

BALL CORP
Form DEF 14A
March 13, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

BALL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- o Fee paid previously with preliminary materials.
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 - (4) Date Filed:
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BALL CORPORATION
10 Longs Peak Drive, Broomfield, Colorado 80021-2510

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD WEDNESDAY, APRIL 30, 2014

The Annual Meeting of Shareholders of Ball Corporation will be held at the Corporation's offices, 10 Longs Peak Drive, Broomfield, Colorado 80021-2510, on Wednesday, April 30, 2014, at 8:00 A.M. (MDT) for the following purposes:

1. To elect four directors for three-year terms expiring at the Annual Meeting of Shareholders to be held in 2017;
2. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Corporation for 2014;
3. To approve, by non-binding advisory vote, the compensation of the named executive officers ("NEOs") as disclosed in the following Proxy Statement;
4. To consider a shareholder proposal, if properly presented, to provide that director nominees shall be elected by majority vote; and
5. To consider any other business as may properly come before the meeting, although it is anticipated that no business will be conducted other than the matters listed above.

Only holders of common stock of record at the close of business on March 3, 2014, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. A Proxy Statement containing important information about the meeting and the matters being voted upon appears on the following pages.

Your vote is important. You are urged to read the accompanying proxy materials carefully and in their entirety and submit your proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You have a choice of submitting your proxy by Internet or by telephone, or, if you request a paper copy of the materials, by mail.

By Order of the Board of Directors,

Charles E. Baker
Corporate Secretary

March 14, 2014
Broomfield, Colorado

**Important Notice Regarding the Availability of Proxy Materials for the
Ball Corporation Annual Shareholder Meeting to be Held on Wednesday, April 30, 2014**

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The Proxy Statement, Form 10-K and Annual Report of Ball Corporation are Available at
<http://materials.proxyvote.com>

PLEASE NOTE: The 2014 Annual Meeting of Shareholders will be held to tabulate the votes cast and to report the results of voting on the items described above. No management presentations or other business matters are planned for the meeting.

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BALL CORPORATION
10 Longs Peak Drive, Broomfield, Colorado 80021-2510

PROXY STATEMENT
March 14, 2014

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD WEDNESDAY, APRIL 30, 2014

**Important Notice Regarding the Availability of Proxy Materials for the Annual
Shareholder Meeting to be Held on Wednesday, April 30, 2014**

The Proxy Statement, Form 10-K and Annual Report are Available at
<http://materials.proxyvote.com>

To Shareholders of Ball Corporation:

This Proxy Statement and the accompanying proxy are furnished to shareholders in connection with the solicitation by the Board of Directors of Ball Corporation (the "Corporation" or "Ball") of proxies to be voted at the Annual Meeting of Shareholders (the "Annual Meeting") to be held April 30, 2014, for the purposes stated in the accompanying notice of the meeting. We are first furnishing and making available to shareholders the proxy materials on March 14, 2014.

Please submit your proxy as soon as possible so that your shares can be voted at the meeting. All properly completed proxies submitted by telephone or Internet, and all properly executed written proxies returned by shareholders who request paper copies of the proxy materials, that are delivered pursuant to this solicitation, will be voted at the meeting in accordance with the directions given in the proxy, unless the proxy is revoked prior to completion of voting at the meeting. Only holders of record of shares of the Corporation's common stock as of the close of business on March 3, 2014, the record date for the Annual Meeting, are entitled to notice of and to vote at the meeting, or at any adjournments or postponements of the meeting.

Any Ball Corporation shareholder of record as of March 3, 2014, the record date, desiring to submit a proxy by telephone or via the Internet will be required to enter the unique voter control number imprinted on the Ball Corporation proxy, and therefore should have the proxy for reference when initiating the process.

To submit your proxy by telephone, call 1-800-690-6903 on a touch-tone telephone and follow the menu instructions provided. There is no charge for this call.

To submit your proxy over the Internet, log on to the website www.proxyvote.com and follow the instructions provided.

Similar instructions are included on the enclosed proxy.

A shareholder of record of the Corporation may revoke a proxy in writing at any time prior to the meeting by sending written notice of revocation to the Corporate Secretary; by voting again by telephone; by voting via the Internet; by voting in writing if you requested your materials in paper copy; or by voting in person at the meeting.

ABOUT THE ANNUAL MEETING

Why am I receiving the Proxy Statement? You are receiving the Proxy Statement because you owned shares of Ball Corporation common stock on March 3, 2014, the record date, and that entitles you to vote at the Annual Meeting. The Corporation's Board of Directors ("Board") is soliciting your proxy to vote at the scheduled 2014 Annual Meeting or at any later meeting should the scheduled Annual Meeting be adjourned or postponed for any reason. Your proxy will authorize specified people (proxies) to vote on your behalf at the Annual Meeting in accordance with your written instructions. By use of a proxy, you can vote, whether or not you attend the meeting.

What will I be voting on? You will be voting on (1) the election of four director nominees named in this Proxy Statement for terms expiring in May 2017; (2) the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2014; (3) an advisory vote to approve named executive officer compensation; and (4) a shareholder proposal, if properly presented, to provide that director nominees shall be elected by majority vote.

What are the Board of Directors' recommendations? The Board recommends a vote (1) **FOR** the election of the four director nominees named in this Proxy Statement; (2) **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for 2014; (3) **FOR** the advisory vote on the compensation of the named executive officers; and (4) **AGAINST** the shareholder proposal to provide that director nominees shall be elected by majority vote.

Could other matters be decided at the Annual Meeting? We do not know of any other matters that will be raised at the Annual Meeting. The Chairman will allow presentation of a proposal or a nomination for the Board from the floor at the Annual Meeting only if the proposal or nomination was properly submitted. The proxies will have discretionary authority, to the extent permitted by law, to vote for or against other matters that may properly come before the Annual Meeting as those persons deem advisable.

How many votes can be cast by all shareholders? Each share of Ball Corporation common stock (other than 688 shares of common stock that have been granted as restricted stock without voting rights) is entitled to one vote on each of the four directors to be elected and one vote on each other matter that is properly presented at the Annual Meeting.

How do I vote my shares if I am a record holder? If you are a record holder of shares; that is, the shares are registered in your name and not the name of your broker or other nominee, you are urged to submit your proxy as soon as possible, so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy by telephone or via the Internet as instructed on the first page of the Proxy Statement and on your proxy, or you can complete, sign, date and mail your proxy card if you request a paper copy of the proxy materials. You may also vote by attending the Annual Meeting, or sending a personal representative to the Annual Meeting with an appropriate proxy, in order to vote. Unless you or a personal representative plan to be in attendance and vote at the meeting, your vote must be received no later than 11:59 p.m. (EDT) on Tuesday, April 29, 2014.

How do I vote my shares if I hold my shares under the Employee Stock Purchase Plan ("ESPP") or the 401(k) Plan? Participants may vote their shares in the manner set forth above; however, shares held through the Plans must be voted by 11:59 p.m. (EDT) on Sunday, April 27, 2014. The Trustee of the 401(k) Plan will vote the unvoted shares for each voting item in the same proportion as the voted shares for each item. The Administrator of the ESPP will vote the unvoted shares for that Plan in accordance with the Board of Directors' recommendations.

How do I vote my shares if I hold my shares in "street name" through a bank or broker? If you hold your shares as a beneficial owner through a bank, broker or other nominee, you must provide voting instructions to your bank, broker or other nominee by the deadline provided in the materials you receive from your bank, broker or other nominee to ensure your shares are voted in the way you would like at the meeting. Your bank, broker or other nominee will send you specific instructions in this regard to vote your shares. If you do not provide instructions to your bank, broker or other nominee, whether your shares are voted depends on the type of item being considered for a vote. For example, under applicable stock exchange rules, brokers are permitted to vote on "discretionary" items if the voting instructions from the beneficial owners of the shares are not provided in a timely manner. The brokers are not permitted to vote on "nondiscretionary" items. The proposal to approve the appointment of independent auditors is considered a "discretionary" item. This means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions at least 10 days before the date of the meeting. In contrast, the other items to be voted on at the Annual Meeting are "nondiscretionary" items. This means brokerage firms that have not received

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voting instructions from their clients on these items may not vote on them. These so-called "broker nonvotes" will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the votes for such items.

Can I revoke my proxy or change my vote? Shareholders of record may revoke their proxies or change their votes in writing at any time prior to the meeting by sending written notice of revocation to the Corporate Secretary; by voting again by telephone or via the Internet; by voting in writing if they requested their materials in paper copy; or by voting in person at the meeting. Attendance in and of itself at the Annual Meeting will not revoke a proxy. For shares you hold beneficially but not of record, you may change your vote by submitting new voting instructions to your broker or nominee or, if you have obtained a valid proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

VOTING SECURITIES AND PRINCIPAL SHAREHOLDERS

At the close of business on March 3, 2014, there were outstanding 140,628,064 shares of common stock (together with the associated preferred stock purchase rights under the Rights Agreement dated as of July 26, 2006, between the Corporation and Computershare Investor Services, LLC, as amended). Other than 688 shares of common stock granted as restricted stock without voting rights, each of the shares of common stock is entitled to one vote. Shareholders do not have cumulative voting rights with respect to the election of directors.

Based on Schedule 13G filings with the Securities and Exchange Commission ("SEC"), the following table indicates the beneficial owners of more than 5% of the Corporation's outstanding common stock as of December 31, 2013:

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
JPMorgan Chase & Co. 270 Park Avenue New York, New York 10017	11,832,676 ⁽¹⁾	8.10
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	9,713,828 ⁽²⁾	6.71
Vanguard Fiduciary Trust Company 500 Admiral Nelson Boulevard Malvern, Pennsylvania 19355	8,784,981 ⁽³⁾	6.07
BlackRock Inc. 40 East 52nd Street New York, New York 10022	7,663,728 ⁽⁴⁾	5.30

(1) 11,358,213 shares with sole voting power and 11,826,890 shares with sole dispositive power.

5,786 shares with shared voting power and 5,786 shares with shared dispositive power.

(2) 230,874 shares with sole voting power, 9,494,454 shares with sole dispositive power and 219,374 shares with dispositive power.

Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 186,374 shares or 0.12% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts.

Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 77,500 shares or 0.05% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

(3) 8,784,981 shares with shared voting power and 8,784,981 with shared dispositive power.

(4) 6,377,442 shares with sole voting power and 7,663,728 shares with sole dispositive power.

