

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

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

**LONG-FORM NOTICE OF PENDENCY AND PROPOSED SETTLEMENTS
OF CLASS AND DERIVATIVE ACTIONS, MOTION FOR
ATTORNEYS' FEES AND EXPENSES, AND SETTLEMENT HEARING**

IF YOU PURCHASED AND/OR HELD SHARES IN ANY OF THE COLUMBIA MUTUAL FUNDS DURING THE PERIOD NOVEMBER 1, 1998 THROUGH FEBRUARY 25, 2004, INCLUSIVE (THE "CLASS"), YOU COULD RECEIVE A PAYMENT FROM CLASS ACTION AND DERIVATIVE ACTION SETTLEMENTS ("SETTLEMENTS").

IF YOU ARE A CURRENT SHAREHOLDER OF ONE OR MORE OF THE COLUMBIA MUTUAL FUNDS (DEFINED BELOW), YOU MAY RECEIVE A BENEFIT AND YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENTS.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Shares purchased and/or held in any of the Columbia Mutual Funds¹ during the period November 1, 1998 through February 25, 2004, inclusive (the "Class Period").

¹ "Columbia Mutual Funds" or "Funds" means all of the mutual funds or series of mutual funds issued or housed by the Columbia Trusts and Registrants, including, without limitation, the following: Columbia Acorn Trust (f/k/a Liberty Acorn Trust (f/k/a Acorn Investment Trust)), the Columbia Acorn Fund (f/k/a Liberty Acorn Fund), the Columbia Acorn International Fund (f/k/a Liberty Acorn International Fund), the Columbia Acorn International Select Fund (f/k/a Liberty Acorn Foreign Forty Fund), Columbia Funds Trust I (f/k/a Liberty Funds Trust I (f/k/a Colonial Trust I)), Columbia High Yield Opportunity Fund (f/k/a Liberty High Yield Securities Fund), Columbia Strategic Income Fund (f/k/a Liberty Strategic Income Fund), Columbia Tax-Managed Growth Fund (f/k/a Liberty Tax-Managed Growth Fund) (which merged, on September 22, 2006, into Columbia Large Cap Growth Fund, a series of Columbia Funds Series Trust I), Columbia Funds Trust II (f/k/a Liberty Funds Trust II (f/k/a Colonial Trust II)), Columbia Newport Japan Opportunities Fund (f/k/a Liberty Newport Japan Opportunities Fund) (which was liquidated on December 5, 2003), Columbia Funds Trust III (f/k/a Liberty Funds Trust III (f/k/a Colonial Trust III)), Columbia Federal Securities Fund (f/k/a Liberty Federal Securities Fund, which acquired Liberty Intermediate Government Fund on November 4, 2002), Columbia Liberty Fund (f/k/a Liberty Fund), Columbia Mid Cap Value Fund (f/k/a Liberty Select Value Fund, which merged, on September 16, 2005, into Columbia Mid Cap Value Fund (f/k/a Nations Mid Cap Value Fund)), Columbia World Equity Fund (f/k/a Columbia Global Equity Fund (f/k/a Liberty Newport Global Equity Fund, a series of Liberty Funds Trust III)), Columbia Funds Trust IV (f/k/a Liberty Funds Trust IV (f/k/a Colonial Trust IV)), Columbia Tax-Exempt Fund (f/k/a Liberty Tax-Exempt Fund), Columbia Funds Trust V (f/k/a Liberty Funds Trust V (f/k/a Colonial Trust V)), Columbia California Tax-Exempt Fund (which acquired Liberty California Tax-Exempt Fund, a series of Liberty Stein Roe Funds Municipal Trust, on October 13, 2003), Columbia Massachusetts Tax-Exempt Fund (f/k/a Liberty Massachusetts Tax-Exempt Fund), Columbia Funds Trust VI (f/k/a Liberty Funds Trust VI (f/k/a Colonial Trust VI)), Columbia Growth & Income Fund (f/k/a Liberty Growth & Income Fund) (which merged, on September 16, 2005, into Columbia Value Fund (f/k/a Nations Value Fund)), Columbia Newport Asia Pacific Fund (f/k/a Liberty Newport Asia Pacific Fund) (which was liquidated on December 10, 2004), Columbia Funds Trust VII (f/k/a Liberty Funds Trust VII (f/k/a Colonial Trust VII)), Columbia Europe Fund (f/k/a Liberty Newport Europe Fund) (which was liquidated on December 10, 2004), Columbia Newport Tiger Fund (f/k/a Liberty Newport Tiger Fund) (which merged, on October 10, 2005, into Columbia International Stock Fund, Inc.), Columbia Funds Trust VIII (f/k/a Liberty Stein Roe Funds Income Trust (f/k/a Stein Roe Income Trust)), Columbia Income Fund (f/k/a Stein Roe Income Fund), Columbia Intermediate Bond Fund (f/k/a Liberty Intermediate Bond Fund (f/k/a Stein Roe Intermediate Bond Fund)), Columbia Funds Trust XI (f/k/a Liberty-Stein Roe Funds Investment Trust (f/k/a Stein Roe Investment Trust)), Columbia Disciplined Value Fund (f/k/a Liberty Equity Value Fund, which acquired Galaxy Equity Value Fund, a series of the Galaxy Fund, on November 15, 2002), Columbia Growth Stock Fund (f/k/a Liberty Growth Stock Fund (f/k/a Stein Roe Growth Stock Fund)) (which merged, on March 27, 2006, into Columbia Large Cap Growth Fund (f/k/a Liberty Equity Growth Fund, which acquired Galaxy Equity Growth Fund, a series of the Galaxy Fund, on November 15, 2002)), Columbia Common Stock Fund (f/k/a Columbia Large Cap Core Fund and f/k/a Liberty Growth & Income Fund (which acquired Galaxy Growth & Income Fund, a series of The Galaxy Fund on July 29, 2002)), Columbia Small Company Equity Fund (f/k/a Liberty Small Company Equity Fund, which acquired Galaxy Small Company Equity Fund on November 15, 2002), Columbia Young Investor Fund (which merged, on September 25, 2006, into Columbia Strategic Income Fund, a series of Columbia Funds Series Trust I), Columbia Small Cap Core Fund (f/k/a Columbia Small Cap Fund), Columbia High Yield Fund (f/k/a Columbia High Yield Fund, Inc.), Columbia International Stock Fund (f/k/a Columbia International Stock Fund, Inc.) (which acquired Stein Roe International Fund and Newport International Equity Fund on November 1, 2002 and Columbia International Equity Fund on March 18, 2005), Columbia Mid Cap Growth Fund (f/k/a Columbia Special Fund, Inc., (f/k/a Columbia Mid Cap Growth Fund, Inc. (which acquired Liberty Stein Roe Capital Opportunities Fund on October 18, 2002))), and Liberty Variable Investment Trust, Newport Tiger Fund, Variable Series (which was liquidated on September 18, 2005).

Settlement Amounts and Statement of Recovery: As more fully described below in Question 10, the proposed Settlements collectively provide for payment of a total of \$12,653,000 in cash (the “Settlement Funds”), plus interest earned on the Settlement Funds (the “Gross Settlement Funds”). The Settlement Funds are comprised of (i) \$9,600,000 paid on behalf of the Columbia Defendants and BAS, (ii) \$588,000 paid on behalf of the Bear Stearns Defendants, (iii) \$2,450,000 paid on behalf of the Security Brokerage Defendants, and (iv) \$15,000 paid on behalf of the Canary Defendants. In addition to these amounts, Class Counsel intends to distribute another \$30,000, plus interest (the “OAG/Canary Amount”), which was obtained by the Office of the New York Attorney General (“OAG”) in its settlement with certain of the Canary Defendants.

