PLANET TECHNOLOGIES, INC
Form 10QSB
May 22, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**
**FORM 10-QSB**

(MARK ONE)

þ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For Quarterly Period Ended March 31, 2006**

o **TRANSITION REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT**

**Commission File Number: 0-26804**
**PLANET TECHNOLOGIES, INC.**
(Formerly Planet Polymer Technologies, Inc.)

(Exact name of small business issuer as specified in its character)

| | |
|---|---|
| CALIFORNIA | 33-0502606 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 96 Danbury Road, Ridgefield, Connecticut | 06877 |
| (Address of principal executive offices) | (Zip Code) |

(800) 255-3749

(Issuer s telephone number, including area code)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ YES o NO

Check whether the issuer is a shell company as defined in Regulation 12b-2 of the Exchange Act. o YES þ NO

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

| Class | Outstanding at May 15, 2006 |
|---|---|
| Common Stock, no par value | 3,986,368 |

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PART 1 FINANCIAL INFORMATION

**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| | | March 31, 2006 | | December 31, 2005 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | 307,314 | $ | 436,844 |
| Accounts receivable, less allowance for doubtful accounts of $4,311 | | 285,501 | | 274,727 |
| Inventory, net | | 621,203 | | 577,332 |
| Other current assets | | 147,420 | | 115,560 |
| Total current assets | | 1,361,438 | | 1,404,463 |
| Equipment and improvements, net | | 54,659 | | 70,756 |
| Intangibles, net | | 1,375,654 | | 1,441,904 |
| Goodwill | | 1,363,025 | | 1,363,025 |
| Totals | $ | 4,154,776 | $ | 4,280,148 |
| **LIABILITIES AND SHAREHOLDERS EQUITY** | | | | |
| Current liabilities: | | | | |
| Current portion of note and capital lease | $ | 17,310 | $ | 19,223 |
| Accounts payable and accrued expenses | | 1,711,646 | | 1,503,175 |
| Derivative liability | | 83,495 | | 118,282 |
| Accrued warrant liability | | 47,602 | | 67,500 |
| Total current liabilities | | 1,860,053 | | 1,708,180 |
| Convertible notes payable to shareholder, net of current portion | | 83,494 | | 81,606 |
| Total liabilities | | 1,943,547 | | 1,789,786 |
| Commitments | | | | |
| Shareholders equity: | | | | |
| Preferred stock, no par value, 4,250,000 shares authorized, no shares issued or outstanding | | | | |
| Series A convertible preferred stock, no par value, 750,000 shares authorized, no shares issued or outstanding | | | | |
| Common stock, no par value, 20,000,000 shares authorized, 3,986,368 shares issued and outstanding | | 7,693,296 | | 7,693,296 |
| Additional paid-in capital | | 66,420 | | 7,957 |

| | | | | |
|---|---|---|---|---|
| Accumulated deficit | | (5,548,487) | | (5,210,891) |
| Total shareholders equity | | 2,211,229 | | 2,490,362 |
| Totals | $ | 4,154,776 | $ | 4,280,148 |

See notes to unaudited condensed consolidated financial statements

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

| | Three months ended March 31, | |
|---|---|---|
| | **2006** | **2005** |
| Sales | $ 2,317,828 | $ 221,526 |
| Cost of sales | 1,385,931 | 75,505 |
| Gross profit | 931,897 | 146,021 |
| Operating expenses: | | |
| Selling | 369,053 | 161,194 |
| General and administrative | 895,047 | 218,985 |
| Total operating expenses | 1,264,100 | 380,179 |
| Loss from operations | (332,203) | (234,158) |
| Other expense | (2,001) | (1,949) |
| Interest expense | (1,504) | (4,922) |
| Charge for change in derivative liability | (1,888) | |
| Net loss | $ (337,596) | $ (241,029) |
| Net loss per share, basic and diluted | $ (.08) | $ (.11) |
| Weighted average shares used in computing net loss per share basic and diluted | 3,986,368 | 2,159,961 |

See notes to unaudited condensed consolidated financial statements

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY (UNAUDITED)**
**Three Months Ended March 31, 2006**

| | Common Stock | | Additional Paid-in | Accumulated | Total |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | |
| Balance at January 1, 2006 | 3,986,368 | $ 7,693,296 | $ 7,957 | $ (5,210,891) | $ 2,490,362 |
| Stock-based compensation | | | 55,044 | | 55,044 |
| Change in fair value of options granted to consultant | | | 3,419 | | 3,419 |
| Net loss | | | | **(337,596)** | **(337,596)** |
| Balance at March 31, 2006 | **3,986,368** | **$ 7,693,296** | **$ 66,420** | **$ (5,548,487)** | **$ 2,211,229** |

See notes to unaudited condensed consolidated financial statements

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## PLANET TECHNOLOGIES, INC. AND SUBSIDIARY
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | | **Three Months Ended March 31, 2006** | | Three Months Ended March 31, 2005 |
|---|---|---|---|---|
| Operating activities: | | | | |
| Net loss | **$** | **(337,596)** | $ | (241,029) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | | **82,347** | | 15,941 |
| Non-cash charge for change in derivative liability | | **1,888** | | |
| Non-cash change in fair value of warrant liability | | **(19,898)** | | |
| Non-cash charge for stock- based compensation | | **55,044** | | |
| Non-cash charge for change in fair value of options granted to consultant | | **3,419** | | |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | | **(10,774)** | | (2,438) |
| Inventory | | **(43,871)** | | (786) |
| Other current assets | | **(31,860)** | | (12,720) |
| Interest payable | | | | (6,794) |
| Accounts payable and accrued expenses | | **208,471** | | (145,361) |
| Net cash used in operating activities | | **(92,830)** | | **(393,187)** |
| Financing activities: | | | | |
| Repayments of advances from related party | | | | (100,000) |
| Payment of vendor promissory note | | **(1,913)** | | |
| Principal payment on notes payable | | **(34,787)** | | (32,930) |
| Proceeds from issuance of common stock | | | | 280,000 |
| Net cash (used in) provided by financing activities | | **(36,700)** | | 147,070 |
| Net decrease in cash and cash equivalents | | **(129,530)** | | (246,117) |
| Cash and cash equivalents, beginning of period | | **436,844** | | 374,923 |
| Cash and cash equivalents, end of period | **$** | **307,314** | $ | 128,806 |
| Supplementary disclosure of cash flow data: | | | | |
| Cash paid for interest | $ | **1,532** | $ | 11,947 |

See notes to unaudited condensed consolidated financial statements

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## PLANET TECHNOLOGIES, INC. AND SUBSIDIARY
## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of Planet Technologies, Inc. and subsidiary ( Planet or the Company ) have been prepared in accordance with the interim reporting requirements of Form 10-QSB, pursuant to the rules and regulations of the Securities and Exchange Commission. The December 31, 2005 balance sheet has been derived from audited financial statements at that date. However, the financial statements do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements.

