plan administrative services and features are available for Plans over \$5 million.

Wells Fargo Institutional & Retirement Trust ("Wells IR&T"), a division of Wells Fargo Bank, N.A., our affiliate, provides Plan administrative and recordkeeping services. Wells IR&T performs certain plan services, including, without limitation, administrative billing, fee billing, certain plan testing and administrative functions, houses the voice response unit and internal connections for the plan as well as plan participants, and sends quarterly plan and plan participant statements.

We are not responsible for services offered by Wells IR&T; the Plan separately negotiates with Wells IR&T for plan administration and recordkeeping services. However, your Financial Advisor may at times work jointly with Wells IR&T to explain the Program services to you, including delivering a proposal prepared by Wells IR&T, and to coordinate certain services available to the Plan, such as selection of plan investment options, review of plan documents, participant education.

If your Plan is electing an auto-enrollment option, some of the funds available through Wells IR&T may be considered by your Plan to satisfy the qualified default investment alternative ("QDIA") feature. Wells Fargo directs the Plan fiduciaries to the investment manager of the mutual funds offering these funds to determine whether the fund satisfies the QDIA criteria. Neither Wells IR&T nor we attest that these funds satisfy these requirements and are not responsible for decisions made by your Plan.

If your Plan has over \$5 million in assets, you may also select non-FundSource Fund assets, such as other mutual funds, money market funds, common trust funds and other assets available on the Wells IR&T platform. In addition, your Plan may also request a self-directed brokerage Account option. Your Plan would separately negotiate for these additional investment options and features with Wells IR&T. We will be compensated for all Plan assets, including non-FundSource assets. If you also select the self-directed brokerage Account option for your Plan, we may also receive as additional compensation any commissions generated within the Account.

Under FundSource 401(k), we will present to you the FundSource Optimal Blend Portfolios or discuss with you the individual FundSource Funds that you may wish to make available as investment options to individual plan participants ("Plan Participants") in the

Plan. If you select these Funds outside of the Optimal Blends, we may assist you by presenting different combinations of FundSource Funds designed to achieve a target allocation and investment objective established by you. However, we will not recommend and are not providing any advice with respect to your selection of those Funds or target allocation.

In suggesting that you make available the FundSource Optimal Blends or your individually selected Funds, we will rely on directions provided by you. You will inform us in writing of any material change in your circumstances that might affect the manner in which your assets should be invested. You have the option to alter, at your discretion, your choice of Optimal Blend Portfolios or the individual Funds that you have selected, by submitting a request in writing to Wells IR&T or your Financial Advisor.

On behalf of your Plan Participants, we will work with Client and Wells IR&T to implement each Client's investment directions in an Account held at Wells IR&T that is opened in the name of that Client. All decisions regarding which specific Optimal Blends or Fund(s) or other assets, including FundSource Funds, to make available under the Plan, and whether they meet with Client's investment objective needs, remain solely with the Client, and all decisions regarding which specific Fund(s) to invest remain solely with the Client.

We acknowledge that we are a fiduciary within the meaning of ERISA § 3(21) ("ERISA fiduciary") in performing the discretionary investment management services with respect to the FundSource Optimal Blend Portfolios. This responsibility includes providing Wells IR&T with the Optimal Blend Portfolio models and recommended changes to those models. It is Wells IR&T's responsibility to implement the model blend changes communicated by us and to ensure that the Funds included in the Optimal Blend Portfolios are available on Wells IR&T's platform.

Wells IR&T will implement changes made to the FundSource Optimal Blend models after certain administrative processes are finalized. If a Fund offered through our FundSource Program is not available to the FundSource 401(k) platform (for example, funds that are not offered to 401(k) plans), we will create an Optimal Blend portfolio designed to include a suitable alternative for the Portfolio. Due to the fact that there may be differences in the Funds and/or share classes included in the Optimal Blend portfolios, and the timing of when model changes are implemented, and in Target Allocations, the performance of the FundSource 401(k) Optimal Blend portfolios may differ from that of the retail FundSource Program.