Based on Plaintiffs’ (as defined in Question 4, below) estimate of the number of shares in the Columbia Mutual Funds entitled to participate in the Settlements, and assuming that all such shares entitled to participate do so, Plaintiffs estimate that the average recovery per eligible share (before deduction of Court-awarded attorneys’ fees and expenses, and not including any OAG/Canary payment) for Class Members (as defined in Question 3, below) will be as set forth below for the funds listed below:

<u>Columbia Mutual Fund</u>	<u>Average Recovery per Eligible Share (in ¢)</u>
COLONIAL SMALL CAP VALUE FUND	0.2461
COLUMBIA ACORN INTERNATIONAL FUND (F/K/A LIBERTY ACORN INTERNATIONAL FUND)	1.5171
COLUMBIA ACORN INTL SELECT FUND (F/K/A LIBERTY ACORN FOREIGN FORTY FUND)	5.2649
COLUMBIA EUROPE FUND (F/K/A LIBERTY NEWPORT EUROPE FUND)	2.4379
COLUMBIA WORLD EQUITY FUND (F/K/A COLUMBIA GLOBAL EQUITY FUND (F/K/A LIBERTY NEWPORT GLOBAL EQUITY FUND))	0.4478
COLUMBIA GROWTH STOCK FUND (N/K/A COLUMBIA LARGE CAP GROWTH FUND, (F/K/A LIBERTY GROWTH STOCK FUND (F/K/A STEIN ROE GROWTH STOCK FUND)))	0.5779
COLUMBIA INTERNATIONAL EQUITY FUND	1.9243
COLUMBIA INTERNATIONAL STOCK FUND (F/K/A COLUMBIA INTERNATIONAL STOCK FUND, INC.)	1.0546
COLUMBIA MID CAP GROWTH FUND (F/K/A COLUMBIA SPECIAL FUND, INC., F/K/A COLUMBIA MID CAP GROWTH FUND, INC.)	0.1262
COLUMBIA MID CAP VALUE FUND (F/K/A LIBERTY SELECT VALUE FUND)	0.1889
COLUMBIA NEWPORT ASIA PACIFIC FUND (F/K/A LIBERTY NEWPORT ASIA PACIFIC FUND)	1.4981
COLUMBIA NEWPORT GREATER CHINA FUND	1.1245
COLUMBIA NEWPORT JAPAN OPPORTUNITIES FUND (F/K/A LIBERTY NEWPORT JAPAN OPPORTUNITIES FUND)	5.8859
COLUMBIA NEWPORT TIGER FUND (F/K/A LIBERTY NEWPORT TIGER FUND)	3.2839
COLUMBIA SMALL CAP GROWTH FUND	0.7089
COLUMBIA SMALL CAP VALUE FUND	1.8507
COLUMBIA SMALL COMPANY EQUITY FUND (F/K/A LIBERTY SMALL COMPANY EQUITY FUND)	0.9333
COLUMBIA TECHNOLOGY FUND	0.2045
COLUMBIA YOUNG INVESTOR FUND (N/K/A COLUMBIA STRATEGIC INCOME FUND)	0.7326
LIBERTY SMALL COMPANY GROWTH FUND	2.6750
LIBERTY GROWTH STOCK FUND	0.7963
LIBERTY NEWPORT GLOBAL EQUITY FUND (N/K/A COLUMBIA WORLD EQUITY FUND)	2.1806
LIBERTY NEWPORT INTL EQUITY FUND	7.4605
LIBERTY SELECT VALUE FUND (N/K/A COLUMBIA MID CAP VALUE FUND)	0.1885
LIBERTY YOUNG INVESTOR FUND	2.4029
NEWPORT TIGER FUND	4.0711
SR CAPITAL OPPORTUNITIES FUND	4.2238
SR INTERNATIONAL FUND	9.2278
SR MIDCAP GROWTH FUND	0.2142
WANGER FOREIGN FORTY	2.7242
WANGER INTERNATIONAL SMALL CAP FUND	1.7202
WANGER US SMALLER COMPANIES FUND	0.1567

Please Note: The average amounts listed above are only estimates. A Class Member's actual recovery will depend on, among other things: (1) the total number of claims filed; (2) the particular Columbia Mutual Fund(s) in which the Class Member purchased and/or held shares during the Class Period; (3) the number of Columbia Mutual Fund shares the Class Member purchased and/or held during the Class Period; (4) the timing of the Class Member's purchases and sales of Columbia Mutual Fund shares; and (5) the amount awarded by the Court for attorneys' fees, costs, and expenses. Distributions to Class Members and/or the Columbia Mutual Funds will be made based on the Plan of Allocation set forth in this Notice. See the Plan of Allocation on pages 8-14. The recovery in the Derivative Action, less a *pro rata* share of court-approved attorneys' fees and litigation expenses, will be distributed to the Columbia Mutual Funds, or their successors, 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.

Not all Columbia Mutual Funds are listed above. Lead Class Counsel determined, in consultation with an expert retained to analyze the effect of alleged market timing in Columbia Mutual Funds, (a) not to allocate any of the Settlement Funds to certain Columbia Mutual Funds, based either on a lack of evidence that those Columbia Mutual Funds had been affected by market timing or the conclusion that any impact to those Columbia Mutual Funds was minimal and (b) to allocate Settlement Funds in respect of holdings in certain other Columbia Mutual Funds only for shares held for certain times but not during the entire Class Period, because they determined that market timing potentially had an adverse effect on those Columbia Mutual Funds only at certain times. The Plan of Allocation reflects the conclusions of Lead Class Counsel concerning the extent to which market timing impacted the various Columbia Mutual Funds from year to year.

The Class Action Lawsuit: This Long-Form Notice relates to four proposed settlements of claims in a pending class action lawsuit (the "Class Action"). A description of the nature of the class action lawsuit and the claims alleged in that lawsuit can be found on pages 6-7. The "Settling Defendants" are: (i) Columbia Management Group, LLC, Columbia Management Services, Inc., Columbia Management Distributors, Inc., Columbia Wanger Asset Management, L.P., Columbia Management Advisors, LLC, the Columbia Settling Trustees, the Columbia Trusts and Registrants, and the Columbia Mutual Funds (collectively, the "Columbia Defendants"); (ii) Bank of America Corporation and Banc of America Securities LLC ("BAS"); (iii) Bear, Stearns & Co. Inc. (n/k/a J.P. Morgan Securities Inc.), Bear, Stearns Securities Corp. (n/k/a J.P. Morgan Clearing Corp.), and The Bear Stearns Companies Inc. (n/k/a The Bear Stearns Companies LLC) (collectively, the "Bear Stearns Defendants"); (iv) Daniel G. Calugar, Security Brokerage, Inc. (now known as Symphonic Alpha, LLC), DCIP, L.P., RCIP, L.P., the Security Brokerage, Inc. Profit Sharing Trust (now known as the Calugar Corporation Profit Sharing Trust) and any of their successors (collectively, the "Security Brokerage Settling Defendants") and (v) Canary Capital Partners, LLC, Canary Capital Partners, Ltd., Canary Investment Management, LLC, and Edward Stern (collectively, the "Canary Defendants"). The proposed Settlements will resolve all claims in the Class Action against the Settling Defendants as well as other released parties (the "Released Parties"). See Question 14 below for more information.

The Derivative Lawsuit: This Long-Form Notice also relates to the settlement of derivative litigation over whether certain managers, investment advisers and trustees of the Columbia Mutual Funds breached their fiduciary duties to the Funds by allegedly allowing improper trading practices to occur in the Funds, and whether other defendants violated applicable laws by engaging or assisting in such trading (the "Derivative Action", and together with the Class Action, the "Actions"). The Derivative Action is brought derivatively on behalf of the Columbia Mutual Funds, and not on behalf of the individual shareholders of the Funds.

Attorneys' Fees and Expenses: Lead Class Counsel and Lead Fund Derivative Counsel (as defined in Question 19, below) (together, "Lead Counsel") have litigated their respective actions on a contingent basis and have litigated the Actions and advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class and/or the Funds, they would receive fees and be reimbursed for their litigation expenses from the Settlement Funds, as is customary in this type of litigation. Lead Counsel will apply to the court for attorneys' fees not to exceed 20% of the Gross Settlement Funds for their efforts in connection with the Actions, including investigating the facts, litigating the case, and negotiating the Settlements. Lead Counsel will also ask the Court for reimbursement of their litigation expenses paid or incurred in connection with the commencement, prosecution and resolution of the Actions in an amount not to exceed \$550,000, to be paid from the Gross Settlement Funds. In addition, Court-appointed Plaintiffs' Administrative Chair and Liaison Counsel will apply for an award of attorneys' fees and expenses of an additional 1.25% of the Gross Settlement Funds for its efforts on behalf of plaintiffs. If the above amounts are requested and approved by the Court, the average cost of attorneys' fees and expenses per share will be equal to approximately 25.6% of the average recovery per eligible share as set forth above. **Please note that this amount is only an estimate.**

Identification of Plaintiffs' Representatives: The Court has appointed the following lawyers as counsel for the Plaintiffs: Clifford Goodstein, Milberg LLP, One Penn Plaza, New York, NY 10119-0165 (212-594-5300) (Lead Class Counsel); and Mark C. Rifkin, Wolf Haldenstein Adler Freeman and Herz LLP, 270 Madison Avenue, New York, NY 10016 (212-545-4600) (Lead Fund Derivative Counsel). The Court has also appointed John B. Isbister, Tydings & Rosenberg LLP, 100 East Pratt Street, 26th Floor, Baltimore, MD 21202 as Plaintiffs' Administrative Chair and Liaison Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense and enter an appearance in the Actions.