In management s opinion, all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2006, are not necessarily indicative of results that may be expected for the year ending December 31, 2006. For additional information, refer to the Company s financial statements and notes thereto for the fiscal year ended December 31, 2005 included in the Company s most recent Annual Report on Form 10-KSB.

**2. Going Concern**

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company s assets and the satisfaction of its liabilities in the normal course of business. Successful transition to profitable operations is dependent upon attaining a level of sales adequate to support the Company s cost structure. The Company has suffered recurring losses resulting in an accumulated deficit of $5,548,487 as of March 31, 2006. Management intends to finance operations primarily through cash flow from operations and by raising additional capital from the sale of its stock. However, there can be no assurance that the Company will be able to obtain such financing or internally generate cash flows from operations, which may impact the Company s ability to continue as a going concern. The accompanying unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the potential inability of the Company to continue as a going concern.

**3. Acquisition**

On August 11, 2005, Planet acquired Allergy Control Products, Inc. ( ACP ). ACP merged into a wholly-owned subsidiary of Planet ( New ACP ). The subsidiary continues to use the name Allergy Control Products . Effective August 11, 2005, Planet assigned all of the Allergy assets to its wholly-owned subsidiary, New ACP. Pursuant to the terms of the merger transaction, the shareholder of ACP was issued 600,000 shares of Planet common stock. In addition, ACP s debt to its shareholder in the amount of $1,500,000 was paid in full by Planet.

The results of operations for the Company include the results of operations of ACP from August 11, 2005, the date of acquisition. The proforma operating results if the merger had been completed at January 1, 2005 is as follows:

| | | Three Months Ended March 31, 2005 |
|---|---|---|
| Sales | $ | 2,379,481 |
| Net loss | $ | (323,990) |
| Net loss per share, basic and diluted | $ | (0.12) |

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**4. Accounting Policies**

**Revenue Recognition**

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ( SAB No. 101 ) as amended by SEC Staff Accounting Bulletin No. 104, Revenue Recognition , revised and updated ( SAB No. 104 ), which stipulates that revenue generally is realized or realizable and earned, once persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable and collectibility is reasonably assured. The Company recognizes revenue from product sales upon shipment of goods. In addition, a provision for potential warranty claims is provided for at the time of sale, based upon warranty terms and the Company s prior experience.

**Warranty Reserve**

The Company accrues an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The air filters produced and sold by the Company carry a ten-year warranty. Additionally, the Company has warranties on its encasing products which vary from five years to lifetime. The warranty policies for the encasings have varied over the years and the reserve reflects coverage for sales from 1993 through the current period. The Company assesses the adequacy of its recorded warranty liability quarterly and adjusts the amount as necessary. The warranty liability is included in accrued expenses in the accompanying condensed consolidated balance sheet. As of March 31, 2006, the warranty accrual was $290,517. The majority of the warranty accrual relates to products that were sold by ACP prior to the acquisition in August of 2005.

**Inventory**

Inventory as of March 31, 2006 consists of the following:

| | |
|---|---|
| Raw materials | $ 320,593 |
| Finished goods | 378,117 |
| Total | 698,710 |
| Less reverse for obsolescence | 77,507 |
| Total | $ 621,203 |

**Loss Per Share**

Net loss per share is computed using the weighted average number of shares of common stock outstanding and is presented for basic and diluted loss per share. Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period.

The Company has excluded all convertible preferred stock and outstanding stock options and warrants from the calculation of diluted loss per share because all such securities are considered anti-dilutive. Accordingly, diluted loss per share equals basic loss per share. The total number of potential common shares excluded from the calculation of diluted loss per share for the three months ended March 31, 2006 was 394,434, and for the three months ended March 31, 2005 was 391,208.

**5. Stock-Based Compensation**

In 2000, the Company established a stock option plan, the 2000 Stock Option Plan ( Plan ), which provided for 500,000 shares of common stock for issuance. At the time of the merger with Allergy Free in 2004, the Plan was amended to increase the number of shares available to 5,000,000 shares, which were converted to 100,000 shares after the 50:1 stock split. During 2005, the Plan was again amended to increase the number of shares available under the Plan to 350,000. The Plan provides for the discretionary grant of options, stock appreciation rights ( SARs ), and stock bonuses to employees and directors of and consultants to the Company. Options

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**5. Stock-Based Compensation (continued)**

granted under the Plan may be either incentive stock options, as defined in Section 422 of the IRS Code of 1986, as amended, or non-statutory stock options.

Under the Plan, the terms of stock options granted are determined by the Board of Directors. Stock options may be granted for periods of up to ten years at a price per share not less than the fair market value of the Company s common stock at the date of grant for incentive stock options and not less than 85% of the fair market value of the Company s common stock at the date of grant for non-statutory stock options. In the case of stock options granted to employees, directors or consultants who, at the time of grant of such options, own more than 10% of the voting power of all classes of stock of the Company, the exercise price shall be no less than 110% of the fair market value of the Company s common stock at the date of grant. Additionally, the term of stock option grants is limited to five years if the grantee owns in excess of 10% of the voting power of all classes of stock of the Company at the time of grant. The vesting provisions of individual options may vary but in each case will provide for vesting of at least 20% per year of the total number of shares subject to the option.

Prior to January 1, 2006, the Company accounted for stock-based compensation under the disclosure only provisions of Statement of Financial Accounting Standards ( SFAS ) No. 123 Accounting for Stock-Based Compensation . As permitted under this Standard, compensation cost was recognized using the intrinsic value method in accordance with the provisions of APB No. 25, Accounting for Stock Issued to Employees and related interpretations. Effective January 1, 2006, the Company has adopted SFAS No. 123R, Share-Based Payment using the modified-prospective transition method. Under this transition method, compensation cost recognized in the first quarter of 2006 includes (a) compensation cost for all stock options granted prior to, but not yet vested as of December 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all stock options granted on or subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123R. Results for prior periods have not been restated.

APB No. 25 did not require any compensation expense to be recorded in the financial statements if the exercise price of the award was not less than the market price on the date of grant. Since all options granted by the Company had exercise prices equal to or greater than the market price on the date of grant, no compensation expense was recognized for stock option grants prior to January 1, 2006. During the quarter ended March 31, 2006, the Company recognized stock-based compensation expenses of $55,044, or $.01 per share, related to outstanding stock options according to the provisions of SFAS No. 123R, using the prospective transition method.