BENEFICIAL OWNERSHIP

The following table lists the beneficial ownership of common stock of the Corporation of our director nominees, continuing directors, all individuals who served as either our Chief Executive Officer ("CEO") or our Chief Financial Officer ("CFO") during the last fiscal year, the three other most highly compensated executive officers of the Corporation and, as a group, all of such persons and our other executive officers as of the close of business on March 3, 2014.

Title of Class	Name of Beneficial Owner	Shares Beneficially Owned ⁽¹⁾	Percent of Class ⁽²⁾	Included in Shares	Excluded from Shares	
				Number of Shares Which Become Available or Subject to Options Exercisable or Which Become Exercisable Within 60 Days of March 3, 2014 ⁽³⁾	Deferred Share or Stock Unit Equivalent ⁽⁴⁾	Restricted Stock Shares or Units ⁽⁵⁾
Common	Robert W. Alspaugh		*		21,663	26,866
Common	Charles E. Baker	256,234 ⁽⁶⁾	*	217,595	43,298	23,300
Common	Michael W. Feldser	117,141	*	76,775	48,419	26,150
Common	Hanno C. Fiedler	117,418	*			25,554
Common	John A. Hayes	973,695 ⁽⁷⁾	*	830,070	237,104	158,200
Common	Gerrit Heske	118,577	*	91,725		38,100
Common	R. David Hoover	2,103,665 ⁽⁸⁾	1.5	1,585,000	298,412	8,530
Common	John F. Lehman	159,030	*		58,553	24,866
Common	Scott C. Morrison	328,699	*	208,328	115,858	49,250
Common	Georgia R. Nelson	6,000	*		28,887	24,866
Common	Jan Nicholson	294,420	*		28,996	24,866
Common	George M. Smart	34,442	*		13,000	24,866
Common	Theodore M. Solso	75,526 ⁽⁹⁾	*		54,798	24,866
Common	Stuart A. Taylor II	80,678	*		51,950	24,866
Common	All of the above and present executive officers as a group (21)	5,347,349 ⁽¹⁰⁾	3.8	3,445,841	1,173,543	631,657

(1) Full voting and dispositive investment power; unless otherwise noted.

(2) * Indicates less than 1% ownership.

(3) Includes RSUs that may vest or options that may vest or be acquired upon exercise during the next 60 days.

(4) These deferred shares or stock units are equivalent to an equal number of shares of common stock that have been deferred to the Ball Corporation Deferred Compensation Company Stock Plans, with no voting rights or dispositive investment power with respect to the underlying common stock prior to its issuance.

(5) These Restricted Stock Shares or RSUs have no voting rights or dispositive investment power.

(6) Includes 1,040 shares owned by Mr. Baker's children, as to which he disclaims beneficial ownership.

(7) Includes 58,200 shares held in trust for Mr. Hayes' spouse, as to which he disclaims beneficial ownership.

(8) Includes 177,485 shares held in trust for Mr. Hoover's spouse, as to which he disclaims beneficial ownership.

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- (9) Includes 28,000 shares held in trust for Mr. Solso's spouse, as to which he disclaims beneficial ownership.
- (10) Includes 389,975 shares to which beneficial ownership is disclaimed. In addition, 9,944 shares have been pledged as security.

VOTING ITEM 1 ELECTION OF DIRECTORS

Pursuant to our Amended Articles of Incorporation and the Indiana Business Corporation Law, our Board of Directors is divided into three classes, as nearly equal in number as possible, with directors serving staggered three-year terms. Amendments to the Indiana Business Corporation Law in 2009 made this classified Board structure statutorily required for Ball Corporation, effective from and after July 31, 2009. On April 30, 2014, four persons are to be elected to serve as directors until the 2017 Annual Meeting of Shareholders. Unless otherwise instructed on the accompanying proxy, the persons named in the proxy intend to vote for nominees John A. Hayes, George M. Smart, Theodore M. Solso and Stuart A. Taylor II to hold office as directors of the Corporation until the 2017 Annual Meeting of Shareholders (Class II), or, in each case, until his respective successor is elected and qualified. All nominees have consented to be named as candidates in the Proxy Statement and have agreed to serve if elected. If, for any reason, any of the nominees becomes unavailable for election, the shares represented by proxies will be voted for any substitute nominee or nominees designated by the Board. The Board has no reason to believe that any of the nominees will be unable to serve.

In accordance with the Indiana Business Corporation Law, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. If more "withhold" than "for" votes are received, our Bylaws require the director to resign and our Nominating/Corporate Governance Committee must make a recommendation to the Board to consider whether to accept the resignation. The relevant Bylaw provisions are set out in Exhibit A to this Proxy Statement. Abstentions and broker nonvotes are considered neither votes "for" nor "against." Proxies may not be voted for a greater number of persons than the four named nominees.

Set forth for each director nominee in Class II and for each continuing director in Classes I and III is the director's principal occupation and employment during the past five years or, if longer, the period during which the director has served as a director, and certain other information, including his or her public company directorships during the past five years.

DIRECTOR NOMINEES AND CONTINUING DIRECTORS

To Be Elected for a Term of Three Years Until the 2017 Annual Meeting (Class II)

Chairman, Ball Corporation since April 2013; President and Chief Executive Officer, Ball Corporation, since January 2011; President and Chief Operating Officer, January 2010 to January 2011; Executive Vice President and Chief Operating Officer, 2008 to 2010; President, Ball Packaging Europe and Senior Vice President, Ball Corporation, 2007 to 2008; Executive Vice President, Ball Packaging Europe and Vice President, Ball Corporation, 2005 to 2006; Vice President, Corporate Strategy, Marketing and Development, 2003 to 2005; Vice President, Corporate Planning and Development, 2000 to 2003; Senior Director, Corporate Planning and Development, 1999. Age 48.

John A. Hayes

President, Sonoco-Phoenix, Inc., North Canton, Ohio, a subsidiary of Sonoco Products Company, 2001 to 2004. Age 68.

George M. Smart

Chairman and Chief Executive Officer, Cummins Inc., Columbus, Indiana, 2000 to 2011. Age 67.

Theodore M. Solso

Director since 2010.

Director since 2005. Member, Human Resources and Nominating/Corporate Governance Committees.

Mr. Smart is a director of FirstEnergy Corp., Akron, Ohio.

Director since 2003. Member, Human Resources and Nominating/Corporate Governance Committees.

Mr. Solso is a director of General Motors Co. In the past five years, Mr. Solso has served on the board of Ashland Inc., Covington, Kentucky.

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Chief Executive Officer, The Taylor Group LLC, Chicago, Illinois, since June 2001; Senior Managing Director, Bear, Stearns & Co. Inc., Chicago, Illinois, 1999 to 2001. Age 53.

Director since 1999. Member, Audit and Human Resources Committees.

Mr. Taylor is a director of Hillenbrand, Inc., Batesville, Indiana; and United Stationers, Inc., Deerfield, Illinois.

Stuart A. Taylor II

The Board of Directors recommends that shareholders vote "FOR" the election of each nominee for Director named above.

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To Continue in Office Until the 2015 Annual Meeting (Class III)

Chief Executive Officer, KPMG International, 2002 to 2005. Age 67.

Director since 2008. Member, Audit and Finance Committees.

Mr. Alspaugh is a director of Autoliv, Inc., Stockholm, Sweden; and VeriFone Systems, Inc., San Jose, California.

Robert W. Alspaugh

Chairman, Ball Corporation, January 2011 to April 2013; Chairman and Chief Executive Officer, January 2010 to January 2011; Chairman, President and Chief Executive Officer, April 2002 to January 2010; President and Chief Executive Officer, January 2001 to April 2002; Vice Chairman, President and Chief Operating Officer, April 2000 to January 2001; Vice Chairman, President and Chief Financial Officer, January 2000 to April 2000; Vice Chairman and Chief Financial Officer, 1998 to 2000; Executive Vice President and Chief Financial Officer, 1997 to 1998; Executive Vice President, Chief Financial Officer and Treasurer, 1996 to 1997. Age 68.

Director since 1996. Member, Finance Committee.

Mr. Hoover is a director of Eli Lilly and Company, Indianapolis, Indiana; Energizer Holdings, Inc., St. Louis, Missouri; and Steelcase, Inc., Grand Rapids, Michigan. In the past five years, Mr. Hoover served on the board of Irwin Financial Corporation, Columbus, Indiana; and Qwest Communications International, Inc., Denver, Colorado.

R. David Hoover

President, The Grable Foundation, Pittsburgh, Pennsylvania, since 1990; Managing Director, Strategic Risk Assessment, MBIA Insurance Corporation, Armonk, New York, 1998 to 2000; Managing Director, Research and Development, Capital Markets Assurance Corporation (CapMAC), New York, New York, 1994 to 1998. Age 68.

Director since 1994. Member, Audit and Finance Committees.

Ms. Nicholson is a director of Radian Group Inc., Philadelphia, Pennsylvania.

Jan Nicholson

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To Continue in Office Until the 2016 Annual Meeting (Class I)

Executive Vice President, Ball Corporation, and Chairman and Chief Executive Officer, Ball Packaging Europe, December 2002 to December 2005; Chairman and Chief Executive Officer, Schmalbach-Lubeca AG, 1996 to 2002. Age 68.

Director since 2002. Member, Audit and Nominating/Corporate Governance Committees.

Mr. Fiedler serves on the Supervisory Board of manroland AG, Offenbach, Germany. In the past five years, Mr. Fiedler has served on the Supervisory Boards of Pfeiderer AG, Neumarkt, Germany; Langmatz GmbH (now Langmatz AG), Garmisch-Partenkirchen, Germany; Thyssenkrupp Steel AG, Duisburg, Germany; HowaldtswerkeDeutsche Werft AG, Kiel, Germany; and Pfeiderer Unternehmensverwaltung GmbH, Neumarkt, Germany.

Hanno C. Fiedler

Chairman, J.F. Lehman & Company, New York, New York, since 1990. Age 71.

Director since 1987. Member, Finance and Nominating/Corporate Governance Committees.

Mr. Lehman is a director of EnerSys, Reading, Pennsylvania; and Verisk Analytics, Inc., Jersey City, New Jersey.

John F. Lehman

President and Chief Executive Officer, PTI Resources, LLC, Chicago, Illinois, since June 2005; President, Midwest Generation EME LLC, Chicago, Illinois, April 1999 to June 2005; General Manager, Edison Mission Energy Americas, Irvine, California, January 2002 to June 2005. Age 64.