Except as described below for Accounts opened prior to February 2008, if you select any other investment options for the Plan, we are not providing advice and will not be considered a fiduciary with respect to those assets. If a Fund no longer qualifies as a FundSource Fund and is removed from the funds offered within an Optimal Blend portfolio, you have the option to continue to offer that fund to Plan participants, either in a Client created target allocation portfolio, or individually. We will not be considered a fiduciary nor will we provide advice with respect to that asset.

Certain features of the program operate differently for Plans who selected the program prior to February 2008. These differences may include the following:

- 1) Fee Structure - For Accounts established prior to February 2008, the Plans are charged a flat fee by us, and we pay Wells IR&T \$85 per participant per year for Wells IR&T's recordkeeping and administration services. Any fees charged by Wells IR&T were negotiated on a plan-by-plan basis.
- 2) the services/features offered by Wells IR&T may differ;
- 3) the minimum Account size is \$1.5 million;
- 4) We have indicated that we no longer act as an ERISA fiduciary for the other FundSource Funds selected by you that were outside the FundSource model selected by the Plan (pre-2008 plans are the exception); and
- 5) Wells IR&T may rebalance assets other than the FundSource Optimal Blend Portfolios at your request on pre-2008 plans.

Rebalancing

The Optimal Blend Portfolios will be rebalanced quarterly (90 days) or within a reasonable timeframe following a change made by us to the Optimal Blend portfolio target allocations.

Services Tailored to Individual Client Needs

Each of the advisory services we offer is tailored to you and designed to meet your individual investment objectives, financial needs and tolerance of risk. They are drawn from research and analysis we believe to be reliable and appropriate to your financial circumstances.

Portfolio Management Services

While we offer model allocations, portfolio management services are provided by Wells IR&T. That is, Wells IR&T executes all transactions to maintain the models for this specific program. As a result, we receive a portion of the fee for providing those model allocations.

Assets Under Management

As of Dec 31, 2012, we manage \$141,914,767,450 of Client assets on a discretionary basis and \$124,057,445,836 of Client assets on a non-discretionary basis.

Fees and Compensation

We charge the following standard fee schedule, which is negotiable, for assets held in the Plan. Wells IR&T is responsible for calculating and remitting compensation to us for fees earned under the program. We may modify or change the fees specified herein but only upon notice to and acceptance by you pursuant to the terms of your agreement with us.

The suggested FundSource 401(k) Fee Schedule is as follows:

Account Asset Value	Suggested Annualized Fee
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$2 million	0.90%
Next \$2 million	0.75%
Over \$5 million	Negotiable

Accounts are charged a fee for the service, billed monthly in arrears, based on a percentage of your Account Asset Value. The "Account Asset Value" means the sum of all assets held by the Plan. The initial fee payment is paid monthly in arrears and is based on the Account's Asset Value on the last business day of the previous month. Some Plans may also be charged an annual flat fee, which is paid to us. We pay \$85 per participant per year to Wells IR&T for its recordkeeping and administration services. Any fees charged by Wells IR&T are negotiated on a plan-by-plan basis.

If your Plan has over \$5 million in assets, additional investment options and services are offered by Wells IR&T. We will receive commission revenue from transactions generated through a self directed brokerage option, in addition to the fees charged to the plan for plan assets.

As a shareholder in mutual funds, you will also bear a proportionate share of the funds' expenses, including advisory or other fees paid to the funds' investment advisers, in addition to fees paid to us under FundSource 401(k). In some instances, mutual funds pay additional fees to Wells IR&T (i.e., Rule 12b-1 and transfer agent fees). Wells IR&T credits these fees back to the Plan and plan participants.

We recommend that: a) each Account maintain enough cash in money market funds to pay the Account fee each month; and b) income dividends and capital gains received from FundSource Funds be reinvested into the respective funds.

The fee for any period less than a full month will be pro-rated on a daily basis. If the 401(k) Agreement is terminated during a month, a pro rata fee will be debited from the Plan assets.