In November 2005, the Finance and Accounting Standards Board (the FASB ) issued FASB Staff Position No. FAS 123R-3, Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards [ FAS 123R-3 ]. The Company has elected to adopt the alternative transition method provided in FAS 123R-3 for calculating the tax effects of share-based compensation pursuant to SFAS 123R. The alternative transition method includes a simplified method to establish the beginning balance of the additional paid-in capital pool related to the tax effects of employee share-based compensation, which is available to absorb tax deficiencies recognized subsequent to the adoption of SFAS 123R.

The following table illustrates the effect on net loss and per share information had the Company accounted for share-based compensation in accordance with SFAS No. 123R for the quarter ended March 31, 2005:

| | 2005 | |
|---|---|---|
| | **Net Loss** | **Loss per Share - Basic and Diluted** |
| As reported | $ (241,029) | $ (0.11) |
| Stock-based compensation expense assuming a fair value-based method had been used for all awards | (46,000) | (0.02) |

| | | |
|---|---|---|
| Pro forma | $ (287,029) | $ (0.13) |

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**5. Stock-Based Compensation (concluded)**

The above stock based compensation cost was determined under the fair value based method and was calculated using the Black-Scholes option valuation model with the following weighted average assumptions:

| | 2005 |
|---|---|
| Volatility | 221% |
| Dividend yield | |
| Risk free interest rate | 4.22% |
| Vesting period | 4 years |
| Expected life | 10 years |

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions, are fully transferable, and do not include a discount for large block trades. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility, expected life of the option and other estimates. Because the Company s employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. Management believes that there will be no forfeitures and expects the options to be held until their expiration date based on the fact that they are primarily held by board members. This will be evaluated on a continuing basis.

During the quarter ended March 31, 2005, the Company granted options to it s employees and Board of Directors at the weighted-average fair value of $2.90.

The table below summarizes stock option activity pursuant to our plan for the three months ended March 31, 2006:

| | Underlying Shares | Weighted Avg Exercise Price | Weighted Average Remaining Contractual Life (years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, beginning of period | 342,500 | $ 3.30 | 8.94 | $ |
| Granted | | | | |
| Exercised | | | | |
| Forfeited/expired | | | | |
| Outstanding, end of period | 342,500 | $ 3.30 | 8.94 | $ |
| Exercisable, end of period | 99,793 | $ 2.59 | 7.98 | $ |

During 2005, the Board of Directors granted 154,113 options in excess of the shareholder authorized 2000 Stock Option Plan limit of 350,000 shares. As such, these options are subject to shareholder approval at the next shareholders meeting and have been excluded from the calculation above. Had these options been approved, the Company would have recorded an additional $25,113 of stock-based compensation for the period ended March 31, 2006, resulting in an additional $.01 loss per share, basic and diluted.

At March 31, 2006, unrecorded compensation expense related to the unvested portion of stock options outstanding totaled $551,812, which will be recognized over the next 3.25 years. In accordance with the provisions of SFAS 123R, all other issuances of common stock, warrants, stock options or other equity instruments to non-employees as the consideration for goods or services received by the Company are accounted for based on the fair value of the equity instruments issued (unless the fair value of the consideration received can be more reliably measured). Generally, the fair value of any options, warrants or similar equity investments will be estimated based on the Black-Scholes option-pricing model and adjusted at the end of each reporting period.

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**PLANET TECHNOLOGIES, INC. AND SUBSIDIARY**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**6. Convertible notes payable to shareholder**

As of March 31, 2006, the Company has a subordinated convertible note payable to a shareholder. The uncollateralized note payable is due on December 1, 2007; however, the Company intends to pay down the note payable with monthly principal and interest payments of $12,085 until full satisfaction of the note payable in October 2006. Interest is due quarterly. At any time, the holder of the note may, at its sole and exclusive option, convert all or any part of the principal and accrued interest outstanding into shares of common stock at a conversion price of $2.50 per share by giving written notice to the Company specifying the amount of note principal and/or accrued interest to be converted at a price per share of common stock equal to the fair value.

The Company has determined that the embedded conversion feature of the note payable to the shareholder is subject to the provisions of SFAS No. 133 and, therefore, the Company accounted for the embedded conversion feature as a liability in accordance with the guidance of EITF 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company s Own Stock ( EITF 00-19 ). Accordingly, the Company recorded the fair value of the embedded conversion portion of the note as a derivative liability. The associated derivative liability for the conversion feature of the debt has been valued at fair value using the Black-Scholes option pricing model. As of January 1, 2005, the fair value of the liability was $252,757, which is being amortized over the term of the note. For the three months ended March 31, 2006, the Company recorded a charge for derivative financial instruments of $1,888 related to the change in the fair value of the embedded conversion feature.

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**PART 1 FINANCIAL INFORMATION**

**Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operation**

**Planet Technologies, Inc. and Subsidiary**

*Except for the historical information contained herein, the discussion in this report contains forward-looking statements that involve certain risks and uncertainties. The Company s actual results could differ materially from those discussed in this report. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and in the Company s Form 10-KSB for the fiscal year ended December 31, 2005.*

OVERVIEW

Planet Technologies, Inc. ( Planet or the Company ) formerly known as Planet Polymer Technologies, Inc. ( Planet Polymer ) was incorporated in August, 1991, in the State of California, and, since November 30, 2004, at which time the company acquired Allergy Free, LLC, is engaged in the business of designing, manufacturing, selling and distributing common products for use by allergy sensitive persons, including, without limitation, air filters, bedding, room air cleaners, and related allergen avoidance products. The business strategy is primarily based upon promotion of products directly to the consumer by telemarketing to the Company s database of customers who have purchased the Allergy Free Electrostatic Filter.

On August 11, 2005, Planet completed a merger with Allergy Control Products, Inc. ( ACP ). ACP merged into a wholly-owned subsidiary of Planet ( New ACP ). Effective August 11, 2005, Planet assigned all of the Allergy Free assets to its wholly-owned subsidiary New ACP. The subsidiary was renamed and its ongoing name is Allergy Control Products ( the Subsidiary ). References to us , we , Planet and Company refer to the consolidated operatio Planet and its Subsidiary.

With the merger, Planet has added to its stable of allergen control products, and has incorporated ACP s core business strategy to supply a complete range of high quality products to physician s patients who are allergy sufferers, as well as to previous customers. Promotion is executed through (a) distribution of catalogs to physicians offices, for subsequent re-distribution to patients, (b) distribution of catalogs directly to previous customers and (c) selective e-commerce marketing initiatives. Customer transactions are primarily handled through ACP s in-bound call center and its website. In addition to this core business strategy, ACP also sells selective products on a wholesale basis to domestic retailers as well as to international distributors.

Products include ACP s own Allergy Control® branded bedding products, which are effective barriers to the transmission of dust mite allergen and pet dander. ACP also markets other bedding products, carpet cleaning and laundry products, vacuums, air cleaners and air filters, sinus and breathing aids, respiratory products, dehumidifiers, mold prevention and house cleaning products, pet allergy products and certain allergy-related skin and hair care products.

