

**STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG**

**IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
CIVIL ACTION NO: 08-CVS-22632**

**IRVING EHRENHAUS, On Behalf of Himself
and All Others Similarly Situated,**

Plaintiff,

v.

JOHN D. BAKER, II, et al.,

Defendants

AFFIDAVIT OF DONA DAVIS YOUNG

Dona Davis Young, being first duly sworn, deposes and says:

1. I am a Director of Wachovia Corporation. I am over 18 years of age and have personal knowledge of all matters set forth in this Affidavit. I have served on the Board since 2001. I am the Chairman, Chief Executive Officer and President of the Phoenix Companies, Inc., a provider of wealth management products and services to individuals and institutions. The Phoenix Companies, Inc., is publicly traded on the New York Stock Exchange.

2. I have reviewed the preliminary Form S-4 Registration Statement (the "S-4") as filed with the Securities and Exchange Commission on October 31, 2008 by Wachovia Corporation ("Wachovia") and Wells Fargo & Company ("Wells Fargo"). In particular, I have reviewed the sections entitled "Background of the Merger" (pages 37-44), "Wachovia's Reasons for the Merger and Recommendation of the Wachovia Board" (pages 44-45), and "Opinions of Wachovia's Financial Advisors" (pages 47-59).

3. While Wachovia's officers and Directors had been carefully monitoring the troubled financial markets for months, and considering strategic alternatives available to Wachovia, rapidly unfolding external events occurring in mid-September of 2008 quickly

accelerated the challenges facing Wachovia. On September 15th, it was publicly announced that Lehman Brothers was making a bankruptcy filing and that Bank of America was acquiring Merrill Lynch. On September 16th, the U.S. government announced that it would provide substantial assistance to AIG. On September 25th, Washington Mutual failed. The House of Representatives failed to pass the financial “bailout” package that day, as well. (The shareholders of both Lehman Brothers and Washington Mutual received no value for their shares – their equity was destroyed.)

4. The Wachovia Board met at 6:00 p.m. on Tuesday, September 16th to discuss the rapidly unfolding events and their impact on Wachovia, including strategic alternatives available to Wachovia. The Board was informed during the meeting that these rapidly moving external events had significantly impacted market perceptions of Wachovia and created various pressures, including potentially severe liquidity challenges. The Board considered the following options: (i) dispose of assets previously considered as core; (ii) raise primary equity; (iii) combination of (i) and (ii); (iv) attract a strategic investor; (v) combine with another company, and (vi) exclusively pursue a strategy announced in July for preserving and protecting capital and liquidity by continuing to reduce risks and expenses and consider possible disposition of non-core assets (“stay-the-course”). The Board recognized that the sixth option was not viable. Immediately after the meeting on September 16th, with the authorization of the Board, Wachovia began to explore aggressively the other five options.

5. Wachovia’s management kept the Board well and promptly informed of the events, efforts and developments that occurred both before and after September 16th, and obtained guidance and direction from the Board as appropriate on a timely basis. To the best of my recollection, these events are accurately summarized in the “Background of the Merger”

section of the S-4 (pages 37-54). Although it was not my decision to call meetings, in my experience, Directors' meetings or informal informational communications were conducted in person or by telephone on each occasion that Wachovia's officers had material information or developments to report to the Board, or needed to seek input or decisions from the Board. At the time the Wachovia Board approved the Merger Agreement with Wells Fargo on the morning of October 3, 2008, the Board had met at least nine times after the September 16th meeting described above (and had individually or in groups communicated with Wachovia's officers on other occasions during this time period, as well). The Directors made a concerted and successful effort to make themselves available when needed, on short notice, during this time period.

6. Employees with Wachovia's Treasury and Balance Sheet Management group met with the Board on Friday, September 26th and informed the Board that Wachovia would have questionable and unpredictable financing needs during the week of Monday, September 29th, and that at some point during the week, Wachovia would likely have to access the Federal Reserve's discount window for liquidity. They informed us that Wachovia's liquidity position (cash available to meet current obligations) had declined alarmingly and that the Lehman bankruptcy, Washington Mutual's failure, and other events that began to adversely impact Wachovia in mid September had made it impossible for Wachovia to access its normal sources of liquidity.