Director since 2006. Member, Human Resources and Nominating/Corporate Governance Committees.

Ms. Nelson is a director of Cummins Inc., Columbus, Indiana. In the past five years, Ms. Nelson has served on the board of Tower Automotive, Inc., Novi, Michigan; and Nicor Inc., Naperville, Illinois.

Georgia R. Nelson

DIRECTOR AND NOMINEE EXPERIENCE AND QUALIFICATIONS

Set out below are the specific experience, qualifications, attributes and skills of each of the Corporation's directors and director nominees which led the Ball Corporation Board of Directors ("Ball Board") to conclude that each person should serve as a director of the Corporation.

Robert W. Alspaugh Mr. Alspaugh enjoyed a distinguished 35-year career with KPMG, with increasing responsibility, which culminated in his acting as Deputy Chairman and Chief Operating Officer of KPMG-U.S. from 1998 to 2002 and Chief Executive Officer of KPMG International from 2002 to October 2005. Mr. Alspaugh's extensive experience, qualifications and skills as a leader of one of the "big four" global accounting firms enhance his service on the Corporation's Audit Committee and he has provided valuable input as a result. He also sits on two other public company boards, one in the U.S. and the other in Europe (where he chairs the audit committee), thus providing good cross-functional background and experience, with an international component. Mr. Alspaugh's extensive professional experience as a leader of a major global accounting firm, advising and supporting large international corporations, as well as his service on other company boards, make him well qualified to serve as a director.

Hanno C. Fiedler After a successful career with TRW, Inc., in 1996 Mr. Fiedler became Chairman and Chief Executive Officer of Schmalbach-Lubeca AG, one of the largest and most successful rigid packaging companies based in Europe. When Ball acquired the beverage can business of Schmalbach-Lubeca in December 2002, Mr. Fiedler became Chairman and Chief Executive Officer of Ball Packaging Europe GmbH and also joined the Board of Ball Corporation. In that capacity, Mr. Fiedler provided excellent leadership to our newly-acquired European business which generated strong earnings performance during his tenure, despite the adverse effects of the German mandatory deposit system for rigid packaging which was initiated in 2003. Mr. Fiedler retired from active management of Ball Packaging Europe at the end of 2005. He serves on the Supervisory Board of a major German company. His leadership experience within the rigid container industry worldwide, with specific emphasis on Europe, makes him well qualified to serve as a director.

John A. Hayes Prior to joining Ball Corporation in 1999, Mr. Hayes was a Vice President of Lehman Brothers Inc. and part of an investment banking team which focused on merger and acquisition and financing advice to several major companies, including the Corporation. At Ball, Mr. Hayes initially headed our corporate development and planning activities as Senior Director and then Vice President, Corporate Planning and Development, taking on the added responsibilities of marketing and new product development from 2003 to mid-2005. He then served as President of Ball Packaging Europe, which produced excellent financial results and strong revenue growth under his leadership. During 2008 and 2009, Mr. Hayes served as Ball's Executive Vice President and Chief Operating Officer, successfully leading our key operating divisions through the economic and financial crisis. In January 2010, he was named our President and Chief Operating Officer and joined the Ball Board. In January 2011, he became our President and Chief Executive Officer, and in April 2013 he also became our Chairman. Mr. Hayes' extensive investment banking and leadership experience within Ball make him well qualified to serve as a director.

R. David Hoover Mr. Hoover has enjoyed a varied and successful 44-year career with Ball as a director, officer and employee serving in multiple corporate and divisional roles, including as Vice President and Treasurer from 1987 through 1992, Chief Financial Officer from 1993 to April 2000, and Chief Operating Officer for the balance of 2000. He was our Chief Executive Officer from January 2001 to January 2011, and led the Corporation through an unprecedented period of growth in revenues, earnings per share and free cash flow. Mr. Hoover's considerable working knowledge and leadership experience with respect to our Corporation make him uniquely qualified to serve as a director. He has been a Ball Board member for 18 years, serving as Chairman from 2002 until 2013, and serves as a director of three other U.S.-based public companies. Mr. Hoover has also served on the Board of Trustees of DePauw University since 2002 and serves on the Boards of the Boulder Community Hospital and the Denver Children's Hospital.

John F. Lehman Mr. Lehman served as Secretary of the Navy in the Reagan Administration from 1981 to 1987, after which he was Managing Director of Paine Webber Inc.'s Investment Banking Division from 1988 to 1990 where he led the firm's aerospace and defense advisory practice. He then established J.F. Lehman & Company, a New York-based investment company, and has served as its Chairman since 1990. Mr. Lehman also serves as a director of two other public companies. In addition, Mr. Lehman is Chairman of the Princess Grace Foundation and an Overseer of the School of Engineering at the University of Pennsylvania. He has a rare combination of extensive business experience, public service, political acumen and global perspective. Mr. Lehman served as a member of the National Commission on Terrorist Attacks Upon the United States, also known as the 9/11 Commission, from 2002 to 2004. He has been an astute and valuable member of Ball's Board for over 25 years and has chaired its Finance Committee for many years. Mr. Lehman's public service, financial industry experience and Ball Board experience make him well qualified to serve as a director.

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Georgia R. Nelson Ms. Nelson has enjoyed a successful career in the energy industry, serving as a senior executive for several U.S. and international energy companies, including as President of Midwest Generation EME, LLC from April 1999 to June 2005 and General Manager of Edison Mission Energy Americas from January 2002 to June 2005. She has had extensive international experience as well as environmental and policy experience on four continents. Ms. Nelson regularly lectures on business and corporate governance matters including at Northwestern University's Kellogg Graduate School of Management, and serves on the advisory committee of the Center for Executive Women at Northwestern. Ms. Nelson is a National Association of Corporate Directors ("NACD") Board Leadership Fellow. She also serves as a director of Cummins, Inc. and CH2M HILL Inc. Previously, Ms. Nelson served on four other publicly traded company boards. Ms. Nelson's leadership roles in global businesses as well as her service on other company boards, clearly qualify her to serve as a director of our Corporation.

Jan Nicholson Ms. Nicholson enjoyed a long and successful career in the financial services industry in New York, which, after an 18-year tenure at Citicorp, included positions as Managing Director, Research and Development for CapMAC from 1994 to 1998 and Managing Director, Strategic Risk Assessment for MBIA Insurance Corporation from 1998 to 2000. She also served as a director of Rubbermaid, Inc., from 1992 until 1999, and chaired its audit committee from 1994 through 1998. In addition, Ms. Nicholson is a director of Radian Group Inc., a public company, and has been President of the Grable Foundation since 1990. She has been a member of Ball's Board for 20 years and chaired our Audit Committee from 2004 to 2012. Ms. Nicholson's career in the financial services industry and her service on the Rubbermaid audit committee and board, as well as her long service in those capacities with Ball, make her well qualified to serve as a director.

George M. Smart Mr. Smart's long career and success in the U.S. can manufacturing industry make him well qualified to serve as a director. He steadily assumed increasing responsibility at Central States Can Co., a division of Van Dorn Company, culminating in his acting as its President and Chief Executive Officer from 1978 to 1993. When Central States was acquired in 1993, Mr. Smart and his management team established a start-up company, Phoenix Packaging Corporation, to manufacture and sell full-panel easy-open ends for food containers, including to Ball's food can division. Serving as Chairman and Chief Executive Officer for Phoenix, Mr. Smart led its growth to a profitable company with revenues in excess of \$80 million, when it was sold to Sonoco Products Company and became Sonoco-Phoenix, Inc. in 2001. Mr. Smart served as President of Sonoco-Phoenix until 2004 and has been Chairman of the Board of FirstEnergy Corp. since 2004. Mr. Smart also previously served on the boards of Belden & Blake Corporation, Commercial Intertech Corporation, Unizan Financial, Van Dorn Company and as Chairman of the Can Manufacturers Institute.

Theodore M. Solso Mr. Solso had a successful 40-year career at Cummins Inc., a Fortune 500 manufacturing company with operations around the world. This culminated with Mr. Solso becoming Chairman and Chief Executive Officer of Cummins in January 2000, a position he held through 2011, for a total of 12 years. Under his leadership, Cummins increased revenues from \$6.6 billion in 2000 to over \$18 billion in 2011. During the same period, its earnings per share and operating cash flow increased from \$0.35 and \$550 million, to \$9.55 and \$2.1 billion, respectively. Mr. Solso has been on the Ball Board since 2003 and is a member of The Indiana Academy and the President's Management Advisory Board, as well as being a trustee of Earth University in Costa Rica. He also serves on the board of General Motors Co. and was elected its Chairman in December 2013. Mr. Solso's long experience in leadership positions with a major global manufacturing company and his service on other public company boards make him well qualified to serve as a director.

Stuart A. Taylor II Prior to starting his own private equity firm, Mr. Taylor spent 19 years in investment banking. The majority of that time was spent at Morgan Stanley in its Corporate Finance Department. In that capacity he executed a number of mergers and acquisitions and financings, including working with Ball in 1993 on the acquisition of Heekin Can Company. He also spent time at several other firms including Bear Stearns where he was a Senior Managing Director and Head of the Chicago office. In 2001, Mr. Taylor established The Taylor Group LLC, of which he is Chief Executive Officer, a successful investment company that primarily invests in small to mid-market businesses. Mr. Taylor has been a director of Ball since 1999, acted as our Presiding Director from 2004 to 2008 and chairs our Human Resources Committee. He is also a director of two other U.S.-based public companies. Mr. Taylor's extensive experience as an investment banker, entrepreneurial investor and Ball Board member make him well qualified to serve as a director.

BOARD LEADERSHIP STRUCTURE AND RISK OVERSIGHT

In April 2013, John A. Hayes was named Chairman of the Board, having been elected a director in 2010. In 2011, prior to his election as Chairman, Mr. Hayes was named President and Chief Executive Officer ("CEO"), while R. David Hoover, our predecessor CEO, continued to serve as Chairman of the Board. The decision to split the position of Chairman and CEO at that time was part of an orderly succession plan by which Mr. Hayes transitioned into his current role. Mr. Hayes assumed the position of Chairman after more than 14 years with Ball, most recently serving as President and CEO and a member of the Board. Mr. Hayes and Mr. Hoover have worked closely together for many years, and their continued collaboration in the past three years has resulted in a smooth change in Board leadership that has been beneficial to shareholders. Mr. Hoover continues to serve as a Board member.