Market distribution channels (non-wholesale) for allergen avoidance products include: physician-directed sales, direct to consumer sales, the Internet and retail. In the physician-directed sales segment, ACP s primary competitors are National Allergy Supply, Asthma and Allergies Technology, Allergy Solutions and Mission Allergy.

Planet has an accumulated deficit of $5,548,487 as of March 31, 2006.

RESULTS OF OPERATIONS

The inclusion of ACP s financial results for the three months ended March 31, 2006 resulted in material year over year increases in sales, cost of sales and operating expenses for each of those reporting periods. These increases are not necessarily indicative of future year over year comparisons.

Resources currently are being committed to test marketing of a) ACP s non-filter product lines to Allergy s customer base, b) Allergy s filter product lines to ACP s customer base and c) ACP s consumer catalog to

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**PART 1 FINANCIAL INFORMATION**

**Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operation**

**Planet Technologies, Inc. and Subsidiary**

Allergy s customer base. Future gross margins will reflect the results of these test marketing efforts and their impact on the future blend of sales for product lines with varying gross margins.

**Three months ended March 31, 2006 compared to three months ended March 31, 2005**

The net loss for the three months ended March 31, 2006, was $337,596 compared to a net loss of $241,029 for the three-month period ended March 31, 2005. The Company s sales increased by $2,096,302 from $221,526 for the three months ended March 31, 2005, to $2,317,828 for the same period in 2006. This increase was due to sales of the Subsidiary which accounted for approximately 92% of sales for the period.

Gross profit increased to $931,897 for the three months ended March 31, 2006, from $146,021 for the same period in 2005, reflecting the increase in revenues. Overall gross margin, as a percentage of sales, decreased period over period from 66% for the three months ended March 31, 2005 to 40% for the same period in 2006. This decrease in gross margin is due to the inclusion of ACP s sales which have a lower gross profit margin.

Operating expenses increased period over period, totaling $1,264,100 for the three months ended March 31, 2006, and $380,179 for the same period in 2005. This $883,921 increase reflects the inclusion of ACP s operating costs.

Other expenses decreased $1,478, from $6,871 for the three months ended March 31, 2005, to $5,393 for the same period in 2006. Of this decrease, approximately $3,400 is due to a reduction of interest expense related to the debt approaching maturity. This decrease was partially offset by amortization of derivative costs of $1,888.

**Proforma Three months ended March 31, 2006 compared to three months ended March 31, 2005**

The following tables set forth certain items in Planet s Proforma Statements of Operations for the periods indicated, which combine the operations of Planet and ACP as if the merger had been completed on January 1, 2005.

| | **2006** | 2005 | Change | % |
|---|---|---|---|---|
| Sales | $ 2,317,828 | $ 2,379,481 | $ (61,653) | (3) |
| Cost of Sales | 1,385,931 | 1,371,968 | (13,963) | (1) |
| Gross Profit | 931,897 | 1,007,513 | (75,616) | (8) |
| Operating Expenses | (1,264,100) | (1,325,094) | 60,994 | 5 |
| Loss from Operations | (332,203) | (317,581) | (14,622) | (5) |
| Other Expense | (5,393) | (6,409) | 1,016 | 16 |
| Net Loss | $ (337,596) | $ (323,990) | $ (13,606) | (4) |

The Company s net sales decreased by $61,653 from $2,379,481 to $2,317,828 due to the decrease in sales of Allergy Free related products, which decreased from $221,526 in 2005 to approximately $132,000 in 2006. The decrease is the result of increased competition from mass merchandisers. This decrease was offset by an increase in the sales of ACP products.

Overall proforma gross margin, as a percentage of sales, decreased from 42% for the three months ended March 31, 2005 to 40% for the same period in 2006. This decrease in gross margin is due to large increase in international sales to distributors for ACP which have lower margins than domestic sales. Also, the Allergy Free sales which have a higher gross margin decreased from 2005 to 2006.

Between March 31, 2006 and March 31, 2005, total operating expenses decreased $60,994, totaling $1,264,100 for the three months ended March 31, 2006, and $1,325,094 for the same period in 2005. This decrease reflects

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**PART 1 FINANCIAL INFORMATION**

**Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operation**

**Planet Technologies, Inc. and Subsidiary**

the reduction of costs associated with the consolidation of all operations into one location. The decrease was partially offset by stock-based compensation expense of $55,044 as well as amortization of intangibles of $66,250 and increasing public entity expenses associated with the audit of a larger operating entity.

Proforma other expenses decreased from $6,409 for the three months ended March 31, 2005, to $5,393 for the same period in 2006. The $1,016 decrease in other expenses includes a $3,400 reduction of interest expense related to the debt approaching maturity. This decrease was partially offset with the amortization of derivative costs of $1,888.

The proforma net loss for the three months ended March 31, 2006, was $337,596, compared to $323,990 for the three month period ended March 31, 2005. The proforma net loss for 2006 includes stock-based compensation of $55,044 and the amortization of intangibles of $66,250.

**Off Balance Sheet Arrangements**

None.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company s assets and the satisfaction of its liabilities in the normal course of business. Successful transition to profitable operations is dependent upon attaining a level of sales adequate to support the Company s cost structure. The Company has suffered recurring losses resulting in an accumulated deficit of $5,548,487 as of March 31, 2006. Management intends to finance operations primarily through cash flow from operations and by raising additional capital from the sale of its stock. However, there can be no assurance that the Company will be able to obtain such financing or internally generate cash flows from operations, which may impact the Company s ability to continue as a going concern. The accompanying unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the potential inability of the Company to continue as a going concern.

Cash and cash equivalents totaled $307,314 at March 31, 2006. During the period, the Company used cash totaling $92,830 for its operations and the Company paid principal payments totaling $36,700 on notes payable.

Inventory levels increased $43,871 from $577,332 at December 31, 2005 to $621,203 at March 31, 2006, reflecting inventory levels required to handle increasing sales demand. Accounts payable and accrued expenses increased by $208,471, from $1,503,175 at December 31, 2005 to $1,711,646 at March 31, 2006, reflecting liabilities associated with catalog purchases which is normal for this time of year.

On August 11, 2005, Planet completed a merger with Allergy Control Products, Inc. ( ACP ). ACP merged into a wholly-owned subsidiary of Planet ( New ACP ). Effective August 11, 2005, Planet assigned all of the Allergy Free assets to its wholly-owned subsidiary New ACP. The subsidiary was renamed and its ongoing name is Allergy Control Products ( the Subsidiary ).

Investors are encouraged to review our report on Form 8-K filed with the Securities and Exchange Commission on August 12, 2005 and our Registration Statement on Form SB-2 filed on October 12, 2005, which discuss more thoroughly the terms of the merger and which is available through EDGAR at www.sec.gov, and the Company s Proxy Statement which also is available through EDGAR.