NOTE: This Notice (except with respect to the OAG/Canary recovery described above) concerns the settlement of private lawsuits. These Settlements are distinct from the settlements that government regulators, including the Securities and Exchange Commission ("SEC"), previously reached concerning market-timing and late trading in certain Columbia Mutual Funds. Any payment that you may be eligible for under these private settlements is in addition to any payment you may have received from the SEC and/or other regulators. For more information about the SEC litigation, see

<http://www.sec.gov/divisions/enforce/claims/columbiamanage.htm>

Deadlines:

Submit Proof of Claim:	December 8, 2010
Request Exclusion:	September 21, 2010
File Objection:	September 21, 2010
Court Hearing on Fairness of Settlements:	October 21-22, 2010

More Information:

Settlement Administrator:

Rust Consulting, Inc.
P.O. Box 2338
Faribault, MN 55021-9038
Telephone: (877) 690-7105

Lead Class Counsel:

Clifford S. Goodstein, Esq.
MILBERG LLP
One Penn Plaza
New York, NY 10119-0165
Telephone: (212) 594-5300

Lead Fund Derivative Counsel:

Mark C. Rifkin, Esq.
**WOLF HALDENSTEIN ADLER FREEMAN & HERZ,
LLP**
270 Madison Avenue
New York, NY 10016
Telephone: (212) 545-4600

Your legal rights are affected whether you act or do not act. Please read this Notice carefully.

The Circumstances of the Settlements

The principal reason for Plaintiffs' decision to enter into the Settlements is to provide benefits to the Class and, with respect to the Derivative Action, the Funds. The benefits achieved in the Settlements must be compared to the risk that a lesser recovery, or even no recovery at all, might be achieved after contested motions, a trial and likely appeals, possibly years into the future. While Lead Counsel believe their claims were meritorious, they also recognize that further litigation of complex claims such as the ones brought in the Actions, including a potential trial, is a risky and expensive proposition and that Plaintiffs and the Class, and the Funds, might not prevail on their claims. The claims advanced in the Actions involve numerous complex legal and factual issues, including complicated trading practices, which would require voluminous discovery and extensive expert discovery and testimony, and would add considerably to the expenses and duration of the litigation. If the Actions were to proceed, Plaintiffs would have to overcome significant defenses, *inter alia*, on the issues of *scienter* and damages. The parties disagree about, among other things: (1) whether the Settling Defendants engaged in conduct that was unlawful or harmful to the Class; (2) the method for determining whether shares in the Columbia Mutual Funds at issue were damaged; (3) the amount of any such damage; (4)

the extent, if any, that various facts alleged by Plaintiffs influenced the trading price of such shares during the relevant period; (5) whether the Settling Defendants acted with *scienter* and are liable under the federal securities laws; and (6) whether the Class and the Columbia Mutual Funds suffered damage for which they have not been compensated. If the Actions went to trial, issues of liability and the measure of damages would be hotly contested. These Settlements therefore enable the Class to recover a substantial cash payment without incurring any additional risk or costs. As a result, Plaintiffs believe these Settlements are a fair, reasonable, and adequate recovery for the Class and the Funds.

In agreeing to the Settlements, the Settling Defendants do not concede that the claims asserted are valid or have merit, or that their defenses to the claims asserted are invalid or lack merit. The Settling Defendants have denied, and continue to deny, each and all of the claims and contentions alleged against them by the Plaintiffs in the Actions. The Settling Defendants expressly have denied, and continue to deny, all charges of wrongdoing or liability against them arising out of any of the conduct alleged, or that could have been alleged, in the Actions. The Settling Defendants have also denied and continue to deny, *inter alia*, the allegations that the Plaintiffs or the Class have suffered damages by reasons of alleged conduct by the Settling Defendants or otherwise, and that Plaintiffs or the Class were harmed by the conduct alleged in the Actions. Nonetheless, the Settling Defendants consent to the Settlements to eliminate the burden and expense of further litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THESE SETTLEMENTS

SUBMIT A CLAIM FORM BY DECEMBER 8, 2010

For Class Members whose shares in Columbia Mutual Funds were held through brokers or other intermediaries, submitting a claim as provided in this Notice is the only way to be eligible to get a payment from the Settlement Funds.

Class Members who held shares in Columbia Mutual Funds directly through Columbia Management Services, Inc. retail accounts are not required to submit a claim to be eligible receive a payment from the Settlement Funds.

EXCLUDE YOURSELF BY SEPTEMBER 21, 2010

Receive no payment from the Settlement Funds. This is the only option that allows you to file or participate in another lawsuit against the Settling Defendants or the other Released Parties concerning the Released Claims (as defined below).

OBJECT BY SEPTEMBER 21, 2010

You may write to the Court if you do not like the Settlements, the Plan of Allocation, or the request by Lead Class Counsel and Lead Fund Derivative Counsel for attorneys' fees and expenses.

GO TO A HEARING ON OCTOBER 21-22, 2010

You may ask to speak in Court about the fairness of the Settlements. The Court may listen to people who have requested in writing by **September 21, 2010** to speak at the hearing.

DO NOTHING

If you are required to submit a claim in order to participate in the Settlements and you do not do so, and the Settlements are approved, you will receive no payment from the Settlement Funds and claims that you may have that relate to the subject matter of these lawsuits will be released.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice. Please note the date of the Settlement Hearing (as defined in Question 24, below) – currently scheduled for **October 21-22, 2010** – is subject to change without further notice. If you plan to attend the hearing, you should check the website, www.columbiamutualfundlitigation.com, or with either Lead Class Counsel and Lead Fund Derivative Counsel as set forth above to be sure that no change to the date and time of the hearing has been made.

- The Court in charge of the Actions still has to decide whether to approve the Settlements. Payments will be made to Class Members and/or the Funds if the Court approves the Settlements and that approval is upheld if any appeals are filed. Please be patient.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased and/or held shares in one or more of the Columbia Mutual Funds during the period November 1, 1998 through February 25, 2004, inclusive. Or, you may currently hold shares in one of the Columbia Mutual Funds.

If this description applies to you, you have a right to know about proposed Settlements of a class action lawsuit and a derivative lawsuit, and about all of your options, before the Court decides whether to approve the Settlements. If the Court approves the Settlements, after any objections or appeals are resolved, the Settlement Administrator appointed by the Court will make the payments that the Settlements allow.

This Long-Form Notice explains the lawsuits, the Settlements, your legal rights, what benefits are available, who is eligible for them, and how to receive them.

2. What Is This Lawsuit About?

In late 2003, a number of putative securities class action complaints were filed against Columbia Management Advisors, Inc. and related entities in various United States District Courts alleging market-timing and late trading in the Columbia Mutual Funds in violation of the federal securities laws. 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 post-4:00 p.m. information. On March 16, 2004, the first derivative action resulting from the same alleged market-timing and late trading practices was filed in the United States District Court for the District of Massachusetts.

In the weeks and months that followed, numerous suits were filed in District Courts throughout the country. Various other mutual fund families identified as being involved in regulatory market-timing and late trading investigations likewise were named in numerous complaints filed in courts throughout the United States. On February 20, 2004, the Judicial Panel on Multi-District Litigation issued an order, followed on March 3, 2004 and April 5, 2004, with the Judicial Panel's Conditional Transfer Orders Nos. 1 & 2, respectively, centralizing all of these actions in one multi-district docket in the United States District Court for the District of Maryland under the caption *MDL-1586 - In re Mutual Funds Investment Litigation* (the “MDL Actions”). By letters to counsel in the MDL Actions dated April 9, 2004 and April 12, 2004, the Court assigned four Judges each a separate track of the MDL Actions, with multiple mutual fund families assigned to sub-tracks within each track. The Columbia Sub-track was assigned to the Honorable J. Frederick Motz.