Our Board of Directors is composed of Mr. Hayes, Mr. Hoover and eight other directors, all of whom are independent directors. The Board has four standing committees: Audit, Nominating/Corporate Governance, Human Resources and Finance. Each of the committees, except for Finance, is composed solely of independent directors (the Finance Committee is primarily composed of independent directors), with each of the four committees having an independent director serving as chairman. Mr. Solso has served as Lead Director since April 2013.

Although the Corporation's Bylaws do not require that the roles of Chairman and CEO be combined, we believe our Corporation and its shareholders are well served by this traditional board leadership model. Having a single person lead the Corporation and the Board provides clear leadership, helps to maintain uniform management vision for the Corporation and the Board and provides efficiency. Pursuant to SEC and New York Stock Exchange ("NYSE") rules, regularly scheduled executive sessions of nonmanagement directors are held. Executive sessions of independent directors are also held at least annually. Such meetings promote open discussion by nonmanagement and independent directors, enabling them to serve as a check on management, if necessary. The meetings of the independent directors are chaired by the Lead Director, who is an independent director appointed by the Board.

In accordance with NYSE requirements, our Audit Committee is responsible for overseeing the risk management function of the Corporation. While the Audit Committee has primary responsibility for overseeing risk management, the entire Board is involved in overseeing risk management for the Corporation. Additionally, each Board committee considers the specific risks within its area of responsibility. Our Internal Audit Department has, for many years, analyzed various areas of risk to the Corporation and has provided risk assessment and analysis to our Audit Committee. In 2007, the Corporation established a comprehensive Enterprise Risk Management process which is now supervised by our Senior Vice President and Chief Financial Officer, whereby key corporate and divisional risks are systematically identified and assessed on a quarterly basis. The results of this ongoing risk assessment are reported to our Audit Committee and to our Board at least annually.

One of the responsibilities of our Board of Directors is to evaluate the effectiveness of the Board and make recommendations involving its organization and operation. We recognize that different board leadership structures may be appropriate for different companies and at different times. We believe our current leadership structure, with Mr. Hayes serving as Chairman, President and CEO, a Board with a majority of independent directors, an independent chairman for each of our standing Board committees and separate meetings of nonmanagement and independent directors, the latter led by the Lead Director, provides the most effective form of leadership for our Corporation at this time. We believe that our directors provide effective oversight of risk management through the Board's regular dialogue with Ball management, the Enterprise Risk Management process and assessment of specific risks within each Board committee's areas of responsibility.

BOARD DIVERSITY

Ball's Nominating/Corporate Governance Committee consistently applies the principles of diversity in its consideration of candidates for Board positions. In addition to considering characteristics such as race, gender and national origin, the Committee considers a variety of other characteristics such as business and professional experience, education and skill, all leading to differences of viewpoint and other individual qualities that contribute to Board heterogeneity. This has resulted in a diverse group of talented and capable Board members, as described in more detail under "Director and Nominee Experience and Qualifications."

GOVERNANCE OF THE CORPORATION

Corporate Governance Guidelines

The Board has established Corporate Governance Guidelines to comply with the relevant provisions of Section 303A of the NYSE Listed Company Manual (the "NYSE Listing Standards"). The Corporate Governance Guidelines are set forth on the Corporation's website at www.ball.com under the "Investors" page, and under the link, "Corporate Governance." A copy may also be obtained upon request from the Corporation's Corporate Secretary.

Policies on Business Ethics and Conduct

Ball established a Corporate Compliance Committee in 1993, which now consists of a focal point in each operating division, and which is chaired by a designated Compliance Officer. The Committee provides quarterly reports to management and to the Audit Committee. The Committee also publishes a code of business ethics, which is in the form of the Business Ethics booklet. The Board has adopted a separate additional business ethics statement referred to as the Ball Corporation Executive Officers and Directors Business Ethics Statement ("Executive Officers and Directors Ethics Statement") designed to establish principles requiring the highest level of ethical behavior toward achieving business success within the requirements of the law and the Corporation's policies and ethical standards. The Business Ethics booklet and the Executive Officers and Directors Ethics Statement are set forth on the Corporation's website at www.ball.com under the "Investors" page, and under the link, "Corporate Governance." Copies may also be obtained upon request from the Corporation's Corporate Secretary.

Director Training

All new directors receive orientation training soon after being elected to the Board. Continuing education programs are made available to directors including internal presentations, third-party presentations and externally offered programs. One director attended externally offered director training programs in 2013 and five directors did so in 2012.

Communications With Directors

The Corporation has established means for shareholders or others to send communications to the Board. Persons interested in communicating with the Board, its individual directors or its committees may send communications in writing to the Corporate Secretary or the Chairman of the Board. The communication should be sent in care of the Corporate Secretary, Ball Corporation, by mail to P.O. Box 5000, Broomfield, Colorado 80038-5000 or facsimile transmission to 303-460-2691.

In accordance with the NYSE and SEC requirements, the Corporation has established additional means for interested parties to send communications to the Board and selected committees, which are described on the Corporation's website at www.ball.com under the "Investors" page and under the link, "Corporate Governance."

Shareholder proposals for inclusion in the Corporation's proxy materials will continue to be handled and must be communicated as disclosed in this Proxy Statement under "Shareholder Proposals for 2015 Annual Meeting."

Meetings of Nonmanagement and Independent Directors

The Board meets regularly and not less than four times per year. Nonmanagement directors meet regularly, usually in conjunction with a regular Board meeting. Independent directors meet at least annually. Theodore M. Solso served as Presiding Director for meetings of independent directors held through April 23, 2013, and as Lead Director thereafter.

Director Independence Standards

Pursuant to the NYSE Listing Standards, the Board has adopted a policy adhering to the director independence requirements of the NYSE in determining the independence of directors. These standards are described on the Corporation's website at www.ball.com under the "Investors" page, and under the link, "Corporate Governance."

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The Board has determined that a majority of the Board is independent, and that based upon the NYSE independence standards, during 2013 each of the members of the Board was and currently is independent with the exception of Messrs. Hayes and Hoover.

CERTAIN COMMITTEES OF THE BOARD

The standing committees of the Board are the Audit, Nominating/Corporate Governance, Human Resources and Finance Committees.

Audit Committee:

The primary purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities to oversee management's conduct and the integrity of the Corporation's public financial reporting process including the oversight of (1) accounting policies; (2) the system of internal accounting controls over financial reporting; (3) disclosure controls and procedures; (4) the performance of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Corporation (the "independent auditor"); (5) the Internal Audit Department; and (6) oversight of our risk management. The Audit Committee is responsible for engaging and evaluating the Corporation's independent auditor, including the independent auditor's qualifications and independence; resolving any differences between management and the independent auditor regarding financial reporting; preapproving all audit and non-audit services provided by the independent auditor; and establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

Members of the Audit Committee are Ms. Nicholson and Messrs. Alspaugh, Fiedler and Taylor. Mr. Erik van der Kaay served on the Committee until his retirement on April 24, 2013. The Board has determined that each member of the Audit Committee is independent and financially literate, has accounting or financial management expertise and is an Audit Committee financial expert under the NYSE Listing Standards and the SEC regulations. The Audit Committee met five times during 2013.

The Report of the Audit Committee is set forth later in this Proxy Statement. The Committee has considered the non-audit services provided during 2013 and 2012 by the independent auditor as disclosed below and determined the services were compatible with maintaining the auditor's independence. The Committee believes the fees paid to the independent auditor in respect of the services were appropriate, necessary and cost-efficient in the management of the business of the Corporation and are compatible with maintaining the auditor's independence.

The following sets forth the name and present principal occupation of each executive officer and director of Blue Ridge Investments, L.L.C. The business address of each of the executive officers and directors of Blue Ridge Investments, L.L.C. is 214 North Tryon Street, Charlotte, North Carolina 28255.

Name	Position with Blue Ridge Investments, L.L.C.	Principal Occupation
Paul J. Baalman	Manager	Managing Director, Chief Operating Officer/ Corporate Treasury of Bank of America, National Association
Keith T. Banks	Manager and Executive Vice President	President US Trust and Co-Head Private Wealth Management of Bank of America, National Association
Alastair Borthwick	Executive Vice President	Managing Director, Global Capital Markets Product Head of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Lisa L. Carnoy	Executive Vice President	Managing Director, Head of Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated
George C. Carp	Executive Vice President	Managing Director, Capital Markets Finance Executive of Bank of America Corporation
John C. Cokinos	Executive Vice President	Managing Director, Head of Capital Raising Products of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Neil A. Cotty	Executive Vice President	Chief Accounting Officer of Bank of America Corporation
Sara M. Cummings	Executive Vice President	Director, Senior Asset Liability Manager of Bank of America, National Association
Stephan L. Dellosso	Manager	Managing Director, Counterparty Credit Risk Senior Executive of Bank of America, National Association
David J. Flannery	Executive Vice President	Managing Director, Global Banking and Markets Risk Management Executive of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Lawrence Forte	Manager and Executive Vice President	Managing Director, Business Support Executive of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Graham C. Goldsmith	Executive Vice President	Managing Director, Head of Distressed of Merrill Lynch, Pierce, Fenner & Smith Incorporated

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Wendy J. Gorman	Executive Vice President	Managing Director, Risk Management Executive of Bank of America, National Association
Geoffrey Greener	Executive Vice President	Managing Director, Capital Management Executive for Merrill Lynch, Pierce, Fenner & Smith Incorporated
Mark D. Linsz	Executive Vice President	Managing Director, Treasurer of Bank of America, National Association
Walter J. Muller	Executive Vice President	Managing Director, Chief Investment Officer of Bank of America, National Association
Gregory Mulligan ²	Executive Vice President	Managing Director, Global Bank Funding Executive of Bank of America, National Association/London Branch
Alice Jane Murphy	Executive Vice President	Managing Director, Head of Capital Raising Product for Merrill Lynch, Pierce, Fenner & Smith Incorporated
Michael B. Nierenberg	Executive Vice President	Managing Director, Head of Mortgages of Merrill Lynch, Pierce, Fenner & Smith Incorporated
James M. Probert	Executive Vice President	Managing Director, Product Head for High Grade Capital Markets-US of Merrill Lynch, Pierce, Fenner & Smith Incorporated
James G. Rose, Jr.	Executive Vice President	Managing Director, Product Head - Global Capital Markets of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Gerhard Seebacher ³	Executive Vice President	Managing Director, Head of Global Rates, Foreign Exchange and Structured Credit Trading of Merrill Lynch, Pierce, Fenner & Smith Incorporated
Peter D. Taube	Manager and Executive Vice President	Managing Director, Capital Markets Finance Executive of Bank of America, National Association

