WACHOVIA SECURITIES

Considerations and Disclosures for Investors in Auction Rate Securities

Wachovia Securities, LLC, a Broker-Dealer in Auction Rate Securities, provides the following information regarding Auction Rate Procedures. Our procedures are consistent with the Securities Industry and Financial Market Association's (SIFMA) Best Practices which can be found at http://www.bondmarkets.com/assets/files/AuctionRateSecurities_FinalBestPractices.pdf.[1] The Best Practices for Broker-Dealers of Auction Rate Securities are the result of a joint effort by members of SIFMA who are participants in the market for Auction Rate Securities. The SIFMA Best Practices were prepared in order to confirm the relationship between a Broker-Dealer and other market participants and to articulate a set of Best Practices with respect to the Auction Rate Securities transactions between the Broker-Dealer and other market participants.

Overview of Auction Rate Securities

Auction Rate Securities are securities whose interest or dividend rate is reset periodically. They usually have a long-term maturity (or, in the case of preferred securities, no maturity). They may be issued by municipalities or their authorities in the form of tax-exempt or taxable bonds or by corporations in the form of bonds or preferred stock. For ease, reference is made herein to the "issuer."[2] Certain municipalities and governmental authorities serve as conduit issuers for not-for-profit and for-profit corporate borrowers which bear the ultimate responsibility for repaying the Auction Rate Securities. In the case for a conduit financing, certain references to the issuer might more appropriately be to a "borrower."

The interest or dividend rate on Auction Rate Securities is reset periodically to the rate produced in an Auction that is governed by a set of Auction Procedures established by the issuer and its Auction Agent and described in the offering documents. The frequency of the periodic auctions varies, with common reset periods being daily, 7 days, 28 days, 35 days, 49 days, 90 days and six months. Under some programs, the issuer may change the reset period to a multi-year period. Any change in the reset period usually requires that there be a successful auction after the issuer notifies the holders of such proposed change. Because the Rate ordinarily is reset frequently, the coupon is expected to move in relation to money market rates for instruments with a maturity of the relevant reset period and similar credit quality.

[1] Please note that we are not responsible for the information contained on the listed Web site(s). The site(s) is/are provided to you for information purposes only.

[2] Income is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

Overview of Auction Rate Procedures

Wachovia Securities Auction Procedures require investors to submit orders through its Auction Rate Securities trading desk. Some Auction Rate Securities programs have a single Broker-Dealer and some have multiple Broker-Dealers. Existing Holders may advise Wachovia Securities of (a) the par amount of the securities they wish to continue to hold, regardless of the Clearing Rate; (b) the par amount of securities they will hold or buy as long as the Clearing Rate is no lower than a specified Rate (and if the Clearing Rate is lower than the specified Rate, they are obligated to sell the securities they hold); and (c) the par amount of securities they wish to sell irrespective of the Clearing Rate. If an Existing Holder fails to place an Order, Wachovia Securities Auction Procedures provide that such Holder will be deemed to have elected to continue to hold its Auction Rate Securities regardless of the Clearing Rate, unless the Auction is one in which the frequency of the Auctions is being changed, in which case such Holder will be deemed to have elected to sell its Auction Rate Securities regardless of the Clearing Rate. Prospective Holders may submit a Bid for the par amount of securities they wish to hold as long as the Clearing Rate is no lower than a specified Rate. Wachovia Securities Auction Procedures allow Bids in the Auction by Wachovia Securities acting for its own account. Wachovia Securities submits all Bids to the Auction Agent. Orders must be placed with the Auction Agent by the Submission Deadline, but Wachovia Securities may require Bidders to comply with an earlier internal deadline.

The Auction Agent ranks the Orders by Rate. Hold Orders are allocated first. If there are any sell orders, the Auction Agent then accepts Bids with the lowest Rate and then successively higher Rates, until all sell Orders are filled. If there are multiple Bids at the final Rate, the Auction Agent will allocate securities among the Bidders at such Rate on a pro-rata basis. All accepted Bids receive the same interest rate (the Clearing Rate).

If all Existing Holders determine to hold their Auction Rate Securities without specifying a minimum coupon rate, the Auction is called an "All Hold" Auction and the new Rate will be equal to the All Hold Rate. Under existing program documents, the All Hold Rate typically is based on a percentage of a reference rate, usually LIBOR or an index of Treasury securities, which percentage usually produces a Rate that is materially below a market Rate.