On May 25, 2004, the Court issued a case management order consolidating all class actions and other direct cases involving Alger, Columbia, Janus, MFS, One Group and Putnam mutual funds, as well as all cases filed on behalf of purchasers or holders of shares of the corporate parents of any of these entities or their investment advisors (including all cases brought nominally on behalf of the funds or corporate parents of the funds or their investment advisors and styled as derivative actions), for pretrial purposes under the caption *In re Alger, Columbia, Janus, MFS, One Group and Putnam*, Civil No. 04-md-15863. By this same case management order, the Court appointed Jackie Williams as lead plaintiff for the consolidated class claims (the “Lead Class Plaintiff”) and her selection of the firm now known as Milberg LLP as lead class counsel for the MDL Columbia Sub-track (“Lead Class Counsel”). The Court also appointed Wolf Haldenstein Adler Freeman & Herz, LLP as lead fund derivative counsel for the MDL Columbia Sub-track (“Lead Fund Derivative Counsel”).

On September 30, 2004, amended complaints were filed in the class and derivative actions (the “Complaints”). Claims were asserted in the Complaints against persons and entities affiliated with the Columbia Mutual Funds, including the investment advisor to the Columbia Mutual Funds and its affiliates, 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. 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) and 48(a) of the Investment Company Act of 1940 (“ICA”), and state law. Likewise, the 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, certain defendants moved to dismiss the Complaints.

On December 6, 2004, a Stipulation and Order Staying the MDL Actions Against the Canary Defendants in Contemplation of Settlement was filed, informing the court that the plaintiffs had entered into a Memorandum of Understanding with respect to the Canary Defendants resolving those claims in consideration of cash payments as well as cooperation by Canary personnel and production of Canary documents.

On August 25, 2005, Judge Motz issued an order addressing common issues presented in the MDL Actions. On November 3, 2005, Judge Motz issued a letter ruling on the motions to dismiss in the Columbia Sub-track, denying in part and granting in part the motions to dismiss. Following further briefing, the parties submitted proposed orders for the Court’s review and entry.

As the motions to dismiss were being resolved and thereafter, plaintiffs and the Columbia defendants began to discuss a possible settlement of the Actions. Following ongoing and extensive discussions and arm’s-length negotiations, as well as informal discovery related to the merits and damages, Plaintiffs and the Columbia Defendants and BAS filed a Joint Motion to Stay Actions Against the Columbia Defendants in Contemplation of Settlement on April 5, 2006, informing the court that the Plaintiffs and the Columbia Defendants had entered into the Columbia Funds Settlement Term Sheet dated April 4, 2006 setting forth the principle terms of the settlement with the Columbia Defendants and BAS. Thereafter, the Court granted motions staying the Actions against the Columbia Defendants and BAS.

In addition, settlement discussions with the Bear Stearns Defendants and the Security Brokerage Defendants were conducted on a coordinated basis across the MDL, which led to settlement stipulations dated August 16, 2005 and October 19, 2005, respectively.

Discussions of possible settlements of the Actions proceeded with various groups of defendants at various times throughout the litigation. Agreements in principle to settle the Actions with various groups of defendants were reached at various times.

3. Why is the Class Action a class action?

In a class action, one or more individuals and/or entities called class representatives (in this case the court-appointed Lead Class Plaintiff, Jackie Williams) sue on behalf of individuals and entities who have similar claims. All of these individuals and entities who have similar claims are referred to collectively as a Class, or individually as a Class Member. One court resolves the issues for all Class Members, except for those who exclude themselves from the Settlements. The United States District Court for the District of Maryland, the Honorable J. Frederick Motz, is in charge of the Class Action as well as the Derivative Action.

4. Why is the Derivative Action a derivative action?

In a derivative action, one or more people and/or entities who are shareholders of a corporation sue on behalf of the corporation, alleging that the corporation was injured, and seek recovery on behalf of the corporation. In a derivative action, the corporation itself and not the individual shareholders of the corporation usually receive the direct benefit of a settlement. In this case, Harold Beardsley, Brad Smith, Edward and Iris Segel, Virginia Wilcox, Pamela Yameen, Barbara Cordani, Mayer and Morris Sutton, George Slabe, as Custodian for Jo D. Slabe UGMA, Grace Nugent and David Armetta (collectively, the “Derivative Plaintiffs”) have sued on behalf of the Columbia Mutual Funds, some or all of which will benefit from the Settlement.

The Derivative Plaintiffs, together with the Lead Class Plaintiff, are referred to as “Plaintiffs” in this Notice.

5. Why Are There Settlements?

The Court did not decide in favor of Plaintiffs or the Settling Defendants. Instead, in order to avoid the risks and costs of further litigation and trial, all parties agreed to a series of settlements. As explained above, Lead Class Plaintiff and her attorneys believe the Settlements are best for all Class Members and likewise, Derivative Plaintiffs and their counsel believe the Settlements are best for the Columbia Mutual Funds.

WHO IS IN THE SETTLEMENTS

To see if you will receive money from these Settlements, you first have to determine if you are a Class Member.

6. How Do I Know if I Am Part of the Settlements?

The Class includes: all persons and entities who, at any time during the period November 1, 1998 through February 25, 2004, inclusive, purchased and/or held shares in any of the Columbia Mutual Funds, ***except those persons and entities that are excluded, as described below*** (“Class Members”).

7. What Are the Exceptions to Being Included?

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 these Settlements; (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).

8. Who is affected by the settlement of the Derivative Action?

Because the Derivative Action is brought on behalf of the Columbia Mutual Funds, and not the individual shareholders of the Funds, the Columbia Mutual Funds will receive the direct benefit of the Settlements of the Derivative Action. Current shareholders of the Columbia Mutual Funds, or their successor funds, may receive an indirect benefit from the Settlements, such as an increase in the value of their shares.

9. I Am Still Not Sure if I Am Included.

If you are not sure whether you are a Class Member, you can ask for free help. You can call the Settlement Administrator, Rust Consulting, Inc., at 1-877-690-7105, for more information.

THE SETTLEMENT BENEFITS – WHAT YOU RECEIVE

10. What Do the Settlements Provide?

The proposed Settlements provide for payment of a total of \$12,653,000 in cash (the “Settlement Funds”), comprised of (i) \$9,600,000 paid on behalf of the Columbia Defendants and BAS, (ii) \$588,000 paid on behalf of the Bear Stearns Defendants, (iii) \$2,450,000 paid on behalf of the Security Brokerage Defendants, and (iv) \$15,000 paid on behalf of the Canary Defendants. The Settlement Funds plus all interest earned thereon shall be referred to as the “Gross Settlement Funds.”

The balance of these Gross Settlement Funds, after payment of court-approved attorneys’ fees and litigation expenses (the “Net Settlement Funds”), will be divided among Class Members and the Columbia Mutual Funds in accordance with the Plan of Allocation described below. With the approval of the OAG, Class Counsel will cause the Settlement Administrator to distribute the OAG/Canary Amount to Class Members in accordance with the Plan of Allocation described below.

See Question 11 below for more details regarding the allocation of the Settlement Funds.

PLAN OF ALLOCATION OF NET SETTLEMENT FUNDS

11. How Much Will My Payment Be?

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 \$1.5 million (less a *pro rata* share of court-approved fees and litigation expenses) and the remainder 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.

The Columbia Defendants maintain records of the investments in Columbia Mutual Funds by shareholders who held their investments through direct Columbia retail accounts. **Class Members who invested in Columbia Mutual Funds through direct Columbia Funds Services, Inc. retail accounts are not required to file a proof of claim in order to receive a distribution from the Settlements.**

Class Members who invested in Columbia Mutual Funds through brokers or other intermediaries are required to file a proof of claim in order to receive a distribution from the Settlements. Those Class Members will be required to submit a separate Proof of Claim and Release form (“Proof of Claim”), signed under penalty of perjury and supported by such documents as specified in the Proof of Claim as are reasonably available to the claimant, in order to establish the claimant’s holdings in the Columbia Mutual Funds during the relevant period.