The program may cost you more or less than purchasing these services separately. You can select many of the FundSource Funds as Plan investment options directly with Wells IR&T without incurring the Program fee. However, if you select Fund shares directly through Wells IR&T's platform, you will not receive the asset allocation and portfolio monitoring services provided by us under the program and certain fees may be incurred, such as rule 12b-1 fees and, for the Optimal Blend portfolios, any mutual fund advisory fees earned by our advisory affiliates. In the program, Wells IR&T rebates such fees to the Plan.

Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees in any of our investment advisory programs. We do not have any side-by-side management situations.

Types of Clients

We offer our FundSource 401(k) program to qualified plans. We may also provide these services to qualified plans who are Clients of our affiliate, Wells Fargo Advisors Financial Network.

Methods of Analysis, Investment Strategies and Risk of Loss

The current FundSource 401(k) program offers seven FundSource Optimal Blends for Plan Clients' consideration:

Moderate Income

Moderate Income investors seek to maximize current income with modest risk. Investors desire to increase current income and are willing to forego capital appreciation to achieve lower risk. Investors may experience modest short term declines in the value of the portfolio over a market cycle. The investment strategy will typically allocate 85% of the assets to managers who specialize in fixed income investing. Investment-grade bonds may represent the primary investment, with a limited portion allocated to high yield and international debt to enhance current yield.

Conservative Growth and Income

Conservative Growth and Income investors seek current income and capital appreciation. Investors are willing to forego a portion of current income in order to achieve modest growth of capital in exchange for reduced risk. Modest short-term declines in the value of the portfolio should be expected over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in fixed income. Equity managers will generally focus on higher quality, dividend paying stocks.

Moderate Growth and Income

Moderate Growth and Income investors seek a combination of income and capital appreciation. Investors are willing to forego some income in exchange for moderate growth of capital. Investors generally have a longer investment horizon and are willing to accept modest short-term declines in the value of their portfolio over a market cycle. The investment strategy typically allocates 50% of the assets to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed income managers are utilized to help balance portfolio risk and produce current income.

Long Term Growth and Income

Long-Term Growth and Income investors seek significant growth of capital and income and have a high tolerance for risk. Due to their long-term investment horizon or other factors, investors are able and willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy will typically allocate 60% of the assets to managers who specialize in equities. Fixed income managers may also make significant investments high-yield, international and emerging market debt to enhance yield and increase diversification.

Conservative Growth

Conservative Growth investors seek to maximize capital appreciation with relatively modest risk. Investors are willing to accept a lower potential return in exchange for reduced risk. Investors may experience modest short-term declines in the value of their portfolio over a market cycle. The investment strategy will typically allocate over 60% of the assets to managers who specialize in equities, which will tend to favor higher quality stocks. Fixed Income is used to further diversify the portfolio and reduce portfolio volatility.

Moderate Growth

Moderate Growth investors seek to maximize capital appreciation with modest risk. Investors are willing to accept a lower rate of return in exchange for less risk. Investors have a longer time horizon and are able to tolerate short-term and possibly frequent declines in the value of their portfolio over a market cycle. This investment strategy will typically allocate 80% of the assets to managers who specialize in equities. Equities are diversified across domestic and international securities. Fixed Income is used to further diversify the portfolio and reduce volatility.

Long Term Growth

Long-Term Growth investors seek to maximize growth of capital over time and have a very high tolerance for risk. Due to their long-term investment horizon or other factors, investors are willing to tolerate substantial and possibly frequent short-term portfolio declines over a market cycle. The investment strategy typically allocates 100% of the assets to managers who specialize in equities.

The FundSource 401(k) program relies on the research process used by us for the FundSource program, which is offered to our Clients. In the FundSource program, we have the investment discretion to create managed mutual fund portfolios. Our analysts use both quantitative and qualitative criteria when evaluating funds for inclusion on the FundSource Fund Roster ("Roster").