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**PART 1 FINANCIAL INFORMATION**
**Item 3 Controls and Procedures**
**Planet Technologies, Inc. and Subsidiary**

The Company s management with the participation of the Company s chief executive officer and chief financial officer have evaluated the effectiveness of the Company s disclosure controls and procedures (as such term is defined in Rules 13a 15(e) and 15d 15(e) under the Securities Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company s chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company s disclosure controls and procedures were not effective due to material weaknesses in our internal control over financial reporting described below.

Insufficient accounting staff with the appropriate level of knowledge and a lack of sufficient historical information regarding sales of ACP products.

Insufficient number of staff and lack of adequate data processing support.

In the process of conducting their audit for the year ended December 31, 2005, J.H. Cohn LLP, our independent registered public accounting firm ( JHC ), identified material weaknesses in the processes and procedures with our accounting and financial reporting function which were addressed as part of the communications by JHC with our audit committee. JHC informed the audit committee that these deficiencies constituted a material weakness under standards established by the Public Company Accounting Oversight Board.

During the first quarter of 2006, the Company has assigned a high priority to the short-term and long-term improvement of our internal control over financial reporting. Actions to address the material weaknesses described above that we will undertake, or have undertaken, include the following, among others:

Hiring of additional qualified accounting staff to facilitate the reporting within the time periods specified by the SEC.

Implementing new accounting reporting software in the short-term to expedite the reporting function and an upgrade to the overall accounting software system in the long-term so that analysis and evaluation of information can be better processed within the time periods required by the SEC.

Except as described above, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## PART II OTHER INFORMATION
## Planet Technologies, Inc. and Subsidiary

Item 1 Legal Proceedings:

None

Item 2 Changes in Securities and Use of Proceeds:

None

Item 3 Defaults upon Senior Securities:

None

Item 4 Submission of Matters to a Vote of Security Holders:

None

Item 5 Other Information

None

Item 6 Exhibits:

(a) Exhibits

Exhibit 31.1 Certification of Principal Executive Officer and Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

Exhibit 32.1 Certification of Principal Executive Officer and Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

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**Planet Technologies, Inc.**

SIGNATURES

In accordance with the requirements of Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | |
|---|---|
| Date: May 22, 2006 | Planet Technologies, Inc. |
| | /s/ Scott L. Glenn<br>Scott L. Glenn<br>Chief Executive Officer |
| | /s/ Francesca DiNota<br>Francesca DiNota<br>Chief Financial Officer and<br>Chief Accounting Officer |

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Act of 1940 and under any applicable listing requirements.

5. The Committee shall set forth and periodically review governance principles for the Board and its committees and shall recommend changes, if any, to the Board. Those principles have been outlined in a separate document (Statement of Governance Principles).

6. The actions taken at meetings of the Committee shall be recorded in the minutes of such meetings.

7. If the Committee's membership does not include all of the Trustees, the Committee will report on actions taken at its meetings to the Board.

8. The Committee shall have such further responsibilities as are given to it from time to time by the Board.

Date of most recent Committee approval: November 7, 2014
Date of most recent Charter amendment: November 7, 2014

**Appendix A**

**Procedures for Shareholders to Submit Nominee Candidates**

A shareholder of any series of the Trust must follow the following procedures in order to submit properly a nominee candidate recommendation for the Committee's consideration.

The shareholder must submit any nominee candidate recommendation (a "Shareholder Recommendation") in writing to the Trust, to the attention of the Trust's Secretary, at the address of the principal executive offices of the Trust.

The Shareholder Recommendation must include: (i) a statement in writing setting forth (A) the name, age, date of birth, business address, residence address and nationality of the person recommended by the shareholder (the "candidate"); (B) the series (and, if applicable, class) and number of all shares of the Trust owned of record or beneficially by the candidate, as reported to such shareholder by the candidate; (C) any other information regarding the candidate called for with respect to director nominees by paragraphs (a), (d), (e) and (f) of Item 401 of Regulation S-K or paragraph (b) of Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation or rule subsequently adopted by the Securities and Exchange Commission or any successor agency applicable to the Trust); (D) any other information regarding the candidate that would be required to be disclosed if the candidate were a nominee in a proxy statement or other filing required to be made in connection with solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (E) whether the recommending shareholder believes that the candidate is or will be an "interested person" of the Trust (as defined in the Investment Company Act of 1940, as amended) and information regarding the candidate that will be sufficient for the Trust to make such determination; (ii) the written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected; (iii) the recommending shareholder's name as it appears on the Trust's books; (iv) the series (and, if applicable, class) and number of all shares of the Trust owned beneficially and of record by the recommending shareholder; and (v) a description of all arrangements or understandings between the recommending shareholder and the candidate and any other person or persons (including their names) pursuant to which the recommendation is being made by the recommending shareholder. In addition, the Committee may require the candidate to interview in person and furnish such other information as it may reasonably require or deem necessary to determine the eligibility of such candidate to serve as a Trustee of the Trust. With respect to each Closed-End Fund, the Shareholder Recommendation also must comply with any timing or additional requirements applicable to shareholder nominations, as set forth in the By-Laws of such Closed-End Fund.

Exhibit B

## WELLS FARGO FUNDS TRUST
## WELLS FARGO VARIABLE TRUST
## WELLS FARGO MASTER TRUST
## ASSET ALLOCATION TRUST
## WELLS FARGO ADVANTAGE GLOBAL DIVIDEND OPPORTUNITY FUND
## WELLS FARGO ADVANTAGE INCOME OPPORTUNITIES FUND
## WELLS FARGO ADVANTAGE MULTI-SECTOR INCOME FUND
## WELLS FARGO ADVANTAGE UTILITIES AND HIGH INCOME FUND
## AUDIT COMMITTEES CHARTER

1. Composition. The Audit Committees ("Committees") of the Boards of Trustees (the "Boards") of Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, Asset Allocation Trust (collectively, the "Open-End Trusts"), Wells Fargo Advantage Global Dividend Opportunity Fund ("EOD"), Wells Fargo Advantage Income Opportunities Fund ("EAD"), Wells Fargo Advantage Multi-Sector Income Fund ("ERC"), and Wells Fargo Advantage Utilities and High Income Fund ("ERH") (collectively, the "Closed-End Funds" and together, with the Open-End Trusts, the "Trusts") shall be composed entirely of Trustees who are not "interested persons" of the Trusts, or of any investment adviser or principal underwriter, as defined in the Investment Company Act of 1940 (the "Act"). The Committees of the Closed-End Funds (the "Closed-End Fund Committees") shall have at least three members who are "independent" as that term is interpreted under Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and under the listing standards of each exchange on which shares of the Closed-End Funds are traded, except as otherwise set forth by statute, rule, or listing standard. The full Boards shall designate the members of the Committees and shall either designate the Chairman or shall approve the manner of selection of the Chairman.