Class Members who purchased or held shares in any of the Columbia Mutual Funds may receive a direct payment from the Class Settlement Funds.

All Proofs of Claim must be postmarked or received by **December 8, 2010**, addressed as follows:

In re Mutual Funds Investment Litigation – Columbia Sub-Track
c/o Rust Consulting, Inc.
Settlement Administrator
P.O. Box 2338
Fairbault, MN 55021-9038

Class Members who are uncertain about whether they are required to file a proof of claim should seek assistance from the Settlement Administrator.

A Class Member’s “Recognized Claim” will depend upon when, in which funds, and in what amounts the Class Member invested, and can be calculated by following the Plan of Allocation described herein. A Class Member’s actual recovery from the Settlements will depend upon the size of the Class Member’s Recognized Claim as a share of the aggregate Recognized Claims of all Class Members. Provided the Settlements are approved, the Settlement Administrator will distribute the Class Settlement Funds (and, if the OAG authorizes the distribution, the OAG/Canary Amount) according to the Plan of Allocation.

Unless otherwise ordered by the Court, any Class Member who fails to submit a properly completed and signed Proof of Claim within such period, or such other period as may be ordered by the Court, shall be forever barred from receiving any payments pursuant to the Settlements, but will in all other respects be subject to the provisions of the Stipulations and the final judgment entered by the Court.

CALCULATION OF RECOGNIZED CLAIMS

The objective of the Plan of Allocation is to first equitably distribute the Class Settlement Funds to those Class Members who were potentially damaged by the alleged conduct. Under the Plan of Allocation, a “Recognized Claim” will be calculated for each Class Member who submits an acceptable Proof of Claim.

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.

As described below, to determine your “Recognized Claim” amount, the Settlement Administrator analyzes information concerning the number of shares you held at various times in the Columbia Mutual Funds that are included as part of the Settlements. To the extent that you need to submit a proof of claim (see above), in most cases, information contained in your year-end mutual fund statements from the relevant 1998-2003 period will be sufficient. If you did not hold any shares as of a particular date, you do not need to submit documentation of your lack of holdings.

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 the table below.² The table below 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.

TABLE: ESTIMATED DILUTION PER SHARE

ESTIMATED DILUTION PER SHARE BY YEAR (in ¢)						
Columbia Mutual Fund	1998	1999	2000	2001	2002	2003
COLONIAL SMALL CAP VALUE FUND	First transaction in January 2000		0.7370	0.8996	1.8637	(0.4373)
COLUMBIA ACORN INTERNATIONAL FUND (F/K/A LIBERTY ACORN INTERNATIONAL FUND)	0.0363	1.7417	7.0837	4.9387	3.6904	0.3139
COLUMBIA ACORN INTL SELECT FUND (F/K/A LIBERTY ACORN FOREIGN FORTY FUND)	First transaction in November 1999		1.6034	20.4953	14.2234	14.4668
COLUMBIA EUROPE FUND (F/K/A LIBERTY NEWPORT EUROPE FUND)	First transaction in November 1999		0.0201	0.3454	4.3416	23.7145
COLUMBIA WORLD EQUITY FUND (F/K/A COLUMBIA GLOBAL EQUITY FUND (F/K/A LIBERTY NEWPORT GLOBAL EQUITY FUND))	(0.0012)	0.0210	0.4209	2.5223	1.7243	(0.0462)
COLUMBIA GROWTH STOCK FUND (N/K/A COLUMBIA LARGE CAP GROWTH FUND, F/K/A LIBERTY GROWTH STOCK FUND (F/K/A STEIN ROE GROWTH STOCK FUND))	(0.4433)	8.3715	(3.5667)	0.7948	2.4461	0.1457

² 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.

ESTIMATED DILUTION PER SHARE BY YEAR (in ¢)

Columbia Mutual Fund	1998	1999	2000	2001	2002	2003
COLUMBIA INTERNATIONAL EQUITY FUND	First offered in November 2000		2.0702	7.8964	9.8171	0.5719
COLUMBIA INTERNATIONAL STOCK FUND (F/K/A COLUMBIA INTERNATIONAL STOCK FUND, INC.)	0.3888	2.0172	5.1587	1.8498	5.9070	0.1188
COLUMBIA MID CAP GROWTH FUND (F/K/A COLUMBIA SPECIAL FUND, INC., F/K/A COLUMBIA MID CAP GROWTH FUND, INC.)	(0.2833)	0.5712	2.7304	1.0106	(1.2082)	(0.4366)
COLUMBIA MID CAP VALUE FUND (F/K/A LIBERTY SELECT VALUE FUND)	(0.0268)	(0.0056)	1.3417	0.8300	0.3897	0.0304
COLUMBIA NEWPORT ASIA PACIFIC FUND (F/K/A LIBERTY NEWPORT ASIA PACIFIC FUND)	First transaction in May 1999	0.0780	0.1515	3.1231	8.1851	3.8708
COLUMBIA NEWPORT GREATER CHINA FUND	(0.0309)	0.2785	2.8950	3.4904	8.6475	0.2937
COLUMBIA NEWPORT JAPAN OPPORTUNITIES FUND (F/K/A LIBERTY NEWPORT JAPAN OPPORTUNITIES FUND)	0.0963	3.2466	11.0839	18.2736	30.0067	10.3036
COLUMBIA NEWPORT TIGER FUND (F/K/A LIBERTY NEWPORT TIGER FUND)	0.8256	4.7630	9.1863	11.1918	12.2298	2.4693
COLUMBIA SMALL CAP GROWTH FUND	(0.0497)	2.0647	4.3275	3.3971	0.9719	(0.3732)
COLUMBIA SMALL CAP VALUE FUND	(0.0539)	4.5468	19.0510	(0.0467)	(0.3229)	(0.0741)
COLUMBIA SMALL COMPANY EQUITY FUND (F/K/A LIBERTY SMALL COMPANY EQUITY FUND)	First offered in November 2000		3.9252	6.4253	0.2357	0.1923
COLUMBIA TECHNOLOGY FUND	First transaction in October 2000		0.0696	(0.2030)	0.0602	1.4039
COLUMBIA YOUNG INVESTOR FUND (N/K/A COLUMBIA STRATEGIC INCOME FUND)	(0.0007)	(0.3134)	10.7660	0.4896	(0.0457)	0.0482
GALAXY UTILITY INDEX FUND	none	none	1.4187	(2.7427)	0.0372	Merged in October 2002 into Columbia Utilities Fund
LIBERTY SMALL COMPANY GROWTH FUND	First transaction in January 2000		17.6679	14.1054	1.3208	None
LIBERTY GROWTH STOCK FUND	(0.0011)	1.6960	7.6414	0.3951	0.0338	Merged in June 2002 into Columbia Growth Stock Fund

ESTIMATED DILUTION PER SHARE BY YEAR (in ¢)

Columbia Mutual Fund	1998	1999	2000	2001	2002	2003
LIBERTY NEWPORT GLOBAL EQUITY FUND (N/K/A COLUMBIA WORLD EQUITY FUND)	(0.0785)	8.0246	18.3935	0.17184	Merged in January 2001 into Columbia World Equity Fund	
LIBERTY NEWPORT INTL EQUITY FUND	(0.0058)	18.6307	55.3902	6.4957	0.0093	Merged in October 2002 into Columbia International Stock Fund
LIBERTY SELECT VALUE FUND (N/K/A COLUMBIA MID CAP VALUE FUND)	First transaction in January 1999	0.0660	6.2595	0.9672	(0.0119)	Merged in June 2002 into Columbia Mid Cap Value Fund
LIBERTY YOUNG INVESTOR FUND	(0.0000)	4.7848	23.8113	0.9851	(0.0002)	Merged in June 2002 into Columbia Young Investor Fund
NEWPORT TIGER FUND	First transaction in January 2000		3.3264	14.8344	29.1129	0.0574
SR CAPITAL OPPORTUNITIES FUND	(0.7208)	5.41016	45.2353	3.2344	(0.0464)	Merged in November 2002 into Columbia Mid Cap Growth Fund
SR DISCIPLINED STOCK FUND	(7.6513)	(3.1585)	1.1565	(0.0030)	Merged in January 2001 into Columbia Growth and Income Fund	
SR INTERNATIONAL FUND	(0.3909)	23.5634	60.1602	7.0739	0.6706	Merged in October 2002 into Columbia International Stock Fund

ESTIMATED DILUTION PER SHARE BY YEAR (in ¢)

Columbia Mutual Fund	1998	1999	2000	2001	2002	2003
SR MIDCAP GROWTH FUND	(0.0261)	0.0053	2.9270	(0.3051)	(0.0008)	Merged in November 2002 into Columbia Mid Cap Growth Fund
WANGER FOREIGN FORTY	First transaction in November 2000		0.2223	24.3678	8.7989	(0.7094)
WANGER INTERNATIONAL SMALL CAP FUND	First transaction in November 2000		2.4826	10.5726	6.8860	1.3867
WANGER US SMALLER COMPANIES FUND	First transaction in November 2000		0.1064	0.1736	(0.2676)	1.5621

(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 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.