We review candidates for the Roster based on a number of criteria. Our analysts typically will arrange meetings with the portfolio managers or representatives of these candidate Funds to discuss the underlying investment philosophy of the fund manager and how that philosophy is manifested in security buy and sell decisions. Our analysts will seek to understand the capabilities of the portfolio manager, and to assess how the investment philosophy will perform in different market environments. Additional factors influencing the inclusion of a mutual fund on our Recommended Fund Roster may include the fund's past record, management style, location, number and continuity of investment professionals, and Client servicing capabilities, a completed questionnaire, database information on the firm, statistical analysis of the firm's track record, and interviews with members of the mutual fund firm.

Funds that survive this process are considered suitable for inclusion on the Roster. This process is a continuing one, and funds may be added or removed from the Roster based on many factors, either internal or external to the fund's management.

The Optimal Blend strategic allocation portfolios are built around a targeted asset allocation among the following major asset classes: cash and cash alternatives, fixed income, alternative income, domestic and international equity securities. These strategic asset allocation targets are based upon our recommended long-term strategy guidelines, and may change from time to time in light of new research and analysis.

The strategic asset allocation targets are selected such that the Moderate Income and Conservative Growth and Income models could be expected to have the lowest investment risk, based upon historical average risk levels for these asset classes. Similarly, historical average return figures would suggest that these models offer the lowest potential return. As the investor moves to models with higher equity allocation, historical averages suggest that expected investment risk and potential return increase as more of the asset allocation shifts from bonds into equities.

The strategic allocation targets for the Optimal Blend strategic portfolios serve as a guideline against which these portfolios will be managed. We will deviate from these allocations to some degree when we believe it is in the interests of our investors to do so. In filling the strategic allocations, mutual funds are selected based upon both quantitative and qualitative methods. Quantitative methods include examination of historical performance as well as the biases that have characterized the manager's investment style. Qualitative

considerations may include the tenure of investment professionals, the perceived quality of the investment process, and other factors that may bear on the investment decision.

Other than in connection with our investment management responsibilities, we do not assume responsibility for the conduct of mutual funds selected by you, including their performance or compliance with laws or regulations. You are advised and should understand that (a) a mutual fund's past performance is no guarantee of future results; (b) there is a certain market and/or interest rate risk which may adversely affect any mutual fund's objectives and strategies, and could cause a loss in your Account; (c) your risk parameters or comparative index selections provided to us are guidelines only; there is no guarantee that they will be met or exceeded.

You should be aware that shares of any particular fund may fluctuate in value and when redeemed may be worth less than their original cost; and that there is no guarantee that your target allocation or FundSource fund research recommendations will protect against such loss of investment.

We utilize information from a variety of sources to provide data on mutual funds and other financial data and investment research. Information collected by us regarding the Funds are believed to be reliable and accurate, but we do not necessarily independently review or verify it on all occasions.

From time to time, one or more of the FundSource Funds or other mutual funds held in a Program Account may experience relatively large investments or redemptions due to the management research teams' decisions to purchase, sell, or exchange these mutual funds. These transactions may adversely affect these mutual funds, since the mutual funds that experience redemptions may have to sell portfolio securities. Additionally, mutual funds that receive additional cash may have to invest such cash. We, representing the interests of our Clients, may, but are not required to, take measures to minimize the impact of these transactions to the extent consistent with the investment objectives of Clients participating in the Programs.

Risk of Loss

All investments shall be at your risk exclusively, and you must understand that we do not guarantee any return on the investments recommended or advised upon and may not be responsible for losses resulting from such trading or for any transactions that we have not recommended to you.

Disciplinary Information

We are both a broker-dealer and investment advisory Firm. The disciplinary events listed below are related to the activities of the broker-dealer, investment advisor or predecessor firms.