If the Auction Agent does not receive Bids lower than the Maximum Rate for the total par amount of Auction Rate Securities being auctioned, the Auction is said to be a "Failed Auction," and the Auction Procedures generally provide that the coupon rate is set at the Maximum Rate, which is usually a multiple of a reference rate, such as LIBOR or an index of Treasury securities, or a fixed number. The multiple may depend on the credit rating of the issuer or the securities. This Rate is designed to compensate the Holder for the loss of liquidity resulting from a failed Auction and to encourage the issuer to consider redeeming or restructuring the securities, if future auctions also fail. Although the Maximum Rate is generally above a market Rate, Holders may be disadvantaged if there is a Failed Auction because they are not able to exit their positions by means of the Auction.

Once the Clearing Rate has been determined, the Auction Agent notifies the issuer's paying agent of the Clearing Rate, which will be effective the business day following the Auction or, in the case of daily Auctions, the same day, and notifies the participating Broker-Dealers whose customers are net sellers of the name of one or more Broker-Dealers whose customers are the buyers of such securities. Settlement of such purchase and sale transactions occurs on the business day following the Auction unless the Auction is occurring daily in which case the settlement is the same day.

Wachovia Securities Auction Practices and Procedures

The purpose of the Auction is to establish a Rate for the next Rate Period.

The Auction Agent determines the Rate based on the Orders received from Holders and Potential Holders in the Auction.

Wachovia Securities obligation to the issuer is to solicit Bids.

Wachovia Securities is generally designated in a Broker-Dealer Agreement as a Broker-Dealer to contact Holders and Prospective Holders and solicit Bids for the securities. We do not guarantee to any issuer that the Auction will result in the lowest possible Rate for the securities. While we are not generally required to make an orderly market in the Auction Rate Securities, we may, in our discretion, take action to promote an orderly market consistent with industry best practices

Wachovia Securities obligation to Holders and Prospective Holders is a normal dealer obligation to persons purchasing securities from Wachovia Securities.

The obligation of Wachovia Securities to Holders and Prospective Holders who Bid for and sell Auction Rate Securities is no more extensive than normal dealer obligations governed by existing securities law. We must comply with applicable securities laws and regulations and the rules of self-regulatory organizations applicable to transactions in Auction Rate Securities.

Wachovia Securities may place a Bid for its own account in an Auction, as long as any Bid we place is at our Estimated Market Rate. Additionally, when Wachovia Securities Auction Desk holds Auction Rate Securities in its own account on the date of an Auction of such securities, the Auction Desk must submit an Order into the Auction to sell all such securities.

Wachovia Securities may place a Bid for our own account in an Auction, whether before or after we have seen the Orders of others, as long as any Bid we place is at an Estimated Market Rate. We may, among other reasons, submit such a Bid to avoid having a Failed Auction or to avoid having an Auction clear at a Rate we, in good faith, believe is above our Estimated Market Rate.

In a single-dealer Auction, we are privy to all the Orders and are able to anticipate the outcome of the Auction. In a multi-dealer Auction, we are privy only to the Orders placed through our auction desk. (Note: SIFMA believes that, although a Broker-Dealer is not obligated to Bid, a Broker-Dealer may place a Bid that has an effect on the outcome of the Auction as long as it is an Estimated Market Bid. In placing its Bid, the Broker-Dealer's Bid may step in front of another Bidder whose Bid the Broker-Dealer believes in good faith is not an Estimated Market Bid at the time the Broker-Dealer places its Bid).

There is not a single Rate that constitutes a market Rate. Indeed, Auctions for similar securities on the same date at the same time may produce a range of different Rates. (Note: SIFMA does not believe that a Bid of a Holder or Prospective Holder must be egregiously outside the range of what the Broker-Dealer reasonably believes is a market Rate before the Broker-Dealer may step in front of the Bid). It is up to the discretion of Wachovia Securities Auction Desk to determine market rates and, if appropriate, the necessity to step in front of a bid.

Wachovia Securities may aggregate Orders of the same type at the same Rate for submission to the Auction Agent, but will not net Orders to sell with Orders to buy or hold.