You do not need to have held shares for the entire 1998-2003 period in order to have a Recognized Claim. However, Class Members who held shares in the included Columbia Mutual Funds for a relatively short period of time (*i.e.*, less than a year) may not have a Recognized Claim.

ADDITIONAL PROVISIONS

The Settling Defendants do not have any responsibility or liability with respect to claims administration; the management, investment or distribution of the Settlement Funds or the OAG/Canary Amount; or the Plan of Allocation. The Plan of Allocation is a matter separate and apart from the proposed Settlements, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlements if approved by the Court. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court, or an objection filed by a Class Member, without further notice to the Class.

The Settlement Administrator shall determine each Authorized Claimant's *pro rata* share of the Class Settlement Funds based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlements. The Recognized Claim formula is the basis upon which the Class Settlement Funds will be proportionately allocated to the Authorized Claimants.

Each Authorized Claimant shall be paid the percentage that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member. Each claimant is deemed to have submitted to the jurisdiction of the Court with respect to the claimant's claim, and the claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's claim under the Plan of Allocation. No discovery shall be allowed on the merits of the Actions.

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

If, after the initial distribution of the Class Settlement Funds by the Settlement Administrator, any funds remain by reason of un-cashed distributions or otherwise, then, after the Settlement Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Class Settlement Funds cash their distributions, any balance remaining in the Class Settlement Funds one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Class Settlement Funds for such re-distribution. If six months after such re-distribution, \$25,000 or more shall remain in the Class Settlement Funds, a second re-distribution shall be made to Class Members who have cashed their re-distributions and who would receive at least \$10.00 from such second re-distribution, after payment of any unpaid costs or fees incurred in administering the Class Settlement Funds for such second re-distribution. If six months after the first re-distribution less than \$25,000 shall remain in the Class Settlement Funds, or if there has been a second re-distribution, six months after the second re-distribution, any funds still remain in the Class Settlement Funds, then such balance shall 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.

Payments will be final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court will be barred from participating in distributions from the Class Settlement Funds, but otherwise shall be bound by all of the terms of the Settlements, including the terms of the final judgment to be entered in the Actions and will be barred from bringing any Released Claim against any Released Parties. See question 14 below.

The OAG/Canary Amount is not a part of the Net Settlement Funds, but may be distributed with the Class Settlement Funds, as described above.

HOW YOU RECEIVE A PAYMENT – SUBMITTING A CLAIM FORM

12. How Will I Receive a Payment?

To qualify for a payment, you must be an eligible Class Member. NOTE: Class Members who held shares in Columbia Mutual Funds directly through Columbia Mutual Funds, Inc. retail accounts do not need to submit a Proof of Claim. Class Members who invested in Columbia Mutual Funds through a broker or other intermediary must submit a Proof of Claim.

The Proof of Claim form is available at www.columbiamutualfundlitigation.com. Please read the instructions carefully, fill out the Proof of Claim, include all the documents requested, sign it, and mail it in an envelope postmarked no later than **December 8, 2010**. Please retain a copy of everything you mail, in case the materials are lost or destroyed during shipping.

13. When Will I Receive My Payment?

The Court will hold a hearing on **October 21-22, 2010**, to decide whether to approve the Settlements. If the Court approves the Settlements, there may be appeals. It is always uncertain whether appeals, if any, can be resolved, and resolving them can take time, perhaps several years. In addition, the Settlement Administrator must process all of the Proofs of Claim. The processing is complicated and will take many months. Please be patient.

14. What Am I Giving Up By Staying in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Settling Defendants and/or the Released Parties, Bear Stearns Released Parties, Security Brokerage Released Parties and Canary Released Parties (as defined below) about the Released Claims (as defined below). It also means that all of the Court's orders will apply to you and legally bind you, and you will release forever any claims you may have against the Settling Defendants relating to market-timing, late-trading or excessive trading in the Columbia Mutual Funds during the Class Period.

In the settlement with the Columbia Defendants and BAS:

“Released Parties” means:

(a) Bank of America Corporation and all of its present and former affiliates and subsidiaries, including, without limitation, all present and former affiliates and subsidiaries of FleetBoston Financial Corporation, including, without limitation, Columbia Management Group, Inc., Columbia Management Advisors, Inc., Columbia Wanger Asset Management, L.P., Columbia Funds Distributors, Inc., and Columbia Management Services, Inc., and Banc of America Securities, LLC and all of their predecessors, successors and assigns, and all of those entities’ present and former employees, officers, directors, trustees, members, partners, managers, agents, and counsel;

(b) all the Columbia Mutual Funds and Columbia Trusts and Registrants³ and all of their predecessors, successors and assigns, and all of those entities’ present and former employees, officers, directors, trustees, members, partners, managers, agents, and counsel;

(c) all the Columbia Settling Trustees⁴ and each of their families, heirs, spouses, successors, general or limited partners or partnerships, personal or legal representatives, estates, administrators, related or affiliated entities, or any trust of which any of the Columbia Settling Trustees are the settlers or which is for the benefit of any family member or any of the Columbia Settling Trustees;

(d) all other entities that provided advisory, distribution, management, administration or other services to the Columbia Mutual Funds during the Class Period, and all of those entities’ present and former employees, officers, directors, trustees, members, partners, managers, agents, and counsel, but only with respect to such services performed for the Columbia Mutual Funds, and not with respect to any services provided for any funds other than the Columbia Mutual Funds;

(e) all Columbia Defendants not covered by subsections (a) through (d) of this section, if any, and all of their present and former employees, officers, directors, trustees, members, partners, managers, agents, counsel, predecessors, successors and assigns or, in the case of individuals, each of their families, heirs, spouses, successors, general or limited partners or partnerships, personal or legal representatives, estates, administrators, related or affiliated entities.

“Released Claims” means, collectively, any and all claims, rights, demands, charges, complaints, actions, suits, liabilities and causes of action, whether known or unknown (including Unknown Claims), whether suspected or unsuspected, whether accrued or un-acrued, and whether direct, derivative or brought in any other capacity, that the Releasing Plaintiff Parties had, have now, or may have against the Released Parties arising under the laws, regulations or common law of the United States of America, any state or political subdivision thereof, or any foreign country or jurisdiction, that concern or relate in any way, whether directly or indirectly, to excessive or short-term trading, market-timing, and/or late-trading in the Columbia Mutual Funds and/or the valuation or pricing of the Columbia Mutual Funds, including, without limitation, all claims that were brought by the Releasing Plaintiff Parties or that could have been brought based on allegations that the Released Parties allowed, failed to prevent, cleared, brokered, financed, facilitated, subjected investors to, or were otherwise involved in such trading (all only to the extent of such trading in the Columbia Mutual Funds), and including, without limitation, claims for compensatory damages, whether direct or consequential, punitive damages, treble damages, penalties, injunctive or equitable relief, declaratory relief, rescission, disgorgement, restitution or the return or forfeiture of advisory, management, or other fees. The Released Claims include, without limitation:

³ “Columbia Trusts and Registrants” means the Columbia Acorn Trust, each of the registered investment companies referred to collectively as the Columbia Funds trusts, and all other registered investment companies using or formerly using the name Columbia whose shares were sold to the public during the Class Period, including, without limitation: Columbia Acorn Trust, Columbia Funds Trust I, Columbia Funds Trust II, Columbia Funds Trust III, Columbia Funds Trust IV, Columbia Funds Trust V, Columbia Funds Trust VI, Columbia Funds Trust VII, Columbia Funds Trust VIII, Columbia Funds Trust XI, Columbia High Yield Fund, Inc., Columbia International Stock Fund, Inc., Columbia Mid Cap Growth Fund, Inc., and Columbia Liberty Variable Investment Trust.