For more information on broker/dealer related disciplinary events you may visit:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>

Our investment advisory disciplinary history is available by going to:

<http://www.adviserinfo.sec.gov/>

- In May 2012, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to establish and maintain supervisory systems, including written procedures, reasonably designed to achieve compliance with applicable FINRA rules in connection with the sale of leveraged, inverse and inverse-leveraged Exchanged-Traded Funds. Without admitting or denying the allegations, the Firm agreed to a settlement that included a censure, and payment, jointly and severally with its affiliate Wells Fargo Advisors Financial Network, of a \$2,100,000 fine and restitution to specified clients.
- In May 2011, Wells Fargo Advisors agreed to a settlement with FINRA regarding allegations that the Firm failed to deliver prospectuses to customers on a timely basis and failed to timely file certain amendments to Uniform Applications for Securities Industry or Transfer ("Forms U4") and Uniform Termination Notices for Securities Industry Registration ("Forms U5"). Without admitting or denying the allegations, The Firm agreed to a censure and a \$1,000,000 fine. The Firm also agreed to adopt and implement systems and procedures reasonably designed to achieve compliance with the federal securities laws and FINRA rules applicable to timely filing of Forms U4 and U5.
- In 2009 and 2010, Wachovia Securities agreed to settlements with the SEC and multiple state regulatory agencies regarding allegations that the Firm misrepresented the liquidity risks of auction rate securities sold to customers. Without admitting or denying the allegations, the Firm agreed to pay \$50,000,000 in fines to state regulatory agencies. The Firm also agreed to offer to repurchase auction rate securities, not subject to current calls or redemptions in the relevant class, that were the subject of unsuccessful auctions. The Firm complied with all terms of these settlements as of June 30, 2010.
- In May 2009, WFA agreed to a settlement with FINRA regarding allegations the Firm failed to deliver prospectuses and product descriptions to certain customers who purchased investment products, failed to have adequate supervisory systems and appropriate written supervisory procedures in place to ensure that offering documents were being sent to customers in connection with transactions, and failed to adequately supervise the submission of information to FINRA staff and ensure that its submissions were accurate, complete and timely submitted. Without admitting or denying the allegations, the Firm agreed to a censure and a \$1,400,000 fine. In addition, the Firm completed a subsequent review and certification that it had adopted and implemented supervisory systems and procedures reasonably designed to achieve compliance with the federal securities laws and FINRA rules applicable to the delivery of prospectuses and product descriptions.
- In February 2009, Wachovia Securities agreed to a settlement with FINRA regarding allegations that it failed to accurately make certain customer mailings. FINRA noted that the Firm failed to send customers confirmation of changes to: investment objectives,

customer addresses and certain asset movements. In addition, customer profile information verification forms were not delivered to customers. Without admitting or denying the allegations, the Firm consented to a fine of \$1,100,000 and agreed to hire an outside consultant to conduct a review of the Firm's policies, procedures, testing and systems related to these issues, which was completed on or about August 2009.