Schedule II

BAC Foreclosure Practice Order

On April 13, 2011, the Board of Governors of the Federal Reserve System (“Federal Reserve”) issued a cease and desist consent order (“Consent Order”) against Bank of America Corporation (“BAC”). The Consent Order makes no finding on any issues of fact or law or any explicit allegation concerning BAC. The Consent Order describes a consent order that the Office of the Comptroller of the Currency (“OCC”) and Bank of America, N.A. (“BANA”), which is owned and controlled by BAC, entered into addressing areas of weakness identified by the OCC in mortgage loan servicing, loss mitigation, foreclosure activities, and related functions by BANA. The Consent Order also states that the OCC’s findings raised concerns that BAC did not adequately assess the potential risks associated with such activities of BANA. The Consent Order directs the board of directors of BAC to take appropriate steps to ensure that BANA complies with the OCC consent order. The Consent Order requires BAC and its institution-affiliated parties to cease and desist and take specified affirmative action, including that BAC or its board: (1) take steps to ensure BANA complies with the OCC order; (2) submit written plans to strengthen the board’s oversight of risk management, internal audit, and compliance programs concerning certain mortgage loan servicing, loss mitigation, and foreclosure activities conducted through BANA; and (3) periodically submit written progress reports detailing the form and manner of all actions taken to secure compliance with the Consent Order. BAC submitted an offer of settlement to the Federal Reserve. In the offer of settlement, BAC agreed to consent to the entry of the Consent Order, without the Consent Order constituting an admission by BAC or any of its subsidiaries of any allegation made or implied by the Federal Reserve in connection with the matter.

BANA Foreclosure Practice Order

On April 13, 2011, the OCC issued a cease and desist consent order (“Order”) against BANA. The Order identified certain deficiencies and unsafe or unsound practices in residential mortgage servicing and in BANA’s initiation and handling of foreclosure proceedings. The Order finds that in connection with certain foreclosures of loans in its residential servicing portfolio, BANA; (a) filed or caused to be filed in courts executed affidavits making various assertions that were not based on the affiants’ personal knowledge or review of relevant books and records; (b) filed or caused to be filed in courts numerous affidavits or other mortgage-related documents that were not properly notarized; (c) litigated foreclosure proceedings and initiated non-judicial foreclosure proceedings without always ensuring that the promissory note or the mortgage document was properly endorsed or assigned and, if necessary, in the possession of the appropriate party at the appropriate time; (d) failed to devote sufficient resources to ensure

2 Mr. Mulligan is a citizen of the United Kingdom.

3 Mr. Seebacher is a citizen of Austria.

proper administration of its foreclosure processes; (e) failed to devote to its foreclosure processes adequate oversight, internal controls, policies and procedures, compliance risk management, internal audit, third party management and training; and (f) failed to sufficiently oversee third-party providers handling foreclosure-related services. The Order requires that BANA cease and desist such practices and requires BANA's Board to maintain a Compliance Committee that is responsible for monitoring and coordinating BANA's compliance with the Order. The Order provides for BANA to: (a) submit a comprehensive action plan that includes a compliance program, third-party management policies and procedures, controls and oversight of BANA's activities with respect to the Mortgage Electronic Registration System and compliance with MERSCORP's membership rules, terms, and conditions; (b) retain an independent consultant to conduct an independent review of residential foreclosure actions regarding individual borrowers; (c) plan for operation of management information systems; (d) submit a plan for effective coordination of communications with borrowers related to loss mitigation or loan modification and foreclosure activities; (e) conduct an assessment of BANA's risks in mortgage servicing operations; and (f) submit periodic written progress reports detailing the form and manner of all actions taken to secure compliance with the Order. BANA submitted an offer of settlement to the OCC. In the offer of settlement, BANA agreed to consent to the entry of the Order, without admitting or denying any wrongdoing.

Gail Cahaly, et al. v. Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Benistar Property Exchange Trust Co., Inc. ("Benistar"), et al. (Massachusetts Superior Court, Suffolk County, MA)

Plaintiffs alleged that Merrill Lynch aided and abetted a fraud, violation of a consumer protection law, and breach of fiduciary duty allegedly perpetrated by Benistar, a former Merrill Lynch client, in connection with trading in the client's account. During the proceedings, plaintiff also made allegations that Merrill Lynch engaged in sanctionable conduct in connection with the discovery process and the trial. In 2002, following a trial, a jury rendered a verdict for plaintiffs. Thereafter, the Court granted Merrill Lynch's motion to vacate and plaintiffs' motion for a new trial. On June 25, 2009, following a retrial, the jury found in plaintiffs' favor. On January 11, 2011, the Court entered rulings denying plaintiffs' motion for sanctions and punitive damages, awarding certain plaintiffs consequential damages, and awarding attorneys' fees and costs. On February 7, 2011, the Court issued final judgment requiring Merrill Lynch to pay \$9,669,443.58 in consequential and compensatory damage plus statutory interest, and \$8,700,000 in attorneys' fees and costs; but denying plaintiffs' requests for punitive damages and sanctions. The client, a co-defendant, filed a notice of appeal of the Court's denial of its motion for a new trial on or about January 19, 2011. On or about January 24, 2011, plaintiffs filed a notice of appeal of the Court's denial of their motion for sanctions pursuant to Mass. Gen. Laws c. 231 § 6G. On March 1, 2011, the plaintiffs filed a notice of appeal of the Court's denial of their requests for punitive damages and sanctions, and the Applicant filed a notice of cross-appeal on March 15, 2011.

BAC Muni Derivative Settlement

The Federal Reserve reviewed certain activities related to various types of anti-competitive

activity by certain employees of BAC in conjunction with the sale of certain derivative financial products to municipalities and non-profit organizations variously between 1998 and 2003. Following the review, BAC and the Federal Reserve entered into a Formal Written Agreement on December 6, 2010, to ensure that BAC proactively and appropriately manages its compliance risk related to certain competitively bid transactions. In addition, BAC agreed to submit a written plan to strengthen BAC's compliance risk management program regarding those same competitively bid transactions, and to promptly implement that plan once it is approved by the Federal Reserve Bank of Richmond.

BANA Muni Derivative Settlement

The OCC reviewed certain activities related to the participation of certain employees of BANA in the sale of certain derivative financial products to municipalities and non-profit organizations, and found information indicating that certain BANA employees engaged in illegal bidding activity related to the sale of those derivative financial products variously between 1998 and January 2004. Following the review, BANA and the OCC entered into a Formal Written Agreement on December 7, 2010, to ensure that BANA proactively and appropriately manages its compliance risk related to various competitively bid transactions, including those related to derivative financial products to municipalities and non-profit organizations.

In addition, BANA agreed to do a formal assessment of all business lines that engage in certain types of competitively bid transactions, to complete a formal evaluation of the operational policies and procedures applicable to such businesses to ensure that adequate policies and procedures exist to ensure compliance with safe and sound banking practices, law, and regulations related to the competitively bid transactions, and to develop an internal training program to ensure compliance with all laws and regulations related to competitively bid transactions. Upon approval by the OCC, BANA must immediately begin to implement the policies, procedures and programs called for by the Agreement. Finally, BANA agreed to pay unjust enrichment in the amount of \$9,217,218 to certain counterparties identified by the OCC.

Merrill Lynch (as successor to BAS) Muni Derivative Settlement

On December 7, 2010, the Securities and Exchange Commission ("SEC") issued an administrative and cease-and-desist order (the "Order") finding that Banc of America Securities LLC ("BAS") (which was merged with and into Merrill Lynch on November 1, 2010) willfully violated Section 15(c)(1)(A) of the Securities Exchange Act of 1934 when certain employees participated in improper bidding practices involving the temporary investment of proceeds of tax-exempt municipal securities in reinvestment products during the period 1998-2002. The Order censured BAS, ordered BAS to cease and desist from committing or causing such violations and future violations, and ordered BAS to pay disgorgement plus prejudgment interest in the amount of \$36,096,442.00. BAS consented to the Order without admitting or denying the SEC's findings.

Merrill Lynch 529 Plan AWC

On November 23, 2010, the Financial Industry Regulatory Authority ("FINRA") alleged that

Merrill Lynch violated MSRB Rule G-27 in that during the period January 2002 to February 2007, Merrill Lynch required registered representatives to consider potential state tax benefits offered by a state in which a client resides as a factor when recommending a client invest in a 529 plan. But Merrill Lynch's written supervisory procedures did not require supervisors to document reviews to determine if registered representatives had in fact considered potential state tax benefits when recommending a client invest in a 529 plan. As a result, Merrill Lynch did not have effective procedures relating to documenting its suitability determinations in connection with the sale of 529 plans. Without admitting or denying the findings, Merrill Lynch consented to the described sanctions and to the entry of findings; therefore, Merrill Lynch is censured, fined \$500,000 and required within 60 days of execution of this Acceptance, Waiver and Consent ("AWC") to distribute a stand-alone letter acceptable to FINRA to each current customer who resided in a state that offered 529-related state tax benefits at the time the customer opened an advisor-sold specific 529 plan account at Merrill Lynch from June 2002 through February 2007; the letter will instruct the customers to call a designated Merrill Lynch phone number with inquiries, concerns or complaints regarding their 529 investment. The designated number will be available for 120 days after which the number will contain a recorded message to contact Merrill Lynch's college plan services area. If requested within 180 days of mailing of the 529 letter, Merrill Lynch will assist in transferring or rolling-over any customer's investment in the specific plan into a 529 plan of the customer's choice within his/her home state, regardless of whether Merrill Lynch currently offers such 529 plan, with Merrill Lynch waiving any and all client fees, costs in connection with the sale, transfer, or roll-over of the specific plan; and/or any and all client fees, costs due to Merrill Lynch in connection with the initial purchase of a 529 plan within the customer's home state using the proceeds of the specific plan. Merrill Lynch shall provide FINRA semi-annually or upon FINRA's request, until December 31, 2011, a report describing each oral/written inquiry, concern or complaint received through the designated number or any written complaint otherwise received by Merrill Lynch concerning the specific plan from the 529 letter recipients, along with a description of how Merrill Lynch addressed or resolved the inquiries, concerns or complaints of each such customer.