Wachovia Securities must separately submit all Orders to the Auction Agent. Wachovia Securities may not net sell Orders against Bids. If Wachovia Securities has submitted an aggregated Order and is awarded securities with respect to a type of Order and Rate level in the Auction, we must allocate any such award among its customers who placed Orders of such type at that level in accordance with the allocation procedures in the Auction Procedures.

Wachovia Securities may provide Price Talk to Holders and Prospective Holders.

Price Talk generally may be established before the start of the Auction. Price Talk represents our good faith judgment, at a given time, of the range of likely Clearing Rates for an Auction, based on market and other information. Price talk is not a guaranty and Holders and Prospective Holders are free to use it or ignore it.

If we provide Price Talk we will make it available to all Holders and potential Bidders who may be interested in bidding in the Auction. We may occasionally update and change the Price Talk if the prior Price Talk becomes superseded by changes in issuer credit quality or macroeconomic factors that are likely to result in a change in interest rate levels, such as an announcement by the Federal Reserve Board or a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers. We will make available such changes available to all Holders and Prospective Holders that were given the original Price Talk.

Wachovia Securities does not provide Price Talk to other Broker-Dealers in the program, but may provide Price Talk to brokers, other than such Broker-Dealers, who are acting on behalf of Holders and Prospective Holders. Wachovia Securities, along with other Broker-Dealers in a multi-dealer program must act independently. They do not share estimates of their Price Talk with the other Broker-Dealers.

Wachovia Securities does not accept "all-or-nothing" Bids or "market order" Bids.

We do not accept "all-or-nothing" Bids or any other type of Bid that allows the Bidder to avoid Auction Procedures that require the pro rate allocation of securities where there are not sufficient sell Orders to fill all Bids at the Clearing Rate.

Current program documents for Auction Rate Securities do not provide for firm Bids to receive Auction Rate Securities at the Clearing Rate. If potential Holders could place "market order" Bids, and all Bids in an Auction were either hold Orders or "market order" Bids, then the Clearing rate would not be set through the Auction process. Then only way for a potential Holder to ensure that it receives securities is to submit a Bid that is likely to be accepted or to purchase securities from Wachovia Securities inventory after the Auction.

Wachovia Securities will not accept any type of auction Order unless all of the necessary information, including Rate, amount (in dollars or shares), and issue or series has been provided by the investor or investor's representative.

The auction desk cannot provide at its discretion any of the missing information without specific instructions from the investor or investor's representative. However, current program documents do allow for Bids that are below the minimum Rate for the Auction set by the Auction Agent to be treated as Bids at the minimum Rate.

Wachovia Securities does not share information from the Auction Desk to sales representatives about Orders received and prohibits the disclosure of the Order of any Bidder to any other Bidder.

Wachovia Securities must not give Holders or Prospective Holders information about actual bidding (e.g. Wachovia Securities may never tell one Holder or Prospective Holder where other Bidders have placed their Bids, tell a Holder or Prospective Holder where the Clearing Rate is or whether there are sufficient Bids to avoid a Failed Auction).

Wachovia Securities cannot inform Bidders that there are no Bids at a Rate in order to avoid an All Hold Rate. All Hold Rates occur most often with issues held primarily by retail Holders. However, Wachovia Securities attempts to take steps to ensure that Holders are aware of the consequences of there being no Bids at a specific Rate.

All Orders must be submitted the applicable deadlines.

Each Order must be submitted to the Auction Desk by the "Internal Deadline". This deadline is generally earlier than the formal time deadline by which Bids must be submitted to the Auction Agent. This is to allow the Wachovia Securities auction desk sufficient time to process and submit investor Bids to the Auction Agent. Currently, the "Internal Deadline" requires daily auctions to be submitted to our Auction Rate Desk by 9:45 a.m. EST and that Bids for all other Auctions be submitted by 11:00 a.m. EST. This internal deadline is subject to change.

Wachovia Securities provides no assurances regarding Auction outcomes

Wachovia Securities provides no assurance as to the outcome of any auction, nor do we provide any assurance that any Bid will be successful, in whole or in part, or that the Auction will clear at a Rate that the Bidder considers acceptable. Bids may be rejected or may be only partially filled, and the Rate on any securities purchased or held may be lower then the Bidder expected. Wachovia Securities will not agree before an auction to buy or sell Auction Rate Securities to an investor after the auction.