⁴ “Columbia Settling Trustees” means Margaret M. Eisen, Leo A. Guthart, Jerome Kahn, Jr., Steven Kaplan, David C. Kleinman, Allan B. Muchin, Robert E. Nason, John A. Wing, Charles P. McQuaid, Ralph Wanger, Douglas A. Hacker, Janet Langford Kelly, Richard W. Lowry, Charles R. Nelson, John J. Neuhauser, Patrick J. Simpson, Thomas E. Stitzel, Thomas C. Theobald, Anne-Lee Verville, Richard L. Woolworth, and William E. Mayer.

(a) all of the claims that were brought against any of the Released Parties in the Columbia Consolidated Amended Class Action Complaint and the Columbia Consolidated Amended Fund Derivative Complaint, both of which were filed on September 29, 2004 in the Columbia sub-track in MDL-1586;

(b) claims that the manner in which the shares of some or all of the Columbia Mutual Funds were priced or valued exposed the funds and their shareholders to harm from market-timing, late-trading or short term or excessive trading;

(c) all of the claims brought against any of the Released Parties in the complaints filed in or transferred to the Columbia sub-track in MDL-1586, including all of the claims asserted in *Delaventura v. Columbia Acorn Trust, et al.*, No. 05-CV-1093, and *Kelso v. Columbia Acorn Trust, et al.*, No. 03-CV-769, and all of the claims asserted in *Vogeler v. Columbia Acorn Trust, et al.*, No. 03 L 1550 (originally filed in the Circuit Court, Third Judicial Circuit, Madison County, Illinois).

(d) Notwithstanding the foregoing, Released Claims do not include the claims asserted in the Consolidated Amended Class Action Complaint in *In re Columbia Entities Litigation*, Master File 04-11704(MBB) (D. Mass.).

In the settlement with the Bear Stearns Defendants:

“Bear Stearns Released Parties” means Bear, Stearns & Co. Inc., Bear, Stearns Securities Corp., and The Bear Stearns Companies Inc., currently known as J.P. Morgan Securities Inc., J.P. Morgan Clearing Corp. and The Bear Stearns Companies LLC, respectively, and all of their respective Related Parties (“Related Parties” means (a) with respect to natural persons, all of their past and present agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers, executors and administrators; (b) with respect to legal entities other than natural persons, all of their past and present parents,, subsidiaries, affiliates, general partners, limited partners, officers, directors, trustees, members, employees, agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers, in any and all capacities; and (c) all of the predecessors, successors, heirs and assigns of the foregoing).

“Released Claims” means any and all claims, rights, causes of action, counts, or liabilities against any or all of the Bear Stearns Released Parties, whether direct, derivative or brought in any other capacity, whether under federal or state law, whether known or unknown (including “Unknown Claims” as defined below), whether suspected or unsuspected, whether accrued or unaccrued, whether asserted or unasserted, concerning in any respect, directly or indirectly, market-timing, late-trading, or short-term or excessive trading in any of the Columbia Mutual Funds during all or any part of the Class Period, including any claims that any or all of the Bear Stearns Released Parties allowed, assisted, cleared, brokered, financed, caused, acquiesced in, participated or engaged in, provided the means for, subjected investors to or otherwise facilitated or were responsible for market-timing, late-trading, or short-term or excessive trading and including, without limitation, all of the claims and causes of action that were brought and all of such claims and causes of action that could have been brought against any or all of the Bear Stearns Released Parties in the Class Action or the Fund Derivative Action, or in any other legal proceeding or forum.

In the settlement with the Security Brokerage Defendants:

“Security Brokerage Released Parties” means Daniel G. Calugar and Security Brokerage, Inc. (now known as Symphonic Alpha, LLC), DCIP, L.P., RCIP, L.P., the Security Brokerage, Inc. Profit Sharing Trust (now known as the Calugar Corporation Profit Sharing Trust) and any of their successors, and all of their respective Related Parties (“Related Parties” means (a) with respect to natural persons, their past or present agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers, executors and administrators; (b) with respect to legal entities other than natural persons, their past and present, parents,, subsidiaries, general partners, limited partners, officers, directors, trustees, members, employees, agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers; and (c) the predecessors, successors, heirs and assigns of the foregoing).

“Released Claims” means any and all claims against the Security Brokerage Released Parties, whether direct, derivative or brought in any other capacity, whether under federal or state law, whether known or unknown (including “Unknown Claims”), whether suspected or unsuspected, whether accrued or unaccrued, concerning in any respect, directly or indirectly, the purchase, sale or retention of shares of funds in any of the Columbia Mutual Funds during the Class Period or any market-timing, late-trading, or short-term or excessive trading in any of the Columbia Mutual Funds during the Class Period, including any claims that the Security Brokerage Released Parties allowed, assisted, cleared, brokered, financed, provided the means for, subjected investors to or otherwise facilitated or engaged in market-timing, late-trading, or short-term or excessive trading and including, without limitation, all claims that were alleged in the Class Complaint and the Fund Derivative Complaint and all claims that could have

been brought against the Security Brokerage Released Parties, individually or on behalf of a class, concerning in any respect, directly or indirectly, the purchase, sale or retention of shares of funds in any of the Columbia Mutual Funds during the Class Period or any market-timing, late-trading, or short-term or excessive trading in any of the Columbia Mutual Funds during the Class Period.

In the settlement with the Canary Defendants:

“Canary Released Parties” means Canary Capital Partners, LLC; Canary Capital Partners, Ltd.; Canary Investment Management, LLC; and Edward Stern and their respective Related Parties (“Related Parties” means (a) with respect to natural persons, their past or present agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers, executors and administrators; (b) with respect to legal entities other than natural persons, their past and present, parents, subsidiaries, general partners, limited partners, officers, directors, trustees, members, employees, agents, servants, attorneys, accountants, insurers, co-insurers and re-insurers; and (c) the predecessors, successors, heirs and assigns of the foregoing).

“Released Claims” means any and all claims against the Canary Released Parties, whether direct, derivative or brought in any other capacity, whether under federal or state law, whether known or unknown (including “Unknown Claims” as defined below), whether suspected or unsuspected, whether accrued or unaccrued, concerning in any respect, directly or indirectly, market-timing, late-trading, or short-term or excessive trading in any of the Columbia Mutual Funds during the Class Period, including any claims that the Canary Released Parties allowed, assisted, cleared, brokered, financed, provided the means for, subjected investors to or otherwise facilitated market-timing, late-trading, or short-term or excessive trading and including, without limitation, all claims that were alleged in the Class Complaint and the Fund Derivative Complaint and all claims that could have been brought against the Canary Released Parties concerning in any respect, directly or indirectly, market-timing, late-trading, or short-term or excessive trading in any of the Columbia Mutual Funds during the Class Period.

EXCLUDING YOURSELF FROM THE SETTLEMENTS

If you do not want a payment from these Settlements, but you want to keep the right to sue or continue to sue the Settling Defendants on your own about the same claims being released in these Settlements, then you must take steps to exclude yourself from the Settlements. This is referred to as opting out of the Class.

15. How Do I Exclude Myself from the Settlements?

To exclude yourself from the Settlements, you must send a letter by mail stating that you want to be excluded from the Settlements in the *In re Mutual Funds Investment Litigation – Columbia Sub-Track*, 1:04-MD-15863. You must include your name, address, telephone number, and signature. You must also include information or documents concerning your holding(s) of shares in the Class Funds during the Class Period or a statement attesting to the fact that you held or purchased shares in one or more of the Class Funds during the Class Period. You must mail your exclusion request so that it is received no later than **September 21, 2010** to:

In re Mutual Funds Investment Litigation – Columbia Sub-Track
c/o Rust Consulting, Inc.
Settlement Administrator
P.O. Box 2338
Faribault, MN 55021-9038

Please keep a copy of everything you send by mail, in case it is lost or destroyed during shipping.