- In February 2009, Wachovia Securities agreed to a settlement with FINRA regarding allegations that the Firm (1) made recommendations through its registered representatives to customers to purchase Class B and Class C mutual fund shares where an equal investment in Class A shares would have been more advantageous for certain Clients, (2) did not provide certain eligible customers with the benefit of net asset value ("NAV") transfer programs in connection with mutual fund purchases and sales discounts in connection with purchases of Unit Investment Trusts ("UIT") and (3) failed to establish, maintain and enforce supervisory systems and procedures reasonably designed (a) to provide consideration, on a consistent basis, of the benefits of various mutual fund classes as they applied to individual customers, (b) to identify opportunities for investors to purchase mutual funds at NAV and (c) to ensure that sales charge discounts were applied to eligible UIT purchases by customers. Without admitting or denying the findings, the firm consented to a censure, a fine of \$4,410,000 and undertakings that included remediation to certain customers. In determining appropriate sanctions, FINRA considered the Firm's proactive remedial actions taken upon its discovery of, and before FINRA's inquiry into, certain conduct. After identifying failures to provide certain customers with NAV pricing and UIT sales discounts, the Firm acted promptly and in good faith to repay customers approximately \$5.4 million and correct its systems and procedures.
- In October 2008, Wachovia Securities entered into a settlement with FINRA, regarding allegations that it permitted an individual to function as a principal without being properly licensed as a General Securities Principal ("GP"), permitted an individual to supervise its equity research analysts without being properly licensed as a Research Principal ("RP") and failed to ensure that a GP or RP manage and supervise the Firm's Advisory Services Group. Without admitting or denying the allegations, the Firm consented to a censure and a \$75,000 fine.
- In September 2007, Wachovia Securities entered into a settlement with the SEC regarding allegations that the Firm entered into an agreement to allow a registered representative to market time in an affiliate mutual fund in excess of trading limits set forth in the fund's prospectus. Without admitting or denying the allegations, the Firm agreed to a censure, to pay disgorgement of \$1 and a civil penalty of \$500,000, and to cease and desist any further violations of this kind.
- In June 2007, Wachovia Securities entered into a settlement with the NASD regarding alleged supervisory failures in connection with its fee in lieu of commission account program based on low activity, opening accounts below stated minimums and distributing a piece of sales literature that inaccurately stated that the fee in lieu account was a fee based advisory account. Without admitting or denying the findings, the Firm agreed to a censure, a \$2,000,000 fine and paid restitution to specified Clients.
- In October 2006, Wachovia Securities consented to a finding by a NYSE hearing panel that the Firm violated NYSE Rules by failing to provide for, establish and maintain adequate procedures and controls for certain activities at its bank affiliate related to Command Asset Program Accounts, including a system of follow-up and review of its business activities relating to changes of customer address. Without admitting or denying the findings, the Firm consented to a censure and fine of \$300,000.
- In February 2004, Wachovia Securities entered into settlements with the SEC and the NASD regarding allegations that it failed to adequately disclose to clients their eligibility for receiving mutual fund breakpoint discounts. Without admitting or denying the allegations, the Firm consented to a censure, a \$4,844,465 fine and an undertaking to complete a review and reconciliation of certain fund and mutual fund sales from January 1999 through November 2003.

Other Financial Industry Activities and Affiliations

We are a leading national securities firm providing investment and other financial services to individual, corporate and institutional Clients. We are a registered broker-dealer, investment adviser and futures commission merchant.

Accounts are carried by First Clearing, LLC (FCLLC), a qualified custodian. FCLLC is an affiliate owned indirectly by Wells Fargo. WFA and FCLLC are members of all principal stock exchanges in the United States, including the New York Stock Exchange and NASDAQ. WFA and FCLLC are also members of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). FCLLC may also route transactions through its affiliate, Wells Fargo Securities, LLC.

We are a non-bank affiliate of Wells Fargo. We are not a bank or thrift and are a separate and distinct corporate entity from our affiliated banks. **Unless otherwise stated as the case, the investment advisory services offered and the underlying stock, bonds, mutual funds and other securities bought or sold through us are not deposits of any bank and are not insured or otherwise protected by the Federal Deposit Insurance Corporation ("FDIC") or another government agency. They are not obligations of any bank or any affiliate of us; are not endorsed or guaranteed by Wells Fargo, WFA, or any bank or any affiliate of WFA; and involve investment risk including possible loss of principal. Cash balances in Client Accounts may be held in a depository product sponsored by a Wells Fargo entity. Deposit products, like the cash sweep program, are protected by FDIC insurance up to applicable limits.**

Our obligations and commitments do not extend to any affiliated bank or thrift, and any such bank or thrift is not responsible for securities we sell or purchase. As a general matter, unless otherwise stated, we may be a principal or engaged in underwriting securities for which we are providing broker, advisory or other services to our Clients. We may also purchase those securities from an affiliate or sell them to an affiliate. In addition, we or our affiliates may act as an investment adviser to issuers whose securities may be sold to you.

From time to time, a bank or thrift affiliated with us may lend money to an issuer of securities underwritten or privately placed by us. The prospectus or other offering documentation provided in connection with such underwriting or private placement will disclose to the extent required by applicable securities laws: (i) the existence of any material lending relationship by any affiliate of ours with such an issuer and (ii) whether the proceeds of an issuance of such securities will be used by the issuer to repay any outstanding indebtedness to any of our affiliates.