7. I learned of Wells Fargo's unsolicited merger proposal of October 2, 2008 when I received a call to alert me that the Board would meet at 11:00 p.m. by conference call to consider the proposal. I attended and participated in the formal meeting at 11:00 p.m. The formal Board meeting did not end until well after midnight.

8. At the time that the Board met on October 2, 2008 (continuing into October 3, 2008), despite diligent, persistent, and continuous efforts to raise capital or identify a business combination with another entity (as reflected in the “Background of the Merger” section of the S-4), Wachovia had been unable to reach any definitive agreement with a third party. Wachovia had not been successful in reducing the proposed Citigroup transaction to a definitive and binding agreement. The merger terms proposed by Wells Fargo were far superior to any terms that Citigroup had indicated it would be willing to accept, and Citigroup never made a proposal superior to the Wells Fargo merger proposal. In addition, during the formal Board meeting that commenced at 11:00 p.m., the Board was informed that negotiations with Citigroup had proven to be extremely difficult, with Citigroup insisting on terms that raised significant concerns about whether the surviving Wachovia entity would be solvent and viable, even if a transaction with Citigroup could be finalized.

9. To the best of my recollection, the section of the S-4 entitled “Wachovia’s Reasons for the Merger and Recommendation of the Wachovia Board” (pages 44-45) summarizes accurately the reasons for the Board’s decision to approve the merger with Wells Fargo and recommend it to the shareholders on October 3, 2008. The Merger Agreement tendered by Wells Fargo presented a number of benefits to Wachovia that were far superior to the Citigroup proposal (even assuming it could have been finalized) and to receivership. The consideration (approximately \$7 per share) for the Wells Fargo merger was superior. The merger agreement proposed by Wells Fargo did not have a “material adverse change” clause, which would give Wells Fargo the ability to walk away from the merger in the event of a further deterioration of Wachovia’s business during the 2-3 month period after signing and before any possible closing. Wells Fargo’s willingness to proceed without such a clause provided Wachovia

a clear, unimpeded path towards consummation of a merger with Wells Fargo. This was very important because Wachovia was suffering a severe liquidity crisis. The Board had been informed that Wachovia's excess liquidity (*i.e.*, cash available to meet current obligations) had declined to alarming levels prior to October 3, 2008. The Board was informed that Wachovia's liquidity declined significantly during the week of September 28, 2008, even after the proposed Citigroup transaction was announced on the morning of the 29th. Unless the financial markets, customers, and counterparties were confident that the Wells Fargo merger could be and was likely to be consummated, it was likely as of the night of October 2-3, 2008, that Wachovia would not be able to fund normal banking activities and thus would again face the very real prospect of FDIC receivership.

10. Much attention has been focused on (i) the terms of the Share Exchange Agreement entered into by Wachovia and Wells Fargo pursuant to which preferred shares were issued to Wells Fargo that afforded Wells Fargo voting rights equivalent to 39.9% of the total voting power of holders of Wachovia stock entitled to vote at the special meeting to consider the merger with Wells Fargo and (ii) the provision in the Merger Agreement by which Wachovia agreed, even if a superior proposal was received from a third party, to put the Wells Fargo merger to a vote of its shareholders. At the Board meeting on October 2-3, the Wachovia Board was informed that Wachovia had during the overall course of discussions with Wells Fargo attempted to negotiate the best available merger terms for Wachovia. The Board was also informed that Wells Fargo had initially proposed an exchange agreement pursuant to which it would be granted in excess of 50% of the voting power on the merger, but Wachovia had negotiated the percentage down to 39.9%. We were informed that Wells Fargo insisted on this voting power in order to provide confirmation to the market that the merger could be closed,

which was needed in order to prevent further deterioration in Wachovia's financial condition as a result of uncertainty. The Board was aware that the Merger Agreement had no break-up fee. We were informed that Wachovia had obtained the best available merger terms. In addition to the attractive economic consideration associated with the Wells Fargo proposal, as compared to the other available alternatives, the Board was informed that as part of the overall agreement with Wells Fargo, Wachovia was able to obtain important non-monetary terms that were and are very valuable and attractive to Wachovia (*e.g.*, no material adverse change provision or other terms that would afford Wells an option to terminate the Merger Agreement, and a structure affording a high likelihood that the merger was likely to be consummated to give assurance to markets, customers, and counterparties necessary for Wachovia's survival). We were informed that these benefits would not be available from Wells Fargo without certain concessions, including agreement to the share exchange and fiduciary out provision. One or more Directors asked if further negotiation with Wells Fargo would be prudent, and our advisors uniformly advised against such negotiations under the circumstances described generally in paragraph 8 above, and particularly in light of the time constraints imposed upon Wachovia.