The Boards shall determine as often as they deem appropriate whether any member of the Committees is an "audit committee financial expert" as defined in Item 3 of Form N-CSR. Any member of the Committees who is determined to be such an expert shall not bear any duties, obligations or liabilities that are greater than the duties, obligations and liabilities imposed on such member as a member of the Committees and the Boards in the absence of such determination.

2. Primary Responsibilities. The primary responsibilities of the Committees are:

- to oversee the accounting and financial reporting policies of the Trusts or their series, as applicable, (a Trust or any such series being referred to as a "Fund", and collectively as the "Funds"), including their internal controls over financial reporting and, as a Committee deems appropriate, the internal controls of key service providers;
- to oversee the quality and objectivity of the Funds' financial statements and the independent audit thereof;
- to interact with the Funds' registered public accountants (the "Auditors") on behalf of the Boards, and to interact with the appropriate officers of the Trusts, and the investment advisers, sub-advisers, administrators and other key service providers other than the Auditors (collectively, "Management") regarding accounting and financial reporting matters;
- to oversee, or, as appropriate, assist Board oversight of, the Funds' compliance with legal and regulatory requirements that relate to the Funds' accounting and financial reporting, internal controls and independent audits; and
- to approve the engagement of the Auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Auditors.

The function of the Committees is oversight. Management is responsible for: (1) the preparation, presentation and integrity of the Funds' financial statements; (2) the implementation of appropriate accounting and financial reporting principles and policies; and (3) the design and maintenance of internal controls and procedures designed to assure compliance with all applicable accounting standards, laws and regulations. The Auditors are responsible for planning and carrying out a proper audit and review. Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of Management or the Auditors.

Although the Committees are expected to take a detached and questioning approach to the matters that come before them, the review of the Funds' financial statements by the Committees is not an audit, nor does the Committees' review substitute for the responsibilities of Management for preparing, or the Auditors for auditing, the Funds' financial statements. Members of the Committees are not full-time employees of the Funds and, in serving on these Committees, are not, and do not hold themselves out to be, acting as accountants or auditors. As such, it is not the duty or responsibility of the Committees or their members to conduct "field work" or other types of auditing or accounting reviews or procedures. In addition, the authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Committees to plan or conduct any audit, to determine or certify that any Fund's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable laws, or to guarantee any report of the Auditors.

In discharging their duties, the members of the Committees are entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data prepared or presented by: (1) one or more officers of the Trusts whom the member reasonably believes to be reliable and competent in the matters presented; (2) legal counsel, the Auditors or other public accountants, or other persons as to matters the member reasonably believes are within the person's professional or expert competence; or (3) another Board committee on which the member does not sit.

3. Duties and Powers. To carry out their responsibilities, the Committees shall have the following duties and powers, to be discharged in such a manner as the Committees deem appropriate, in their sole discretion:

- to approve the engagement of the Auditors to annually audit and provide their opinion on a Fund's financial statements, to recommend to those Trustees who are not "interested persons" of the Fund (as that term is defined in Section 2(a)(19) of the Act) the selection, retention or termination of the Auditors and, in connection therewith, to review and evaluate matters potentially affecting the independence and capabilities of the Auditors;
- to approve the engagement of the Auditors to provide non-audit services to a Fund, or to its investment adviser or any entity controlling, controlled by, or under common control with the investment adviser ("adviser affiliate") that provides ongoing services to the Fund, if the engagement relates directly to the operations and financial reporting of the Fund;
- to implement any policies and procedures for pre-approval of the engagement of the Auditors as are set forth in this Charter, or to separately adopt, to the extent deemed appropriate by the Committees, policies and procedures for pre-approval of the engagement of the Auditors, in either case, to provide audit or non-audit services to a Fund and to provide non-audit services to the Fund's investment adviser or an adviser affiliate that relate directly to the operations and financial reporting of the Fund, provided in either case that the policies and procedures are detailed as to the particular services covered;
- to consider whether the provision by the Auditors of non-audit services to a Fund's investment adviser or an adviser affiliate that provides ongoing services to the Fund, which services were not required to be pre-approved by the Committees, is compatible with maintaining the Auditors' independence;
- to assess the Auditors' independence at least annually, in connection with which, the Committees shall receive and review a report by the Auditors disclosing all relationships that may affect the Auditors' independence, including the disclosures required by Public Company Accounting Oversight Board ("PCAOB") Rule 3526 or any other applicable auditing standard;
- to receive from, to review and to discuss with the Auditors, and with Management to the extent the Committees deem appropriate, the matters about which PCAOB Auditing Standard No. 16 (Codification of PCAOB Statements on Auditing Standards) requires communication, including those specifically mentioned in this Charter;
- to review the arrangements for and scope of the Funds' annual audits and any special audits;
- to review and approve the fees proposed to be charged to the Funds by the Auditors for all audit and non-audit services;
- to meet with, and consider information and comments from, the Auditors with respect to the Funds' financial statements and the Funds' accounting and financial reporting policies, procedures and internal controls (including the Funds' critical accounting policies and practices and any adjustments to a Fund's financial statements recommended by the Auditors), and to consider Management's responses to any such comments and, to the extent the Committees deem necessary or appropriate, to promote improvements in the quality of the Funds' accounting and financial reporting;
- to review the form of engagement letter used by the Funds to engage the Auditors for all audit and non-audit services;
- to review the form of opinions the Auditors propose to render to the Boards and the Funds;
- to seek to resolve any material disagreements between Management and the Auditors regarding financial reporting that are brought to the Committees' attention;
- to review with the Funds' principal executive officer and/or principal financial officer, in connection with their certifications of any filings by the Funds on Form N-CSR, any significant deficiencies in the design or operation of disclosure controls and procedures or material weaknesses therein or in internal controls over financial reporting and any reported evidence of fraud involving Management or other employees who have a significant role in the Funds' disclosure controls and procedures;

- to investigate or initiate investigation of reports of improprieties or suspected improprieties in connection with the Funds' accounting or financial reporting;
- to report its activities to the Boards on a regular basis and to make such recommendations with respect to the matters described above and other matters as the Committees may deem necessary or appropriate;
- to inquire of the Auditors and Management as to whether appropriate staffing levels are being maintained within the audit engagement team, internal accounting and administration staff; and
- to perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

4. All Closed-End Fund Committees. The Closed-End Fund Committees shall be directly responsible for the appointment, compensation, retention and oversight of the work of any Auditor engaged (including resolution of disagreements between Management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Closed-End Funds, and each such Auditor must report directly to its respective Closed-End Fund Committee.