We have a number of related persons who may provide investment management and related financial services to our Program Clients. The advisory services these investment advisers offer are described more fully in their Disclosure Documents and/or Form ADV, Part 2A. The identity of these related persons and summary of the products and services follows.

- Wells Fargo also provides retail brokerage and investment advisory services through Wells Fargo Advisors Financial Network, LLC ("WFAFN") and FCLLC.
- Wells Fargo Funds Management, LLC, is a registered investment adviser and wholly owned subsidiary of Wells Fargo & Company that provides investment advisory services to the Wells Fargo Advantage Funds. These funds may be purchased in WFA brokerage Accounts and advisory Programs. Wells Fargo Funds Management, LLC is also an advisor to certain money market sweep vehicles available to Program Clients.
- Wells Capital Management Incorporated, First International Advisors, LLC, Metropolitan West Capital Management, LLC, and Golden Capital Management, LLC are all affiliates of Wells Fargo & Company may serve as advisers and/or sub-advisers through WFA's Separately Managed Account Program and to certain of the Wells Fargo Advantage Funds.
- Alternative Strategies Group, Inc. (formerly known as Wachovia Alternatives Strategies, Inc.), a registered investment adviser and wholly owned subsidiary of Wells Fargo & Company, provides investment advisory services and is the adviser to alternative investments available to Asset Advisor Clients.

The affiliated funds offered through the Programs may have provisions to allow sales through advisers at net asset value. In such cases, you should understand that there is a potential conflict of interest where the adviser and/or we offer, recommend, and invest you in the affiliated funds because, where permitted by law, we and our affiliates would receive the Program compensation and the compensation for services provided to the fund.

We and our affiliates may give advice and take action in the performance of our duties to you that differs from advice given, or the timing and nature of action taken, with respect to other Program Clients and/or Clients in other advisory Programs. Additionally, we and our affiliates, from time to time, may not be free to divulge or act upon certain information in their possession on behalf of investment banking or other Clients.

We will not sell your information to other companies for marketing purposes. We employ strict security standards and safeguards to protect your personal information and prevent fraud. In addition, we will continue to protect your privacy even if you are no longer our Client.

For more information, please read our Privacy Statement, visit a WFA office or call your Financial Advisor. With your written permission, obtained via your Client Agreement or other written communication, we may provide your information electronically to your investment adviser and/or agent of such adviser. We reserve the right, at our discretion, to refuse to provide such requested information. Furthermore, in compliance with our Privacy Policy, we accept your instructions to discontinue providing such information.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Our Associates are subject to a *Code of Ethics* that is designed to ensure our business activities are performed with the highest possible standards of ethics and business conduct, and to comply with all applicable laws, rules, and regulations that govern our businesses. Key requirements of our *Code of Ethics* are summarized below, and you may obtain a complete copy through your Financial Advisor.

- Conduct all aspects of Wells Fargo's business activities in an honest, ethical, and legal manner, and in accordance with all applicable laws, rules, and regulations and our policies and procedures.
- Provide accurate and complete information in dealings with Clients and others, including disclosure of conflicts of interest when they exist.
- Prepare and maintain accurate business records.
- Refrain from improper disclosure or misuse of confidential Client information and material, non-public information. Wells Fargo protects the private, personal, and proprietary information of Clients and others.
- Avoid conflicts of interest in personal and business activities.
- Rules specific to personal trading.

Participation or Interest in Client Transactions

We have certain restrictions, internal procedures and Client disclosures regarding conflicts of interest that we may have with respect to our participation or interest in Client transactions. We communicate our policies and procedures related to participation in Client transactions to our Associates through our compliance policies and procedure manuals and Program-specific policy guidelines.

Personal Trading

We maintain policies and procedures to mitigate conflicts of interest between transactions in our Associates' personal investment Accounts, including Accounts of their immediate family members and transactions in our Clients' Accounts. To ensure Associate trading requirements are observed, certain Associate trading activity is subject to pre-approval. All Associates are subject to regular review by their supervisors, independent oversight by our Compliance Department, and systemic controls that automatically restrict entry of certain orders and generate related surveillance reporting.