11. On October 3, before approving the merger with Wells Fargo, the Board discussed the urgent need for Wachovia to be able to obtain funding to sustain its operations pending a closing of the merger. We were informed and understood that, absent the ability to obtain significant immediate funding from Wells Fargo and substantial assurance to the financial markets and the Federal Reserve that the merger with Wells Fargo was likely to be closed, it was extremely unlikely that Wachovia would be able to avoid receivership pending consummation of a merger with Wells Fargo. The company's advisors and Mr. Steel told the Board that unless a definitive merger agreement was signed with Wells Fargo or a transaction was finalized with

Citigroup by the end of the day Friday, October 3, they believed the FDIC was prepared to place Wachovia's banking subsidiaries into receivership. In approving the terms of the Share Exchange Agreement when we approved the merger, the Board took these considerations into account as well. It was important that Wells Fargo have assurance that the merger could close in order to have an incentive to establish interim funding arrangements with Wachovia, and it was equally important that the financial markets and the Federal Reserve have the same assurance so that Wachovia could obtain funding from these sources as well. Absent the ability to obtain such funding, Wachovia faced receivership, which would have destroyed the value of Wachovia as a business franchise and left the shareholders with worthless stock. Shortly after the merger agreement was signed and the merger was announced, Wachovia was able to obtain the financing it needed from Wells Fargo and from other sources of funding.

12. In approving the proposed merger with Wells Fargo, the Wachovia Board was under significant time constraints imposed by the prospect of FDIC receivership for Wachovia in the event that a deal was not finalized by the end of that day; however, Wachovia's Board had thoroughly explored all options available for raising capital or entering into a business combination during the weeks preceding the October 2-3 Board meeting at which the Wells Fargo merger proposal was approved. Thus, the Board was able fully and properly to consider the proposed merger with Wells Fargo in the limited time we had available to us under the circumstances.

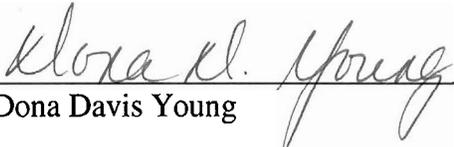
13. Wachovia's financial advisors (Goldman Sachs and Perella Weinberg) informed Wachovia that the type of analysis customarily performed was not meaningful for Wachovia because of the extraordinary circumstances faced by Wachovia and its severe liquidity crisis, as is indicated at pages 48-57 of the S-4. (To the best of my recollection, the section of the S-4,

pages 47-59, entitled "Opinions of Wachovia's Financial Advisors" accurately reflects the opinions and guidance that Goldman Sachs and Perella Weinberg afforded the Board.) These advisors indicated that the Wells Fargo merger proposal was fair to the Wachovia shareholders. These advisors also informed the Board that no third parties were likely to appear and make a proposal superior to the Wells Fargo merger, from the perspective of Wachovia and its shareholders.

14. In considering the Wells Fargo merger, no one on the Wachovia Board gave any consideration to any benefits that any Wachovia Officer or Director might enjoy personally as a result of a merger with Wells Fargo. Except for Mr. Steel, Wachovia's Board is comprised of outside directors. I understand that the plaintiff contends that personal interests may have played some role in consideration of the merger, and I can unequivocally state that no one's personal interests played any role whatsoever in the Board's deliberations and decisions. At all times, the focus of the Board was to act in the best interests of Wachovia and its shareholders, in a manner consistent with our duties.

15. A copy of the S-4 is attached hereto as Exhibit A.

FURTHER AFFIANT SAYETH NOT.



Dona Davis Young

Subscribed and sworn to before me
this 17th day of November, 2008.



Notary Public

My commission expires: August 31, 2011

ELLEN I. WETHERELL
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the registered agent of the Defendant with a copy of the within and foregoing pleading via electronic service through e-filing in the Business Court and by U.S. First Class Mail delivery in an envelope properly addressed to the following, with adequate postage thereon to ensure proper delivery:

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This 17th day of November, 2008.

s/ Robert W. Fuller

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