The Closed-End Fund Committees shall also establish procedures for (1) the receipt, retention, and treatment of complaints received by the Closed-End Funds regarding accounting, internal accounting controls, or auditing matters; and (2) the confidential, anonymous submission by employees of the Closed-End Funds, the Closed-End Funds' investment adviser, administrator, principal underwriter (if any) or any other provider of accounting-related services for the Closed-End Funds, of concerns regarding questionable accounting or auditing matters.

Each of the Closed-End Fund Committees shall have the duty and power, in addition to the responsibilities, duties and powers included elsewhere in this Charter, to be discharged in such a manner as the Committee deems appropriate, in its sole discretion to review such disclosures or statements made by the Audit Committee in the Closed-End Funds' annual or semi-annual report or proxy statement.

5. NYSE MKT Closed-End Fund Committees. Any Closed-End Fund with shares listed on the NYSE MKT exchange (formerly NYSE Amex) (the "NYSE MKT") must comply with applicable listing standard requirements.[1,] Accordingly, each member of an audit committee of a fund listed on the NYSE MKT ("NYSE MKT Closed-End Fund Committee") must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Further, at least one member of a NYSE MKT Closed-End Fund Committee must be "financially sophisticated," as such term is defined in the listing standards of the NYSE MKT.[2]

The purpose of a NYSE MKT Closed-End Fund Committee includes, in addition to the responsibilities, duties and powers included elsewhere in this Charter, overseeing the accounting and financial reporting processes and audits of the Closed-End Fund. NYSE MKT Closed-End Fund Committees must actively engage in a dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors and are responsible for taking, or recommending that the Boards take, appropriate action to oversee the independence of the Auditors. Committee members must not have participated in the preparation of the financial statements of the Closed-End Fund at any time during the three years prior to appointment to the NYSE MKT Closed-End Fund Committee. The NYSE MKT Closed-End Fund Committees shall meet on a regular basis, as often as necessary to fulfill their responsibilities, including at least annually in connection with the issuance of audited financial statements.

6. New York Stock Exchange Closed-End Fund Committees. Any Closed-End Fund with shares listed on the New York Stock Exchange (the "NYSE") must comply with applicable listing standard requirements.[3,] Accordingly, each member of an audit committee of a fund listed on the NYSE ("NYSE Closed-End Fund Committee") must be "financially literate" (or become so within a reasonable time after his or her appointment to the committee).[4,] Further, at least one member of an NYSE Closed-End Fund Committee must have "accounting or related financial expertise".[5]

The purpose of a NYSE Closed-End Fund Committee includes, in addition to the responsibilities, duties and powers included elsewhere in this Charter, assisting with the Board's oversight of the integrity of the Closed-End Fund's financial statements, the Closed-End Fund's compliance with legal and regulatory requirements, the qualifications and independence of the Closed-End Fund's Auditors, and the performance of the Closed-End Fund's internal audit functions and Auditors.

The NYSE Closed-End Fund Committee shall have the following duties and powers, in addition to the responsibilities, duties and powers included elsewhere in this Charter, to be discharged in such a manner as the Committee deems appropriate, in its sole discretion:

- to obtain and review at least annually a report from the Auditors describing (1) the accounting firm's internal quality-control procedures, (2) any material issues raised (a) by the Auditors' most recent internal quality-control review or peer review or

(b) by any governmental or other professional inquiry or investigation performed within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to address any such issues, and (3) all relationships between the Auditors and the Closed-End Fund;

- to meet to review and discuss with management the Closed-End Fund's audited annual and unaudited semi-annual financial statements, as well as "Management's Discussion of Fund Performance", if included in its Form N-CSR;
- to discuss any press releases regarding the Closed-End Fund's investment performance and other financial information about the Closed-End Fund, as well as any financial information provided to analysts or rating agencies. The NYSE Closed-End Fund Committee may discharge this responsibility by discussing the general types of information to be disclosed by the Fund and the form of presentation (i.e., a case-by-case review is not required) and need not discuss in advance each such release of information;
- to discuss guidelines and policies with respect to risk assessment and risk management;
- to review with the Auditors any audit problems or difficulties encountered in the course of their audit work and Management's responses thereto;
- to set clear policies for the hiring by the Closed-End Fund of employees or former employees of the Closed-End Fund's Auditors, to the extent that the Closed-End Fund intends to have employees;
- to report regularly to the Closed-End Fund Board; and
- to consider whether to recommend to the Board that the audited financial statements be included in the annual report for the Closed-End Fund.

The performance of the NYSE Closed-End Fund Committee shall be reviewed at least annually by the Board. Unless otherwise determined by the Board, no member of the NYSE Closed-End Fund Committee may serve on the audit committee of more than two other public companies.[6]

7. Meetings. Unless otherwise specified in this Charter, each Committee shall meet at least twice annually, and is empowered to hold special meetings as circumstances require. The Committees shall record minutes of their meetings and shall invite Trustees who are not members of the Committees, Management, counsel and representatives of service providers to attend meetings and provide information as the Committees, in their sole discretion, consider appropriate. The Committee shall periodically meet separately in executive session with the Auditors.

8. Auditor Pre-Approval. The Auditors are hereby pre-approved to provide the following services: (a) audit newly created Funds; (b) perform "agreed upon procedures" reviews and/or provide comfort letters in connection with Fund reorganizations; (c) review special Fund registration statement filings; and (d) perform non-audit services for the Funds, the Funds' investment adviser and its adviser affiliates, provided that any such non-audit services fall within the specified categories of services listed on Tab A, which have been separately approved by the Committees, and that the fees for such services do not exceed the pre-approved dollar amounts listed on Tab A. To the extent that the non-audit services or fees would fall outside of the aforementioned pre-approvals, such services or fees may be pre-approved by the Committees, or by the Chairman pursuant to delegated authority in accordance with Section 9 below.

9. Pre-Approval Procedure. The Chairman of the Committees is authorized to pre-approve: (1) audit services to the Funds; (2) non-audit tax or other categories of services identified in Section 8 above or compliance consulting or training services provided to the Funds by the Auditors if the fees for any particular engagement are not anticipated to exceed $50,000; and (3) non-audit tax or compliance consulting or training services provided by the Auditors to a Fund's investment adviser and its adviser affiliates (where pre-approval is required because the engagement relates directly to the operations and financial reporting of the Fund) if the fee to the Auditors for any particular engagement is not anticipated to exceed $50,000. For any such pre-approval sought from the Chairman, Management shall prepare a brief written statement describing the proposed services. If the Chairman approves of such service, he or she shall sign the statement prepared by Management or otherwise evidence in writing his or her approval, which may be given by electronic mail. Such written statement, or the written engagement for the proposed services described in the statement, shall be presented to the full Committees at their next regularly scheduled meeting.