Brokerage Practices

We do not provide any brokerage services as part of this Program. Wells IR&T is responsible for any brokerage services provided to you.

Review of Accounts

Your Financial Advisor will perform a review of the investments in your plan periodically to ensure that your investment options remain aligned with your overall objectives.

Client Referrals and Other Compensation

We and our affiliates and your Financial Advisor may perform, among other things, investment banking, research, brokerage and investment advisory or management services for other Clients, and may earn transactional compensation, investment advisory or management fees and other consideration for such activities.

From time to time, we initiate incentive programs for Associates including Financial Advisors. These programs may compensate them for attracting new assets and Clients, referring business to our affiliates (such as referrals for mortgages, trusts, or insurance services) and promoting investment advisory services. We may also initiate programs that reward Financial Advisors who meet total production criteria, prepare Envision investment plans, participate in advanced training and improve Client service.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates, such as mutual fund companies, insurance carriers, or investment advisers. Therefore, Financial Advisors and other Associates may have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services we offer.

We may also enter into arrangements with other persons to whom we pay compensation for referrals to our advisory Programs. This compensation is generally in the form of a percentage of the fees described in the Program contracts. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided at the time of such referrals.

From time to time, we compensate Associates other than Financial Advisors for referrals of possible Clients to the Programs. Our Financial Advisors, not the referring Associate, will make the actual presentation and solicitation of these services. The referral compensation takes the form of a payment to the Associate of a percentage of the fees described in the Programs contracts and results in no additional fees to you or other Clients.

We may use our affiliates to effect certain securities transactions. We and our Financial Advisors may affect brokerage transactions and receive commissions from the advisors for Accounts other than those of Program Clients; such commissions may be for other brokerage Account relationships that you maintain with us, as directed by the particular advisor in connection with its responsibilities and obligations to such other Clients.

We do not pre-condition the recommendation of mutual funds for inclusion in our advisory Programs based on any compensation we may receive, with the exception of certain mutual fund clearance and administration fees. In addition, Wells Fargo & Company is a full-service financial services firm with many affiliates. Wells Fargo & Company encourages its subsidiaries to use the products and services offered by affiliated firms, when appropriate. During the course of annual business planning, business with our affiliates is included in establishing our sales goals. As a result, we may have an incentive to hire affiliate service providers for our advisory Programs. We may recommend affiliated mutual funds to Program Clients, and may hire other affiliates to provide trade execution, clearing, and platform administration services for the Programs. We intend, however, to make all recommendations independent of any such goals and based solely on our obligations to consider your objectives and needs.

We may receive contributions and/or reimbursements from Program managers and their affiliates for Financial Advisor training and Client presentations that have an informational or educational component. Managers that make payments in connection with Financial Advisor training sessions and Client presentations generally have increased access to our Financial Advisors and heightened visibility for their products at such meetings. Consequently our Financial Advisors might focus on products offered by such firms when recommending or selecting a money manager and/or mutual fund to you. We intend, however, to make all recommendations independent of such fee considerations and based solely on our obligations to consider your objectives and needs. These managers are under no obligation to make such contributions with respect to these Programs.

Custody

We do not have custody of your funds or securities for this advisory Program. Recordkeeping, trustee, and/or custody services are provided by Wells IR&T. Once the FundSource 401(k) program is chosen, you will receive quarterly, or more frequent, Account statements directly from Wells IR&T, the program's qualified custodian. You should carefully review these statements for accuracy.

Investment Discretion

FundSource 401(k) is a discretionary program. While investment decisions such as model allocation and fund selection for the program are made by us, the execution of trades is completed by Wells IR&T.

Voting Client Securities

We do not accept authority to vote Client securities for this program.

Financial Information

We have no financial condition that is likely to impair our ability to meet our contractual commitments to you.