The ability of Holders to resell Auction Rate Securities may be limited

Holders will be able to sell all of the securities that are the subject of submitted Orders to sell only if there are Bidders willing to purchase all those securities in the Auction. If sufficient clearing Bids have not been made, Holders that have submitted Orders to sell will not be able to sell in the Auction the securities subject to such submitted Orders. Wachovia Securities or the program's Lead Broker-Dealer may submit a Bid in an Auction to keep it from failing, but it is not obligated to do so. There may not always be enough Bidders to prevent an Auction from failing in the absence of a Bid by Wachovia Securities or the program's Lead Broker-Dealer in the Auction for its own account. Therefore, Auction Failure Events are possible, especially if the issuer's credit were to deteriorate, a market disruption were to occur or if, for any reason, Wachovia Securities or the program's Lead Broker-Dealer were unable or unwilling to bid.

Between Auctions, there can be no assurance that a secondary market for the securities will develop or, if it does develop, that it will provide Holders the ability to resell the securities on the terms or at the times desired by a Holder. Wachovia Securities may, in its own discretion, decide to buy or sell the securities in the secondary market for its own account to or from investors at any time and at any price, including at prices equivalent to, below, or above the par value of the securities. However, Wachovia Securities s is not obligated to make a market in the securities, and may discontinue trading in the securities without notice for any reason at any time. Holders who resell between Auctions may receive less than par value, depending on market conditions.

Post-Auction Sales of Auction Rate Securities by Wachovia Securities

Wachovia Securities may buy or sell Auction Rate Securities outside the Auction at, above or below par as long as the purchase or sale price is at a then current yield. Wachovia Securities may place Bids in an Auction. If Wachovia Securities is awarded securities in the Auction, Wachovia Securities is not required to hold such securities for investment, but may re-sell them in the market at any time. The program documents for Auction Rate Securities allow Broker- Dealers to buy and sell Auction Rate Securities between Auctions. Whether or not Wachovia Securities had knowledge of other Orders at the time it made any Bid, its bids and offers in the secondary market should be at a price reflecting Wachovia Securities good faith judgment of current market yields. Re-sales of securities bought at Auction ordinarily should not be at a price above or below par if market yields have not moved and the credit quality of the issuer has not changed since the Auction. (Note: SIFMA recognizes that it is a generally accepted practice that a Broker-Dealer with an inventory position may sell the position at a discount in order to reduce its portfolio risk and manage its regulatory capital). Wachovia Securities will not agree in advance with a customer to guaranty an effective yield to the customer.

Settlement of secondary market trades in Auction Rate Securities may vary. When entering into a secondary market trade, Wachovia Securities will agree with the counterparty on the settlement period.

Auction Dealer Fees

For many auction rate securities, Wachovia Securities has been appointed by the issuer to serve as a dealer for the related Auction. Wachovia Securities is generally paid by the issuer for its services according to the Broker-Dealer Agreement. The agreement usually provides that Wachovia Securities will receive dealer fees based on an annual percentage of the principal amount of Auction Rate Securities successfully placed by Wachovia Securities. As a result, our interests in conducting Auctions may differ from those of investors who participate in Auctions.

Definitions:

The following terms are used in Wachovia Securities Procedures, consistent with the SIFMA's Best Practices and, with limited exception, in Auctions of Auction Rate Securities.

All Hold Rate. The Rate that will apply to a new Rate Period if all existing Holders determine to hold their Auction Rate Securities without specifying a minimum Rate or a Broker-Dealer for an issue with only one Broker Dealer fails to submit Orders to the Auction Agent prior to the Submission Deadline.

Auction. A process in which Holders and Prospective Holders for an issue of Auction Rate Securities indicate their interest in continuing to hold or purchase such securities. The Auction Agent reviews all Orders and determines the lowest Rate that will result in the sale of all securities being auctioned in accordance with the applicable Auction Procedures.

Auction Agent. An agent of the issuer or the trustee for the Auction Rate Security, usually a bank, which, under the Auction Procedures, receives Orders and determines the Clearing Rate and the allocation of Auction Rate Securities among Auction participants.

Auction Desk. The business unit of a Broker Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for Auction Rate Securities. The Auction Desk may also make a secondary market in Auction Rate Securities.