Merrill Lynch (as successor to BAI) Massachusetts Consent

On November 17, 2010, the Commonwealth of Massachusetts Securities Division alleged that two employees of Banc of America Investment Services, Inc. ("BAI") (which merged with and into Merrill Lynch on 10/23/2009) sold Fannie Mae and Freddie Mac federal agency step-up bonds to an investor and that they did not describe the bonds accurately. The state regulator alleged that BAI failed to supervise the conduct in violation of M.G.L. C.110a § 204(a)(2)(g). Only BAI was named as a respondent in the consent order. On November 16, 2010, BAI submitted an offer of settlement, without admitting or denying the facts and without an adjudication of any issue of law or fact, and consented to the entry of the consent order. BAI agreed to a fine of \$100,000, to cease and desist, and to an undertaking to retain an independent compliance consultant and impose heightened supervision on a representative.

Merrill Lynch FINRA UIT AWC

On August 18, 2010, FINRA alleged that Merrill Lynch violated NASD Rules 2110, 2210, 3010--in that Merrill Lynch failed to establish, maintain and enforce a supervisory system and written

supervisory procedures reasonably designed to achieve compliance with its obligations to apply sales charge discounts to all eligible Unit Investment Trust (“UIT”) purchases. Merrill Lynch relied on its brokers to ensure that customers received appropriate UIT sales charge discounts, despite the fact that Merrill Lynch failed to appropriately inform and train brokers and their supervisors about such discounts. Merrill Lynch’s written supervisory procedures had little or no information or guidance regarding UIT sales charge discounts. Once Merrill Lynch established procedures addressing UIT sales charges discounts, they were inaccurate and conflicting. Merrill Lynch’s written supervisory procedures incorrectly stated that a discount would not apply when a client liquidates an existing UIT position and uses the proceeds to purchase a different UIT. Merrill Lynch’s procedures lacked substantive guidelines, instructions, policies, or steps for brokers or their supervisors to follow to determine if a customer’s UIT purchase qualified for and received a sales charge discount. As a result of the defective procedures, Merrill Lynch failed to provide eligible customers with appropriate discounts on both UIT rollover and breakpoint purchases. Merrill Lynch failed to identify and appropriately apply sales charge discounts in transactions reviewed in a sample of customer purchases in certain top selling UITs. As a result, Merrill Lynch overcharged customers in this sample approximately \$123,000. Following FINRA’s publication of a settlement with another firm concerning UIT transactions and independent of FINRA’s pending inquiry, Merrill Lynch analyzed its application of sales charge discounts to UIT transactions. As a result of the review, Merrill Lynch identified customers that were overcharged when purchasing UITs through Merrill Lynch and in accordance with the undertakings set forth below, will remediate those customers more than \$2 million in overcharges. Merrill Lynch approved for distribution inaccurate and misleading UIT sales literature and provided this UIT presentation for brokers to use with clients. This presentation was subject to the content standards set forth in NASD Rule 2210(d) and violated those standards. Without admitting or denying the findings, Merrill Lynch consented to the described sanctions and to the entry of findings; therefore, Merrill Lynch is censured, fined \$500,000 and agrees to provide remediation to customers who, during the relevant period, purchased UITs and qualified for, but did not receive, the applicable sales charge discount. Within 90 days of the effective date of this AWC, Merrill Lynch submitted to FINRA a proposed plan of how it will identify and compensate customers who qualified for, but did not receive, the applicable UIT sales charge discounts. The date that FINRA notifies Merrill Lynch that it does not object to the plan shall be called the notice date. In the event FINRA does object to the plan, Merrill Lynch will have an opportunity to address FINRA’s objections and resubmit the plan within 30 days. A failure to resubmit to FINRA a plan that is reasonably designed to meet the specific requirements and general purpose of the undertaking will be a violation of the terms of the AWC. Merrill Lynch shall complete the remediation process within 180 days from the notice date. Within 210 days of the notice date, Merrill Lynch will submit to FINRA a schedule of all customers identified during Merrill Lynch’s review as not having received an appropriate sales charge discount. The schedule shall include details of the qualifying purchases and the appropriate discount and total dollar amounts of restitution provided to each customer. Also within 210 days from the notice date, Merrill Lynch will submit to FINRA a report that explains how Merrill Lynch corrected its UIT systems and procedures and the results of Merrill Lynch’s implementation of its plan to identify and compensate qualifying customers including the amounts and manner of all restitution paid.

Merrill Lynch NASDAQ Settlement

On June 29, 2010, the NASDAQ Stock Market (“NASDAQ”) alleged that Merrill Lynch violated NASDAQ RULES 2110, 3010 in that Merrill Lynch's supervisory system and written supervisory procedures were not reasonably designed to achieve compliance with applicable securities laws and regulations (including NASD notice to members 04-66) and NASDAQ rules concerning the prevention of erroneous orders and transactions and frivolous clearly erroneous transaction complaints. Without admitting or denying the findings, Merrill Lynch consented to the described sanctions and to the entry of findings; therefore, Merrill Lynch is censured, fined \$10,000 and required to revise its written supervisory procedures regarding compliance with NASD Notice to Members 04-66 within 30 business days of acceptance of this AWC by the NASDAQ review council.

BAC ML&Co. Proxy Rule Settlement

The SEC alleged that BAC violated the federal proxy rules by failing to disclose information concerning Merrill Lynch & Co., Inc.'s (“ML&Co.”) known and estimated losses in the fourth quarter of 2008 prior to the shareholder vote on December 5, 2008 to approve the merger between the two companies. In addition, the SEC alleged that Bank of America Corporation (the “Corporation”) violated Section 14(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 14a-9 thereunder by failing to disclose in the Corporation's joint proxy statement filed on November 3, 2008 the incentive compensation that Merrill Lynch & Co., Inc. could, in its discretion, award to its employees prior to completion of its merger with the Corporation. On February 24, 2010, a final judgment (the “Final Judgment”) was entered by the U.S. District Court for the Southern District of New York in both matters. Under the terms of the Final Judgment, BAC agreed to pay \$1 in disgorgement and a \$150 million civil penalty to be distributed to shareholders as part of the SEC's Fair Funds Program at a later date in accordance with further order of the court. In addition, as part of the Final Judgment, BAC agreed, for a period of three years, to comply with and maintain certain requirements related to BAC's corporate governance and disclosure practices.

Merrill Lynch CBOE Decision and Order of Offer of Settlement

On April 13, 2010, the Chicago Board of Options Exchange (“CBOE”) censured and fined Merrill Lynch \$150,000. In addition, the BCC ordered an undertaking requiring Merrill Lynch to provide the Exchange with a certification within thirty (30) days of the issuance of the decision in this matter that Merrill Lynch has corrected the systems problems leading to this case, that all information reported to the Exchange in accordance with Rule 4.13(a) is accurate and is being submitted on a timely basis, and that respondent immediately notify the Exchange of any inaccuracies in any reports submitted pursuant to rule 4.13(a). During all relevant periods herein, Exchange members were required to submit to the large options position report all customer positions, which numbered 200 contracts or more in any single option class listed on the Exchange on the same side of the market along with their customer's name, address, and social security number or tax identification number. Merrill Lynch failed to properly submit all

required account information for approximately 1,346 accounts to the large options position report. (CBOE Rule 4.13(a) - reports related to position limits.)

Merrill Lynch Client Associate Registration Settlement

In September 2009, Merrill Lynch reached agreements in principle and final administrative settlements with the Texas State Securities Board and various state securities regulators relating to the state registration of sales assistants known as Client Associates. Without admitting or denying wrongdoing, Merrill Lynch agreed to certain undertakings and regulatory sanctions including reprimand or censure, agreement to cease and desist sales of securities through persons not registered with the states, payments of fines, penalties and other monetary sanctions (including past registration fees) of \$26,563,094.50 to be divided amongst the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and payment of \$25,000 to the North American Securities Administrators Association.

Merrill Lynch, BAI and BAS Auction Rate Securities Settlements

In August 2008, Merrill Lynch, BAS and BAI each reached certain agreements in principal and final settlements with the Office of the New York State Attorney General, the Massachusetts Securities Division, various state securities regulators, and the staff of the SEC (the "ARS Settlements") relating to auction rate securities ("ARS"). As the result of the mergers of BAI with and into Merrill Lynch on October 23, 2009 and BAS with and into Merrill Lynch on November 1, 2010, Merrill Lynch assumed the liabilities of BAI and BAS in this matter. Without admitting or denying wrongdoing, each of the aforementioned entities has agreed to, pursuant to the terms of each settlement to which it is a party, among others, repurchase ARS at par value (plus any accrued but unpaid interest or dividends) from certain eligible customers, use best efforts to provide liquidity solutions for institutional holders of ARS, participate in a special arbitration process to the extent that eligible customers believe they have a claim for consequential damages, refund certain refinancing fees related to ARS, pay a civil money penalty and compensate other eligible customers who purchased ARS and sold them at a loss. Each of Merrill Lynch, BAS and BAI has substantially completed the purchase of those ARS. BAI and BAS also agreed to pay a total civil penalty of \$50,000,000 that will be distributed among the states and U.S. territories that enter into administrative or civil consent orders related to ARS. Merrill Lynch agreed to pay a \$125,000,000.00 civil penalty that will be distributed similarly.

BAI Representative Supervision Settlement

On October 22, 2009, the SEC alleged that BAI failed reasonably to supervise a former registered representative who converted certain customer funds, with a view to preventing and detecting violations of Federal securities laws, as required under Section 15(B)(4)(E) of the Securities Exchange Act of 1934 (the "Exchange Act"). Without admitting or denying the allegations, BAI agreed to enter into a settlement with the SEC, paid a civil money penalty in the amount of \$150,000, and to comply with certain undertakings. Such undertakings include retaining an independent consultant to review and evaluate the effectiveness of BAI's supervisory and compliance systems, policies, and procedures concerning the following: (1)

review of customer accounts and securities transactions; and (2) periodic compliance inspections. BAI has undertaken to adopt, implement, and maintain all policies, procedures, and practices recommended by the independent consultant. Notwithstanding the settlement with the SEC, BAI has identified the customers whose funds were converted by the former BAI registered representative, and has reimbursed them in full.