10. Availability. The Committees shall be available to meet with the Treasurer and other appropriate officers of the Trusts, and with internal accounting staff, and individuals with internal audit responsibilities, for consultation on audit, accounting and related financial matters.

11. Resources. The Committees shall be given the resources and shall have the authority appropriate to discharge their responsibilities, including the authority to retain special or independent counsel and other experts, advisors or consultants at the expense of the appropriate Fund(s) and to determine the appropriate funding for payment of compensation to Auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for a Fund and the Committees' ordinary administrative expenses that are necessary or appropriate in carrying out their duties.

12. Miscellaneous. The Committees shall review and reapprove this Charter as often as they deem appropriate, but not less often than annually, and recommend any changes to the Boards that they deem appropriate. The Committees shall have such further responsibilities as are given to them from time to time by the Boards. The Committees shall consult with Management, the Auditors and counsel as to legal or regulatory developments affecting their responsibilities, as well as relevant tax, accounting and industry developments.

Nothing in this Charter shall be interpreted as diminishing or derogating the responsibilities of the Boards.

Most Recent Annual Approval by the Board of Trustees: August 12, 2014
Amended: August 12, 2014

1 As of August 14, 2012, shares of EAD, ERC and ERH were listed on the NYSE MKT. Although the NYSE MKT LLC Company Guide exempts closed-end funds from certain listing requirements, this Charter has been drafted according to the view expressed by regulators that they may, in fact, apply some of those requirements to closed-end funds.
2 One is "financially sophisticated" if that individual qualifies as an "audit committee financial expert" under Item 3 of Form N-CSR.
3 As of August 14, 2012, shares of EOD were listed on the NYSE.
4 "Financial literacy" is generally interpreted to signify the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.
5 One has "accounting or related financial expertise" if that individual qualifies as an "audit committee financial expert" under the Item 407(d)(5)(ii) of Regulation S-K standard, which is identical to that of Item 3 of Form N-CSR.
6 Service on multiple boards in the same fund complex is counted as service on one board for the purposes of this requirement.

| **Non-Audit Services** | **Fee Range** |
|---|---|
| Services related to contesting India Foreign Institutional Investor (FII) tax assessments for years prior to 2002. | Not to exceed $10,000 |
| Assistance with Internal Revenue Code Sections 851(b) and 817(h) diversification testing (upon specific request as Wells Fargo Fund Tax Department is currently responsible for diversification testing). | Not to exceed $3,500 per fund |
| Tax assistance and advice regarding tax consequences of new investments products or proposed changes to existing products. | Not to exceed $15,000 |
| Tax assistance and advice regarding statutory, regulatory or administrative developments. | Not to exceed $15,000 |
| Services related to contesting any assessed Internal Revenue Service penalties for incorrect reporting of Fund Forms 1120-RIC and Form 1099. | Not to exceed $10,000 |
| Other International tax services (generally related to foreign tax withholding). | Not to exceed $15,000 |
| Tax assistance and advice regarding evaluation of complex security transactions. | Not to exceed $15,000 |
| Tax and/or other non-audit services associated with Fund mergers and liquidations. | Not to exceed $8,000 per fund merger/liquidation |

EVERY SHAREHOLDER’S VOTE IS IMPORTANT

EASY VOTING OPTIONS:

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Log on to:

www.proxy-direct.com

or scan the QR code

Follow the on-screen instructions

available 24 hours

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Call 1-800-337-3503

Follow the recorded instructions

available 24 hours

VOTE BY MAIL

Vote, sign and date this Proxy Card

are return in the postage-paid

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VOTE IN PERSON

Attend Shareholder Meeting

525 Market Street, 12th Floor

San Francisco, CA 94105

on February 9, 2015

Please detach at perforation before mailing.

PROXY WELLS FARGO ADVANTAGE GLOBAL DIVIDEND OPPORTUNITY FUND PROXY

COMMON SHARES

PROXY FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 9, 2015

This Proxy is solicited on behalf of the Board of Trustees of Wells Fargo Advantage Global Dividend Opportunity Fund (the “Fund”) for the Annual Meeting of Shareholders. The undersigned, revoking any previously executed proxies, hereby appoints C. David Messman, Maureen E. Towle and Johanne F. Castro, or each of them acting individually, as proxies of the undersigned, each with full power of substitution, to represent and vote all of the common shares of the Fund that the undersigned would be entitled to vote at the 2015 Annual Meeting of Shareholders of the Fund to be held at 525 Market St., 12th Floor, San Francisco, California 94105 on February 9, 2015, at 10:30 a.m., Pacific time, and at any and all adjournments thereof.

Receipt of the Notice of Meeting and the accompanying Proxy Statement, which describe the matters to be considered and voted on, are hereby acknowledged.

VOTE VIA THE TELEPHONE: 1-800-337-3503

VOTE VIA THE INTERNET: www.proxy-direct.com

UNLESS VOTING BY TELEPHONE OR INTERNET, PLEASE SIGN, DATE AND MAIL THIS PROXY CARD

PROMPTLY USING THE ENCLOSED ENVELOPE.

EVERY SHAREHOLDER'S VOTE IS IMPORTANT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 9, 2015.

You may obtain a copy of this proxy statement, the accompanying Notice of Annual Meeting of Shareholders, the proxy card and the Annual Report of the Fund for the period ended October 31, 2014 without charge by visiting the following Web site: https://www.proxy-direct.com/wfa-26299

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PROXY CARD TODAY

Please detach at perforation before mailing.

The common shares represented by this proxy will be voted as specified in the following Item 1, but if you return a signed proxy card and no choice is specified, they will be voted FOR the election of the four (4) persons named below as nominee Trustees under "Election of Trustees (Proposal 1)." If any nominee for any reason becomes unable to serve or is unwilling to serve or for good cause will not serve, the persons named as proxies on the other side of this proxy card will vote for the election of such other person or persons as they may consider qualified. The Board of Trustees has no reason to believe that any of the four (4) nominee Trustees will be unable or unwilling to serve.

If any other matters about which the Fund did not have timely notice properly come before the meeting, authorization is given to the proxy holders to vote in accordance with the views of management of the Fund.

THIS PROXY IS SOLICITED ON BEHALF OF THE FUND'S BOARD OF TRUSTEES.

PLEASE MARK VOTE AS IN THIS EXAMPLE:

Election of Trustees:

Nominees:

01. William R. Ebsworth 02. Jane A. Freeman 03. Judith M. Johnson 04. Donald C. Willeke

Instruction: To withhold authority to vote for any nominee(s), write the name(s) of such nominee(s)

on the line below and mark the "FOR ALL EXCEPT" box above.

2. To transact such other business as may properly come before the meeting or any adjournment thereof.

YOUR VOTE IS IMPORTANT. PLEASE SIGN, DATE, AND MAIL THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

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