Auction Procedures. The procedures governing the conduct of an Auction, usually set forth in the indenture or resolution covering the securities and summarized in the prospectus or offering statement for the issue, or in supplemental disclosure documents.

Auction Rate Securities. Securities whose Rate is reset periodically based on an Auction.

Bid. A direction by a Holder or Prospective Holder specifying the principal amount of Auction Rate Securities which (i) a Holder commits to continue to hold for the next succeeding Rate Period if the Clearing Rate for such Rate Period is not less than the Rate per annum specified in such Bid or (ii) a Holder or Prospective Holder offers to purchase if the Clearing Rate for the next succeeding Rate Period is not less than the Rate per annum specified in such Bid. Note that in clause (i) above, if the Clearing Rate is less than the Rate specified by a Holder, such Holder is obligated to sell such Auction Rate Securities.

Bidder. Each Holder and Prospective Holder who places a Bid.

Broker-Dealer. A Broker-Dealer designated in a Broker-Dealer Agreement to solicit Orders for Auction Rate Securities.

Broker-Dealer Agreement. The agreement between a Broker-Dealer, the Auction Agent and the issuer under which a Broker-Dealer agrees to solicit Orders for Auction Rate Securities.

Clearing Rate. In an Auction, the Rate for the next Rate Period determined by the Auction Agent to be the lowest Rate at which there are purchasers willing to buy all Auction Rate Securities offered for sale in such Auction.

Cover Bid. A Bid placed by a Broker-Dealer for all or part of the Auction Rate Securities.

Estimated Market Bid. A bona fide Bid at the Dealer's Estimated Market Rate.

Estimated Market Rate. A Rate or range of Rates which, in the Broker-Dealer's good faith judgment, reflects a fair and reasonable Rate, taking into consideration such circumstances as it believes are relevant, including prevailing market conditions with respect to such security at the time of the determination, general economic conditions and trends, current Rates for comparable securities, and the issuer's financial condition and prospects. In determining the Estimated Market Rate, a Broker-Dealer should not take into consideration the interest of the issuer in paying a low Rate or the interest of investors in receiving a high Rate. In addition, in determining the Estimated Market Rate for purposes of submitting a Bid for its own account, the Broker-Dealer may also consider such factors as the expense involved, the size of the Broker-Dealer's inventory position, its capital requirements and its risk management needs. (Note: The BMA believes that no one Auction determines what is a market Rate. Consequently, an Estimated Market Rate is not necessarily the Rate Bid on the preponderance of securities in a particular Auction, but rather a rate indicative of the broader market for similar securities).

Failed Auction. An Auction at which the Auction Agent does not receive sufficient Orders at or below the specified Maximum Rate to purchase all the securities being sold. In the case of a Failed Auction, the Rate is set at the Maximum Rate.

Holders. The persons who are then the beneficial owners of the Auction Rate Securities.

Maximum Rate. The Rate applied by the Auction Procedures to a Failed Auction, which is often a multiple of a reference Rate, such as LIBOR or an index of Treasury securities, not to exceed a fixed cap. The multiple may depend on the credit rating of the issuer of the securities. The Maximum Rate may also be an absolute number.

Order. (i) A Bid, (ii) A Hold Order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will continue to hold regardless of the Clearing Rate in the ensuing Auction or (iii) A Sell Order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will sell regardless of the Clearing Rate in the ensuing Auction.

Price Talk. A range of Rates that represents the good faith judgment of a Broker-Dealer, based on market and other information at a given time, of the range within which the Auction is likely to clear. Price Talk serves only as a guideline for investors as to where a Broker-Dealer believes that the Auction is likely, but not guaranteed, to clear. It may be based, among other things, on prevailing market conditions with respect to a security at the time of the determination, general economic conditions and trends, the Clearing Rate in recent Auctions for those securities and comparable securities and the issuer’s financial condition and prospects.

Prospective Holders. Those persons who place a Bid in an Auction to become owners of the Auction Rate Securities.

Rate. An interest rate, in the case of auction rate bonds, or dividend rate, in the case of auction rate preferred stock.

Rate Period. The period of time for which the Auction will determine the Rate.

Submission Deadline. The time by which all Orders must be submitted to the Auction Agent by the Broker-Dealer.