Merrill Lynch Squawk Box Settlement

On March 11, 2009, without admitting or denying the SEC's findings, Merrill Lynch consented to the entry of an administrative SEC order that (1) finds violations of Section 15(f) of the Exchange Act and Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act") for allegedly failing to maintain written policies and procedures reasonably designed to prevent the misuse of customer order information, (2) requires that Merrill Lynch cease and desist from committing or causing any future violations of the provisions charged, (3) censures Merrill Lynch, (4) imposes a \$7,000,000 civil money penalty and (5) requires Merrill Lynch to comply with certain undertakings.

Merrill Lynch Consulting Services Settlement

On January 30, 2009, Merrill Lynch, without admitting or denying any findings of misconduct by the SEC, consented to the entry of an administrative order by the SEC (the "Order") that (i) finds that Merrill Lynch violated Advisers Act Sections 204 and 206(2), and Rule 204-2(a)(14) thereunder; (ii) requires that Merrill Lynch cease and desist from committing or causing any violation or further violations of the provisions charged; (iii) censures Merrill Lynch pursuant to Advisers Act Section 203(e); and (iv) requires Merrill Lynch to pay a civil money penalty of \$1 million. The Order finds that Merrill Lynch, through its pension consulting services advisory program, breached its fiduciary duty to certain current and prospective pension fund clients by misrepresenting and omitting to disclose material information.

MLPF&S FINRA OATS/TRACE AWC

On September 24, 2008, FINRA alleged that Merrill Lynch violated SEC Rules 10B-10, 17A-3, 17A-4, 200(G) of Regulation SHO, NASD Rules 2110, 2320, 3010, 3110, 4632, 4632(a), 4632(a)(7)[formerly 6420(a)(8)], 6130, 6130(d), 6230(c)(6), 6230(e), 6620, 6620(f), 6955(a), Interpretative Material 2110-2, and MSRB Rule G-14 in that Merrill Lynch, in transactions for or with a customer, failed to use reasonable diligence to ascertain the best interdealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions; reported to the Order Audit Trail System ("OATS") route or combined order/route reports that OATS was unable to link to the related order routed to SUPERMONTAGE or SELECTNET or corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data; submitted to OATS Reportable Order Events ("ROES") that were rejected by OATS for context or syntax errors and failed to repair them; failed to report to the Trade Reporting and Compliance Engine ("TRACE") the correct contra-party identifier for transactions in TRACE-eligible securities; reported to trace transactions in TRACE-eligible securities it was not required to report; failed to contemporaneously or partially execute customer limit orders in NASDAQ securities after it

traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order; failed to report, or timely report, to the NASDAQ Market Center ("NMC") the cancellations of trades previously submitted to NASDAQ; incorrectly reported to the NMC the 2nd leg of "riskless" principal transactions in designated securities and incorrectly designated the capacity as "principal;" failed to report to the NMC the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity; failed to report to the NMC or the FINRA/NASDAQ Trade Reporting Facility ("FNTRF") the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in reportable securities; failed to report to the NMC the correct execution time for transactions in reportable securities. Merrill Lynch failed to report, or timely report to the OTC reporting facility the cancellations of trades previously submitted; transmitted to OATS reports that contained inaccurate, incomplete or improperly formatted data; failed to provide written notification disclosing to its customers that transactions were executed at an average price; failed to provide written notification disclosing its executing capacity in a transaction. Merrill Lynch failed to preserve for a period of not less than 3 years, the first 2 in an accessible place, brokerage order memoranda; in short sale order transactions, failed to properly mark the orders as short; incorrectly designated as ".W" to the FNTRF last sale reports of designated securities transactions; incorrectly reported to the FNTRF the 2nd leg of "riskless" principal transactions in designated securities because it incorrectly designated the capacity as "principal;" failed to report to the FNTRF last sale reports of transactions in designated securities; incorrectly designated as ".PRP" one last sale report; failed to report the cancellation of one trade previously submitted; failed to report the correct time of execution of a last sale report; reported the cancellation of one last sale report it was not required to; and failed to report to the FNTRF the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity. Merrill Lynch's supervisory system did not provide for supervision designed to achieve compliance re: TRACE, quality of markets, transaction reporting, short sales, OATS, etc. Without admitting or denying the findings, Merrill Lynch consented to the described sanctions and to the entry of findings; therefore, Merrill Lynch was censured, fined \$242,500, and ordered to pay \$11,358.65, plus interest, in restitution. A registered principal of Merrill Lynch shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution no later than 120 days after acceptance of this AWC. Any undistributed restitution and interest shall be forwarded to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer last resided. Merrill Lynch shall revise its written supervisory procedures regarding TRACE, quality of markets, OATS receiving inter-firm route matching statistics, transaction reporting, short sales, short sales bid and tick test compliance, OATS clock synchronization, safe harbor compliance, recordkeeping, limit order protection, the one percent rule, three-quote rule, etc. within 30 business days of acceptance of this AWC by the NAC. Within 90 days of acceptance of this AWC, Merrill Lynch's Compliance Department and trading desks will develop a written plan to improve its compliance in trade reporting, OATS reporting and best execution over the 12 months following acceptance of this AWC; identify individuals responsible for overseeing supervision in these areas; and identify the resources needed to improve its compliance. At the conclusion of the 12 months, Merrill Lynch's Chief Compliance Officer or designee and one other registered principal from one of the trading desks shall meet with FINRA representatives to describe Merrill Lynch's progress in these areas.

BAI Maryland Supervision Settlement

On May 21, 2008, the Maryland Securities Commissioner found that BAI failed to reasonably supervise two agents who misappropriated monies from customers within the meaning of Section 11-412(a)(10) of the Maryland Securities Act. Pursuant to a consent order, BAI agreed to pay a \$10,000 fine, cease and desist from further violations, and incorporate certain remedial measures into supervisory program.

BAI Wrap Fee Program Settlement

On May 1, 2008, without admitting or denying the SEC's finding, Columbia Management Advisors, LLC (now known as BofA Advisors, LLC) consented to the entry of an order that found violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, Sections 206(2), 206(4) and 207 of the Advisers Act and Advisers Act Rule 206(4)-1(a)(5) in connection with BAI's wrap fee program, the adequacy of disclosures to customers regarding the program and Columbia Management Advisors' receipt of additional management fees as a result thereof. The SEC order provides that (i) BAI and Columbia Management Advisors cease and desist from committing or causing any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, Sections 206(2), 206(4), and 207 of the Advisers Act, and Rule 206(4)-1(a)(5) promulgated thereunder; (ii) BAI pay \$3,310,206 in disgorgement, \$793,773 in prejudgment interest, and \$2,000,000 in civil monetary penalty; (iii) Columbia Management Advisors pay \$2,143,273 in disgorgement, \$516,382 in prejudgment interest, and \$1,000,000 in civil monetary penalties; (iv) censures BAI pursuant to Section 15(b)(4) of the Securities Exchange Act of 1934 and censures BAI and Columbia Management Advisors pursuant to Section 203(e) of the Advisers Act; and (v) requests that BAI comply with certain undertakings. The SEC order provides that: (1) within 15 days, BAI place and maintain on its website for at least 18 months disclosures respecting the manner of selecting funds for any discretionary program and identifying any funds affiliated with BAI or Columbia Management Advisors that are included in the program and aggregate percentage of affiliate funds included in such program; (2) within 15 days, BAI place a summary of the order on its website with a hyperlink to the order and maintain such summary and hyperlink for at least 18 months; (3) on at least a quarterly basis and continuing for at least 18 months from the date of the statement in which it is first included, BAI shall send a periodic statement or report to each discretionary mutual fund wrap fee client to specifically identify all funds or fund families advised by any affiliate of BAI; (4) within 90 days, BAI shall complete a comprehensive review of (i) whether the method of selecting mutual funds to be included in any discretionary program advised by BAI is adequately disclosed; (ii) the adequacy of disclosures respecting and discretionary program advised by BAI; and (iii) the adequacy of the policies and procedures respecting BAI recommendations to mutual fund wrap clients. upon completion of the review outlined in (4) above, BAI shall forward a description of any deficiencies found during the review and the manner in which it plans to remediate any deficiencies to the SEC. BAI shall then implement remedial actions to address any deficiencies found in the review within 120 days.

Merrill Lynch FINRA NAV AWC

On February 28, 2008, FINRA alleged that from January 1, 2002 through December 31, 2004, Merrill Lynch failed to establish, maintain and enforce a supervisory system and procedures reasonably designed to: (i) identify certain opportunities for investors to purchase mutual funds at net asset value ("NAV") under NAV transfer programs, and (ii) provide eligible investors with the benefit of available NAV transfer programs. Without admitting or denying the findings, Merrill Lynch consented to the described sanctions and to the entry of findings; therefore, Merrill Lynch was censured, fined \$250,000.00 and must comply with the following undertakings: Merrill Lynch will provide remediation to customers who, during the period January 1, 2002 through notice of acceptance of this AWC, and qualified for, but did not receive, the benefit of an NAV transfer program. Merrill Lynch will provide remediation in accordance with a methodology not unacceptable to FINRA staff (the "Remediation Methodology"). The Remediation Methodology will be provided in writing to FINRA staff prior to retaining the third party examiner. Within 60 days from the date of the notice of acceptance of this AWC, retain a third party examiner to assess Merrill Lynch's remediation and provide a report to FINRA staff. Within 90 days from the notice of acceptance of this AWC, Merrill Lynch shall submit to FINRA for review a sample letter notifying clients of remediation payments. The letter shall not be unacceptable to FINRA. Within 120 days from the notice of acceptance of this AWC, Merrill Lynch shall designate and train staff (the "Response Team") to field and respond to client inquiries in connection with this AWC and the remediation processes pursuant to this AWC. Within 300 days from the notice of acceptance of this AWC, Merrill Lynch shall complete the remediation process. Within 360 days from the notice of acceptance of this AWC, Merrill Lynch shall file a report with FINRA, and simultaneously with the third party examiner. Within 420 days after the date of notice of acceptance of this AWC, Merrill Lynch shall require its third party examiner to submit a written final report to Merrill Lynch, and to FINRA.

BAS NYSE ETFs Decision

On October 4, 2007, without admitting or denying guilt, BAS consented to findings that it violated: 1. NYSE Rule 401(A) by failing to adhere to the principals of good business practice in that BAS failed to ensure the delivery of prospectuses in connection with certain sales of registered securities in violation of Section 5(B)(2) of the Securities Act of 1933; 2. NYSE Rule 1100(B) by failing to deliver product descriptions to customers that purchased Exchange traded funds ("ETFs"); and 3. NYSE Rule 342 by failing to provide for, establish and maintain appropriate procedures of supervision and control including a system of follow-up and review, with respect to its operational and technological activities relating to the delivery of product descriptions and prospectuses with respect to ETF shares and an offering of a certain equity security. BAS stipulated to the following sanctions: The imposition by the NYSE of : 1. Censure; 2. A fine in the amount of \$375,000; and 3. An undertaking to provide enforcement with a written certification that its current policies and procedures, including written supervisory and operational policies and procedures, regarding the delivery of prospectuses and product descriptions are reasonably designed to ensure compliance with the Federal securities laws and NYSE rules applicable to the delivery of prospectuses and product descriptions. BAS provided

the NYSE with this written certification within 90 days from the date the hearing panel made the decision in this matter final.

BAS NASD OATS AWC

On May 29, 2007, the NASD alleged that BAS transmitted to OATS execution reports that contained inaccurate, incomplete or improperly formatted data so that the OATS system was unable to link the execution reports to the related trade reports in an NASD trade reporting system; erroneously reported to OATS execution codes with the exception code of "R" for riskless principal trades it reported under the alternative approach; failed to ROES that were rejected by OATS for context and syntax errors and were repairable; submitted to OATS route or combined order/route reports that the OATS system was unable to link to the related order routed to the NASDAQ exchange or to the corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data; failed, within 90 seconds after execution, to transmit to the trade reporting facility last sale reports of transactions in designated securities; failed, within 90 seconds, to transmit to the OTC reporting facility last sale reports of transactions in OTC equity securities; reported last sale reports of transactions in designated securities to the trade reporting facility it was not required to report; failed to report to TRACE the correct contra-party's identifier for transactions in TRACE-eligible securities; BAS's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning TRACE reporting, order handling and soft dollar accounts and trading; and transmitted to OATS reports that contained inaccurate, incomplete or improperly formatted data. Without admitting or denying the findings, BAS consented to the described sanctions and to the entry of findings; therefore, BAS is censured, fined \$60,000 and required to revise BAS's written supervisory procedures concerning TRACE reporting, order handling and soft dollar accounts and trading within 30 business days of acceptance of this AWC by the NAC.

BAS NASD ACT Settlement

On March 12, 2007, the NASD alleged that BAS failed to accept or decline in the automated confirmation transaction system ("ACT") transactions in eligible securities within 20 minutes after execution. The findings stated that BAS failed, within 90 seconds after execution, to transmit through ACT last sale reports of transactions in NASDAQ National Market ("NNM"), NASDAQ SMALLCAP ("SC") securities and OTC equity securities. The findings also stated that BAS failed to enforce its written supervisory procedures for trade reporting and failed to designate as ".T" through ACT last sale reports of transactions in OTC equity securities executed outside normal market hours. The findings also included that BAS transmitted to OATS reports that contained inaccurate, incomplete or improperly formatted data, effected short sales in certain securities for BAS's proprietary account and failed to make/annotate an affirmative determination that BAS could borrow the securities or otherwise provide for delivery of the securities by settlement date. The NASD found that BAS executed short sale orders and failed to properly mark the order tickets as short for those orders; failed to provide written notification disclosing to its customers its correct capacity in the transaction, that the transaction was

executed at an average price and that it was a market maker. The NASD also found that BAS failed to report to ACT the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt or cross for transactions in eligible securities. In addition, the NASD determined that BAS's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws, regulations and NASD rules concerning registration, SEC Rule 11AC1-6, short sales, bid test and books and records. Without admitting or denying the findings, BAS consented to the described sanctions and to the entry of findings, therefore, BAS was censured, fined \$56,500 and required to revise its written supervisory procedures and supervisory enforcement with respect to registrations, SEC Rule 11AC1-6, short sales, bid test and books and records.

BAS Research Settlement

On March 14, 2007, neither admitting nor denying the findings, BAS entered into an Offer of Settlement with the SEC to settle allegations that BAS violated sections 15(c) and 15 (f) of the Exchange Act and Rule 15c1-2(a) promulgated thereunder. The SEC's Order finds that, during the period of January 1999 through December 2001, BAS violated the antifraud and internal control provisions of the federal securities laws in connection with BAS' issuance of research. The SEC Order provides that BAS is censured; BAS shall cease and desist from committing or causing any future violations of Sections 15(c) and 15(f) of the Exchange Act and Rule 15c1-2(a) promulgated thereunder; BAS shall pay a civil money penalty of \$6 million for violations of Section 15(f) of the Exchange Act and \$10 million in disgorgement plus a civil money penalty of \$10 million for its violations of Section 15(c) of the Exchange Act; and BAS shall comply with certain undertakings. The SEC Order provides that; (1) within 30 days, BAS shall retain a qualified independent consultant to conduct a comprehensive review of BAS' policies, practices and procedures to prevent the misuse of material nonpublic information concerning BAS research, to determine the adequacy of such policies, practices and procedures under Section 15(f) of the Exchange Act and to prepare a report reviewing the adequacy of BAS' current policies, practices, and procedures and making recommendations regarding how BAS should modify or supplement the policies, practices, and procedures to prevent the misuse of material nonpublic information in compliance with Section 15(f); (2) within 120 days of BAS' receipt of said consultant's report, BAS shall adopt and implement all recommendations set forth in the consultant's report; (3) within 30 days, BAS must undertake to conduct a review of the implementation and effectiveness of BAS' policies and procedures relating to its equity research and investment banking operations to ensure compliance with all terms of the Order and provide a written report to the SEC setting forth its findings and its recommendations regarding any revisions or improvements to BAS's policies and procedures necessary or appropriate to ensure compliance with all terms of the Order; and (4) within 30 days of the report outlined in (3) above, BAS must undertake to adopt and implement all recommendations of the report and certify that BAS's policies and procedures relating to equity research and investment banking operations ensure compliance with all terms of the Order.

EXHIBIT 99.1

Joint Filing Agreement

The undersigned hereby agree that they are filing this statement jointly pursuant to Rule 13d-1(k)(1). Each of them is responsible for the timely filing of such amended Schedule 13D, and for the completeness and accuracy of the information concerning such person contained therein; but none of them is responsible for the completeness or accuracy of the information concerning the other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate.

In accordance with Rule 13d-1(k)(1) promulgated under the Securities and Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with each other on behalf of each of them of such amended Schedule 13D with respect to the auction rate preferred securities of the Issuer beneficially owned by each of them. This Joint Filing Agreement shall be included as an exhibit to such Schedule 13D.

Dated: January 18, 2012
BANK OF AMERICA CORPORATION

By: /s/ Michael Didovic
Name: Michael Didovic
Title: Attorney-in-fact

BANK OF AMERICA, N.A.

By: /s/ Michael Didovic
Name: Michael Didovic
Title: Director

BLUE RIDGE INVESTMENTS, L.L.C.

By: /s/ John Hiebendahl
Name: John Hiebendahl
Title: Senior Vice President and Controller

EXHIBIT 99.2

POWER OF ATTORNEY

Power of Attorney

To Prepare and Execute Documents Pursuant to

Sections 13 and 16 of the

Securities and Exchange Act of 1934, as Amended (the "Exchange Act")

and Rules thereunder, by and on Behalf of

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Corporation"), a corporation duly organized under the laws of the State of Delaware, with its principal place of business at One Bryant Park, New York, New York 10036, hereby constitutes and appoints Christopher B. Hayward, Robert M. Shine, Lawrence Emerson of Enterprise Compliance Shared Services, Angelina Richardson of Enterprise Compliance Shared Services and any individual from time to time elected or appointed as Secretary or Assistant Secretary of the Corporation, each individually its true and lawful attorney-in-fact, for it and in its name, place and stead to:

- (1) prepare and execute on behalf of the Corporation, and cause to be filed and/or delivered, as required by the United States Securities and Exchange Commission pursuant to Sections 13 and 16 of the Exchange Act, all forms, schedules, reports and other documents relating to the Corporation's direct or indirect ownership of securities which must be reported under the Exchange Act; and
- (2) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of each such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by each such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as each such attorney-in-fact may approve in his or her discretion.

This Power of Attorney shall (i) supersede the Powers of Attorney dated May 29, 2009 and August 12, 2009, respectively, (ii) automatically terminate upon such attorney-in-fact's transfer out from Enterprise Compliance Shared Services or resignation or termination from Bank of America Corporation or its affiliates, and (iii) unless automatically terminated pursuant to clause (ii), remain in effect until revoked in writing by the undersigned; provided that such termination or revocation shall have no impact on any form, schedule, report or other document executed or any action by an attorney-in-fact taken prior to such termination or revocation.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney, this 28th day of January 2010.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

/s/ Michael B. Radest

Name: Michael B. Radest

Title: Senior Vice President and Co-Chief Compliance Officer

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LIMITED POWER OF ATTORNEY

BANK OF AMERICA CORPORATION, a Delaware corporation (the "Corporation"), does hereby irrevocably make, constitute, and appoint each of Michael Didovic and Geoff Rusnak as an attorney-in-fact for the Corporation acting for the Corporation and in the Corporation's name, place and stead, for the Corporation's use and benefit, to bind the Corporation by his execution of those agreements, forms and documents related specifically to Section 13 and Section 16 of the Securities Exchange Act of 1934. Any documents executed by an attorney-in-fact in accordance with this Limited Power of Attorney shall fully bind and commit the Corporation and all other parties to such documents may rely upon the execution thereof by the attorney-in fact as if executed by the Corporation and as the true and lawful act of the Corporation.

This Limited Power of Attorney shall automatically terminate as to the authority of Michael Didovic and Geoff Rusnak upon such attorney-in-fact's resignation or termination from or transfer out of the Compliance Department; however; any such termination shall have no impact on any document or instrument connected therewith executed by any attorney-in-fact named above for the Corporation prior to such termination.

IN WITNESS WHEREOF, this Power of Attorney has been executed and delivered by the Corporation to each Attorney-in-Fact on this 6th day of January, 2011.

BANK OF AMERICA CORPORATION

By: /s/ Merrily S. Gerrish
Merrily S. Gerrish

Associate General Counsel and Assistant Secretary

(CORPORATE SEAL)