You cannot exclude yourself over the phone or by e-mail. If you ask to be excluded from the Settlements, you will not be eligible to receive any payment from the Class Settlement Funds, and you cannot object to the Settlements. You will not be legally bound by anything that happens in this lawsuit and you will be able to pursue the claims that are being released in these Settlements.

Settling Defendants may withdraw from and terminate their respective Settlements if certain threshold levels of investors who would otherwise be entitled to participate as members of the Class timely and validly request exclusion from the Class.

16. If I Do Not Exclude Myself, Can I Sue the Settling Defendants for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue the Settling Defendants or the other Released Parties for the claims being released by these Settlements. If you have a pending lawsuit or arbitration relating to the claims being released in the Actions against any of the Settling Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is **September 21, 2010**.

17. Can I exclude myself from the Derivative Action?

No. Because the Derivative Action was brought on behalf of the Columbia Mutual Funds, you cannot exclude yourself from the settlement of the Derivative Action. As discussed below in Question 23, current shareholders of the Columbia Mutual Funds, or their successor funds, may object to the Settlements of the Derivative Action.

You may receive a benefit of the Derivative Action if you are a current holder of shares in one or more of the Columbia Mutual Funds or their successor funds.

18. If I Exclude Myself, Can I Receive a Payment from These Settlements?

No. If you exclude yourself, you will not be eligible to receive a payment from these Settlements and please do not send in a Proof of Claim. But, you may sue, continue to sue, or be part of a different lawsuit or arbitration asserting the claims being released in these Settlements against the Settling Defendants or the other Released Parties.

THE LAWYERS REPRESENTING YOU

19. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Milberg LLP (formerly, Milberg Weiss Bershad & Schulman LLP) as lead class counsel to represent the Class. These lawyers are called Lead Class Counsel. The Court also appointed the law firm of Wolf Haldenstein Adler Freeman & Herz, LLP as lead fund derivative counsel and Tydings & Rosenberg LLP as Plaintiffs' Administrative Chair and Liaison Counsel. You will not be individually charged for the services of these lawyers beyond your *pro rata* share of any attorneys' fees and expenses awarded by the Court that will be paid from the Settlement Funds. If you want to be represented by your own lawyer, you may hire one at your own expense. You do not, however, need to retain a lawyer to exclude yourself from the Class or to object to the Settlements.

20. How Will the Lawyers Be Paid?

Lead Class Counsel and Lead Fund Derivative Counsel will jointly apply to the Court for attorneys' fees not to exceed 20% of the Gross Settlement Funds. Plaintiffs' Counsel will also apply to the Court for reimbursement of their litigation expenses paid or incurred in connection with the commencement, prosecution and resolution of the Actions in an amount not to exceed \$550,000, to be paid from the Gross Settlement Funds. In addition, Court-appointed Plaintiffs' Administrative Chair and Liaison Counsel will apply for an award of attorneys' fees and expenses of an additional 1.25% of the Gross Settlement Funds for its efforts on behalf of plaintiffs. *Such sums as may be approved by the Court will be paid from the Gross Settlement Funds.* Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payments to Plaintiffs' Counsel for their efforts in achieving these Settlements and for their risk in undertaking this representation on a wholly contingent basis and advancing the money necessary to pursue the Actions. To date, Plaintiffs' Counsel have not been paid for their services or for their substantial litigation expenses. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlements and Plaintiffs' Counsel believe that it is well within the range of fees awarded to counsel under similar circumstances in other cases of this type. The Court has discretion, however, to award less than this amount.

OBJECTING TO THE SETTLEMENTS

You can tell the Court that you do not agree with the Settlements or some part of them.

21. How Do I Tell the Court that I Do Not Like the Settlements?

If you are a Class Member, you can object to the Settlements if you do not like any part of them, the Plan of Allocation, or the application for attorneys' fees and litigation expenses. To object, you must send a letter saying that you object to the Settlements in the *In re Mutual Funds Investment Litigation – Columbia Sub-Track*, 1:04-MD-15863, and the reasons why you object to the Settlements. Be sure to include your name, address, telephone number and signature. You must also include information or documents concerning your holding(s) of shares in the Class Funds during the Class Period or a statement attesting to the fact that you held or purchased shares in one or more of the Class Funds during the Class Period. You must file any objection with the Clerk's Office at the United States District Court for the District of Maryland at the address set forth below on or before **September 21, 2010**. You must also serve any objection on Lead Class Counsel at the address set forth below, so that the objection is received by **September 21, 2010**:

COURT	COUNSEL FOR PLAINTIFFS
Clerk of the Court United States District Court District of Maryland 101 W. Lombard Street Baltimore, MD 21201	<u>Lead Class Counsel</u> : Clifford S. Goodstein, Esq. MILBERG LLP One Penn Plaza New York, NY 10119-0165

22. What is the Difference Between Objecting and Excluding?

Objecting means telling the Court that you do not like something about the Settlements, the Plan of Allocation, or the application for attorneys' fees and litigation expenses, and want the Court to disapprove the Settlements or modify them in some way. You can object *only if* you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlements. If you exclude yourself, you have no basis to object because the case no longer affects you.

23. How Can I Object to Settlements of the Derivative Action?

If you are a current shareholder of one of the Columbia Mutual Funds, or a successor fund of one of the Columbia Mutual Funds, and will continue to own shares in one of the Columbia Mutual Funds through the date of the Settlement Hearing (as defined below), you also have the right to object to the Settlements of the Derivative Action, the proposed Plan of Allocation, and the requests for attorneys' fees and expenses with respect to the Derivative Action. To object, you must send a letter saying that you object to one or more of the Settlements in the *In re Mutual Funds Investment Litigation – Columbia Sub-Track*, 1:04-MD-15863, and the reasons why you object to the Settlements. Be sure to include your name, address, telephone number and signature. You must also include information concerning your current holdings of shares in the Columbia Mutual Funds. Any such objections must be filed with the Court and Lead Class Counsel as listed above in Question 21 such that they are *received* no later than **September 21, 2010**.

THE COURT'S SETTLEMENT FAIRNESS HEARING

24. When and Where Will the Court Decide Whether to Approve the Settlements?

The Court will hold a fairness hearing at **10:00 a.m.**, on **Thursday-Friday, October 21-22, 2010**, at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201 (the "Settlement Hearing"). At this hearing, the Court will consider whether the Settlements and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court may listen to people who have requested in writing by **September 21, 2010** to speak at the hearing. The Court may also consider Lead Counsel's application for attorneys' fees and reimbursement of expenses.

25. Do I Have to Come to the Settlement Hearing?

No. Lead Counsel will answer any questions Judge Motz may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection so that it is received on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

26. May I Speak at the Settlement Hearing?

Yes, but you must first ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter stating your intention to appear in the *In re Mutual Funds Investment Litigation – Columbia Sub-Track*, 1:04-MD-15863. Be sure to include your name, address, telephone number, signature, and also include information or documents concerning your holding(s) of shares in the Class Funds during the Class Period or a statement attesting to the fact that you held or purchased shares in one or more of the Class Funds during the Class Period. Your notice of intention to appear must be received no later than **September 21, 2010**, and be sent to the Clerk of the Court and Lead Class Counsel at the addresses listed in Question 21. You cannot speak at the hearing if you exclude yourself from the Settlements.

IF YOU DO NOTHING

27. What Happens if I Do Nothing at All?

If you do nothing, you will receive no money from these Settlements but nonetheless will be bound by their terms. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit or any other legal or arbitral proceeding against the Settling Defendants or the Released Parties about the same claims being released in these Settlements.

OBTAINING MORE INFORMATION

28. Are There More Details About the Settlements?

This Long-Form Notice summarizes the proposed Settlements. More details can be found in the stipulations with the Settling Defendants (the “Stipulations”). You can obtain copies of the Stipulations or more information about the Settlements by visiting www.columbiamutualfundlitigation.com or by writing to either Lead Class Counsel or Lead Fund Derivative Counsel as listed under “More Information” on page 4 above. You can also obtain copies of the Stipulations and other papers filed in the Actions from the Clerk’s office at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201, during regular business hours. If you have other questions, you may contact the Settlement Administrator, Lead Class Counsel or Lead Fund Derivative Counsel.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: June 30, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND