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CMBS and Real Estate

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Brian P. Lancaster, Senior Analyst
brian.lancaster@wachovia.com
212-214-5135 704-715-1864
Anthony G. Butler, CFA,
Senior Analyst
tony.butler@wachovia.com
(704) 383-0189

CMBX.NA FAQ

After nearly 1½ years of single-name credit default swap (CDS) trading, the CMBX.NA set of indices is ready to set sail with a projected launch date of March 7, 2006. The market basket set of third-party administered indices should spur the growth and transparency of the burgeoning CMBS CDS market. This report sets out to answer the what, where, why, how and who questions surrounding the implementation and use of the indices. In addition, we discuss how a liquid CMBS CDS index will facilitate several trading strategies that can serve a broad array of counterparties.

What is the CMBX.NA?
It is five different CDS baskets or indices (similar to the ABX in rating coverage) comprised of 25 equally weighted reference obligations (25 single-name CDS contracts each with a 4% weighting) selected according to a defined set of rules (discussed hereafter). The indices are

The CMBX.NA will provide the marketplace with a diversified, transparent way to add or remove diversified credit exposure ... to the growing CMBS market and should prove to be a leading spread indicator versus cash.

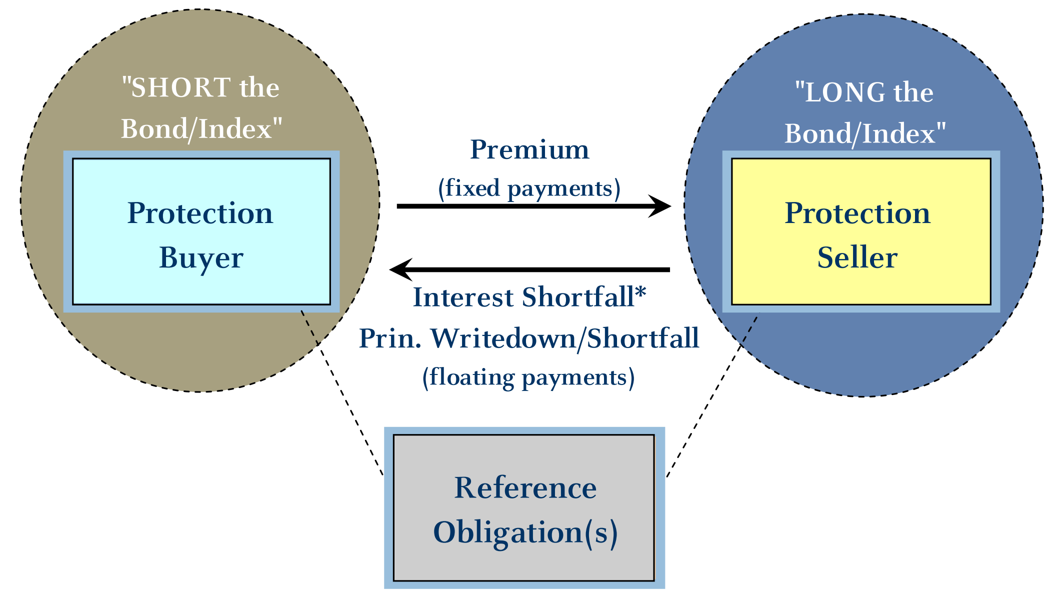
CMBX.NA.AAA
CMBX.NA.AA
CMBX.NA.A
CMBX.NA.BBB
CMBX.NA.BBB-

The CMBX.NA will provide the marketplace with a diversified, transparent way to add or remove diversified credit exposure, within a vintage, to the growing CMBS market and should prove to be a leading spread indicator vs. cash. A likely byproduct of a successful set of indices is some increased market volatility as has been experienced in the corporate and ABS index markets.

A credit default swap ... transfers the credit risk on a notional amount of an underlying reference obligation ... from one party to the other in exchange for periodic payments.

What is a credit default swap?
A credit default swap is a contract between two parties that transfers the credit risk on a notional amount of an underlying reference obligation (or portfolio) from one party to the other in exchange for periodic payments, as represented in Exhibit 1. In terms of a cash position, the protection seller has a long position while the protection buyer has a short position in the underlying reference obligation(s).

Exhibit 1: Credit Default Swap Diagram



* Capped at the fixed premium

Source: Wachovia Securities.

Do the Indices trade with a Fixed Cap or No Cap re interest shortfalls?
Fixed cap. Any interest shortfall payments made by the floating-rate payer (seller of protection) will be capped at the fixed premium.

What is the Form and Settlement method?
ISDA Pay-As-You-Go (PAYG or PAUG) with cash settlement (no physical settlement).

The intent of the ISDA PAYG form is to mimic or mirror the credit risks that come with owning or shorting an individual ... bond.

What is Pay-As-You-Go, and how does this differ from a typical corporate CDS?
The intent of the ISDA PAYG form is to mimic or mirror the credit risks that come with owning or shorting an individual (or basket of) reference CMBS or ABS bond(s). It will run through the life of the underlying bond and experience any shortfalls or write-downs as well as any reimbursements (interest or principal). In the corporate world, the credit default swap terminates and settles with the occurrence of a credit event or matures after a specific period (e.g., five years).

What are the Credit Events that initiate floating payments?
Principal shortfall, principal writedown and interest shortfalls are defined as a Floating Amount Event and thus referenced as Credit Events per the CMBX Transactions Standard Terms Supplement. They are floating in the sense that the timing or amount (if any) of these payments is unknown.

Besides the monthly premium, are there other (additional) fixed payments?
Only relating to reimbursements of interest or principal shortfalls. Any additional fixed-rate payments take place on the first fixed-rate payment date falling two days beyond the delivery of the additional fixed payment amount notice.

What is the interest accrual method of the fixed payment (premium) and when are the payments due?
Actual/360 interest accrual. The fixed payment is calculated by taking the product of the fixed rate (or premium), the reference obligation notional amount and the actual number of days for the period divided by 360. For example, if the notional amount is USD$100 million and the premium or fixed rate is 36 bps, then the monthly fixed payment due on Jan 25 would be:

The fixed payment is calculated by taking the product of the fixed rate (or premium), the reference obligation notional amount and the actual number of days for the period divided by 360.

0.36% * 100 million * 31/360 = $31,000 (or $30,000 for a 30-day time frame).

Payments accrue from the 25th to the 25th and are due on the 25th of each calendar month.

What are the eligibility criteria for index inclusion?
Generally, 25 bonds from the most recent "standard" fixed-rate conduit/fusion CMBS deals will be used in the index subject to the specific characteristics or rules outlined in Exhibit 2 below.

Exhibit 2: Eligibility Rules for CMBS Offering Inclusion and Index Characteristics

Characteristics/Rules Applicable for Tranche Inclusion in the CMBX.NA Indices	
Type	Fixed Rate, USD, Public* or 144A
Minimum Deal Size	700 million
Minimum Tranche Size	100 million*
Maximum number of tranches/deal/index	1 (greatest credit enhancment [& longest WAL*])
Minimum number of mortgages	50
Minimum number of unaffiliated borrowers	10
WAL Minimum/Maximum	8yr Min* / 12 yr Max* WAL (at 0 CPY)
Maximum WAL Drop for 100% CPP	1 year*
Maximum WAL Drop for 100% CPY	2 year*
Minimum Number of Agency ratings	2 (of Fitch, Moody's or S&P)
Initial Current Factor	1
Maximum State exposure	40%
Maximum Property Type Exposure	60%
Identity/principle economic terms listed on	Bloomberg
Index Characteristics	
Number of Referernce Obligations	25
Equally Weighted	Yes (4% per tranche)
New Index periodicity	6 months
Roll dates^	April 25 & October 25 (or following business day)
Accrual Period	25th to the 25th
Fixed Rate Payer Payment Date	25th of each month
Previous indices remain outstanding	Yes
Tranches allowed in more than 1 index series	Yes

* Applies to AAA only
^ Roll dates can be changed with a 75% vote of Eligible CMBX members.
Source: Wachovia Securities and www.markit.com ("Rules for CMBX Indices")

Who is the Index Sponsor?
CDS IndexCo LLC, which owns and maintains the DJ CDX and ABX family of credit default swap indices. CDS IndexCo was formed from a merger of the IBoxx and Trax-X indices in April 2004 to form DJ CDX in North America.

What is Markit Group Ltd. ("Markit"), and what roll does it play in the CMBX index?
Markit serves as a source for asset valuation data and services supporting independent price verification and risk management in global financial and energy markets. Markit acts as the Administration, Calculation and Marketing Agent for the CMBX program (as well as the ABX and DJ CDX programs) and will provide a number of services and functions to facilitate the transparency, liquidity and standardization of this new benchmark index. For additional information, including the CMBX Rules, CMBX Confirmation and CMBX Standard Terms Supplement, see www.markit.com.

How are the Index Sponsor and Administrator compensated?
From licensing fees paid by the CMBX Members (dealers). There are no other fees assessed to end users/investors.

How does the Index Trade?
On a spread basis (not as a price such as the ABX). Dealers submit spread quotes and exchange upfront amounts based on the present value difference between the current spread quote and the initial fixed (or premium) spread. A pricing calculator will be available on the Markit Web site.

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How will trades be confirmed?
Where customers are enabled (and for all inter-dealer trades), via Depository Trust & Clearing Corp. (DTCC), which provides clearance, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, over-the-counter credit derivatives and emerging market debt trades. Trades will be documented via two-page confirms referencing a standard terms supplement and annex (posted on Markit's Web site) and can be entered using the current DTCC corporate index template. If customers are not DTCC enabled, it will be left to the parties to work out the confirmation process. Some dealers may choose not to trade without confirming through DTCC.

How does the Fixing Process work, and what are the Calculation Rules?
The Administrator will solicit and collect closing mid-market spreads from the CMBX Members (dealers). The Administrator will then calculate a simple average of the interquartile range (order the quotes from minimum to maximum and discard the first and fourth quartiles). See Exhibit 2 for a breakdown of how many quotes will be used and averaged per varying numbers of participating dealers. It is contemplated that a minimum of five participating dealers would be necessary to publish a fixing value. The methodology for calculating fixing values can be changed upon a 75% affirmative vote of Eligible CMBX Members.

Exhibit 3: Range of Participating CMBX Members Quoting and the Resultant Number of Quotes Averaged for Final Fixing

Number of CMBX Members Participating In the Fixing Process	Number of Quotes in the Lower Quartile (Discarded)	Interquartile Range (Averaged for Fixing)	Upper Quartile (Discarded)
5	1	3	1
6	1	4	1
7	1	5	1
8	2	4	2
9	2	5	2
10	2	6	2
11	2	7	2
12	3	6	3
13	3	7	3
14	3	8	3
15	3	9	3
16	4	8	4

Source: Wachovia Securities and www.markit.com ("Rules for CMBX Indices")

A roll refers to the creation of a new batch of indices—to take place approximately every six months.

What is an index Roll and how does the Polling Process work in Connection with a Roll?

A roll refers to the creation of a new batch of indices—to take place approximately every six months. The polling process is the defined operating procedure that the Administrator and Eligible CMBX Members follow to create the new indices. Exhibit 4 provides a summary of the Polling process in connection with a Roll or creation of new indices.

Exhibit 4: Schedule of Events and Party Responsibilities Surrounding the Creation of New Indices

Prior to Roll Date	Administrator Responsibility	Eligible CMBX Members Responsibility
No later than 10 Days	Generate an initial list of the 25 most recently issued and settled eligible CMBS Offerings that each contain Required Tranches that meet the eligibility criteria.	Vote on any CMBS Offerings to remove (Need a minimum of 75% to do so)
No later than 6 Days	If needed, generate and publish a list of eligible CMBS Offerings to replace those that were voted out.	Vote on any CMBS Offerings to remove (Need a minimum of 75% to do so)
	Repeat until the Proposed CMBS Offerings List totals 25 positions	
No later than 4 Days	Inform Eligible CMBX Members of and publish the composition of each new CMBX Index for the next six-month period.	N/A
No later than 3 Days	Publish a draft of the annex for each CMBX Index.	N/A
1 Day	Solicit (by 1pm) and average the interquartile range of at least 75% of Eligible CMBX Members. Publish after 5pm.	Submit a spread for each CMBX index

Source: Wachovia Securities and www.markit.com ("Rules for the CMBX Indices" 2/21/06)

What reference obligation have been chosen to comprise the first CMBX Indices?

See Appendix A.

When do products based on the new CMBX Indices begin trading?

On the Roll date.

Who are the initial market-makers/dealers for the CMBX indices?

Bank of America	Goldman Sachs	Nomura International
Bear Stearns	JP Morgan	RBS Greenwich Capital
Citigroup	Lehman Brothers	UBS
Credit Suisse	Merrill Lynch	Wachovia
Deutsche Bank	Morgan Stanley	

What are some trading strategies for using the CMBX indices?
With the availability of this new market tool for CMBS investors, below are some ways to use CDS on CMBS via the CMBX.

Go Short CMBS Credit, Buy Protection on CMBX

With a broader, more transparent market basket, it is the hope of many issuers that the CMBX.NA.AAA index will better track cash spreads as the cost to hedge with the CMBX index (via buying protection) will be less expensive than a total return swap.

With a broader, more transparent, market basket, it is the hope of many issuers that the CMBX.NA.AAA index will better track cash spreads as the cost to hedge with the CMBX index (via buying protection) will be less expensive than a total return swap. To date, single-name CDS spreads on AAAs have appeared to be on a one-way, downward, track regardless of the level or direction of cash spreads. It is not clear that the AAA index will re-link the AAA CDS and cash spreads (if so it may well be a slow process). The tightening force or anchor on AAA CDS spreads has been synthetic CDOs, which offer leveraged positions in the underlying AAA CDS bonds. If the index brings more buyers of protection to the market, then hedgers will have a viable alternative.

That being said, lower-rated indices should experience two-way flow and should experience some volatility. Early experience in the ABX indices vs. cash showed that the index directionally took the lead over cash spreads and did so with greater volatility. Synthetic CDO execution will serve to set upper limits on spreads.

One other broad brush approach is to immunize an existing diversified CMBS portfolio via buying protection with the index. This strategy allows investors to keep their portfolios intact, avoiding any accounting or tax consequences from an outright sale, while reducing or adjusting their CMBS market exposure. What's more, to the extent investors feel their in-place seasoned portfolio is of better quality than the current vintage production, buying protection would allow a vintage basis play (if things start to deteriorate, they expect the CMBX to widen more than their cash portfolio—should the commercial real estate markets deteriorate).

Selling protection, via the index, allows the investor to get long a diversified CMBS basket (save for vintage) without the concern of rolling a total return swap.

Go Long CMBS Credit, Sell Protection on CMBX

Selling protection, via the index, allows the investor to get long a diversified CMBS basket (save for vintage) without the concern of rolling a total return swap. In addition, the CDS index grants the investor the ability to take either a floating- or fixed-rate exposure with the funds they would have used to buy cash bonds. Selling protection allows for a quick ramp-up for CDOs or correlation trading desks. Finding counterparties rather than allocations is the only concern, thus the scarcity of lower-rated credits in the cash market is not an issue.

Basis Trades

A diversified basis trade in vintages is now available.

As mentioned earlier, a diversified basis trade in vintages is now available. At first, this will be cash positions in older vintages vs. today's CMBX. However, in the future there will be opportunities to trade different series of the index against each other.

Perhaps the most intriguing trades would be to trade one asset class vs. another (i.e., CMBS vs. ABS or Corporates). The relative value between these related fixed-income asset classes has been tracked and traded (in terms of allocations) for some time now, but with the introduction of the CMBX we now have an easy way to trade the credit of one asset class vs. another.

Perhaps the most intriguing trades would be to trade one asset class versus another (i.e., CMBS versus ABS or Corporates).

Other spread trades include a credit curve trade such as BBBs vs. AAs.

Single name CDS vs. the index could present an interesting trade to capitalize on a specific deal or tranche credit view.

CMBX vs. Total Rate of Return Swaps (TRS) or cash. Take advantage of cheap funding (when available) and "normal" cash spreads by receiving on TRS (or buying cash) while buying CMBX protection. With this trade, you have the following risks, i) being able to roll the TRS trades every 3–6 months, ii) spread basis risk (CDS positions may not match the TRS spread movements) and iii) advantageous TRS funding levels may diminish or disappear altogether. Re CMBX vs. cash, one way to gauge when this trade makes sense is to consider the difference between CMBX premium less the cash negative basis and the firm's financing spread over LIBOR. The greater the negative basis, the more enticing the trade.

Index Tranching

With the CMBX index, it is possible, though it may be challenging, in our opinion, to see some index tranching trades. Under this approach, an investor would take a defined leveraged position in the index, say selling protection on the exposure from 3% (the attachment point) to 7% (the detachment point) in the index. So long as the index does not experience losses amounting to 3%, the investor would receive a fixed premium payment. Should losses breach the attachment point, the investor would pay the protection buyer. One reason we think it will be challenging to carry out these trades is that each name represents 4% of the index (a granularity issue). There has not been an index tranche trade done on the Corporate High Vol index, which has 30 names, and it is uncommon to see corporate trades involving fewer than 80 names. Granted, with the Pay-As-You-Go form, losses on tranches will not automatically result with an all-or-none loss outcome (though it is more likely for lower-rated and thinner tranches). That being said, we believe the market will need to develop some breadth and depth to support any meaningful correlation trading activities. One liquidity concern comes from the thought that most players will roll to the on-the-run or most recently created CMBX index, leaving few to support or maintain liquidity in older indices. Even so, we think a few dealers will seek to develop the index tranching market.

We think a few dealers will seek to develop the index tranching market.

Conclusion

The CMBX.NA indices provide all participants with a diversified, transparent way to gain or shed exposure to the growing CMBS market. This should further grow and expand the universe of CMBS investors, add liquidity and increase market volatility. The index is subject to a simple and clear rules-based construction approach and should provide a meaningful transparent market consensus barometer concerning CMBS credit. The indices are administered by Markit Group Ltd. and will further expand the trading possibilities for going short or long a diversified CMBS instrument as well as allow for some interesting basis trades.

The index is subject to a simple and clear rules-based construction approach and should provide a meaningful transparent market consensus barometer concerning CMBS credit.

Appendix A: Initial CMBX Series Reference Obligations

			CMBX.NA.AAA.1						CMBX.NA.AA.1						CMBX.NA.A.1					
Deal	Deal Notional (mm)	Issue Date	Series	Approx. Credit Support	Tranche Notional (mm)	Moodys Rating	S&P Rating	Fitch Rating	Series	Approx. Credit Support	Tranche Notional (mm)	Moodys Rating	S&P Rating	Fitch Rating	Series	Approx. Credit Support	Tranche Notional (mm)	Moodys Rating	S&P Rating	Fitch Rating
BACM 2005-4	1,443.0	09/01/05	A-5A	30.00%	485.9		AAA	AAA	B	11.88%	31.7		AA	AA	D	9.00%	29.7		A	A
BACM 2005-5	1,801.8	10/01/05	A-4	30.00%	802.6	Aaa	AAA		B	11.75%	42.0	Aa2	AA		D	8.88%	37.1	A2	A	
BACM 2005-6	2,543.3	12/29/05	A-4	30.00%	1,355.0	Aaa	AAA		C	10.00%	30.9	Aa2	AA		F	7.25%	34.3	A1	A	
BSCMS 2005-PW10	2,432.9	12/20/05	A-4	30.00%	1,049.5		AAA	AAA	C	10.13%	29.6		AA	AA	F	7.63%	26.3		A	A
BSCMS 2005-PWR9	1,991.0	09/28/05	A-4A	30.00%	768.0	Aaa	AAA		C	10.00%	35.0	Aa2	AA		E	7.50%	29.6	A2	A	
BSCMS 2005-T20	1,948.6	10/28/05	A-4A	27.00%	955.0	Aaa		AAA	C	8.13%	20.7	Aa2		AA	E	6.00%	28.5	A2		A
CD 2005-CD1	3,582.5	11/15/05	A-4	30.00%	1,563.0	Aaa	AAA		C	10.25%	43.6	Aa2	AA		E	7.63%	58.2	A2	A	
CSFB 2005-C5	2,687.0	11/09/05	A-4	30.00%	1,003.0		AAA	AAA	C	9.75%	47.6		AA	AA	F	7.38%	29.0		A	A
CSFB 2005-C6	2,298.0	12/28/05	A-4	30.00%	628.0	Aaa	AAA		B	11.13%	43.8	Aa2	AA		E	8.25%	25.0	A2	A	
GCCFC 2005-GG5	4,091.7	11/03/05	A-5	30.00%	1,497.9	Aaa	AAA		B	10.75%	99.1	Aa2	AA		D	8.00%	82.6	A2	A	
GECMC 2005-C4	2,194.2	12/14/05	A-4	30.00%	775.1	Aaa	AAA		C	11.38%	30.0	Aa2	AA		E	8.50%	45.0	A2	A	
GMAC 2006-C1	1,561.6	01/25/06	A-4	30.00%	576.1		AAA	AAA	B	11.13%	36.1		AA	AA	E	8.00%	21.2		A	A
JPMCC 2005-CB13	2,204.5	11/29/05	A-4	30.00%	771.6	Aaa		AAA	B	11.13%	56.0	Aa2		AA	D	8.63%	45.5	A2		A
JPMCC 2005-LDP4	2,095.4	09/29/05	A-4	30.00%	597.3	Aaa		AAA	B	10.50%	50.7	Aa2		AA	D	7.88%	47.3	A2		A
JPMCC 2005-LDP5	3,871.2	12/28/05	A-4	30.00%	1,394.7	Aaa	AAA	AAA	C	10.50%	73.4	Aa2	AA	AA	F	7.75%	52.5	A2	A	A
LBUBS 2005-C5	2,344.1	08/25/05	A-4	30.00%	809.5	AAA	AAA		C	9.75%	32.2	AA	AA		F	6.25%	29.3	A	A	
LBUBS 2005-C7	2,237.2	11/04/05	A-4	30.00%	845.4		AAA	AAA	C	9.50%	35.2		AA	AA	F	6.25%	23.5		A	A
LBUBS 2006-C1	2,293.3	01/11/06	A-4	30.00%	1,143.2		AAA	AAA	C	9.25%	27.6		AA	AA	F	6.63%	21.5		A	A
MLMT 2005-CKI1	2,827.8	12/07/05	A-6	30.00%	1,069.7	Aaa	AAA		B	10.63%	53.8	Aa2	AA		D	8.00%	53.8	A2	A	
MLMT 2005-LC1	1,409.0	12/28/05	A-4	30.00%	425.7	Aaa	AAA		B	11.75%	32.9	Aa2	AA		D	8.88%	29.0	A2	A	
MSC 2005-HQ7	1,800.1	11/30/05	A-4	30.00%	722.4	Aaa	AAA		C	10.75%	26.9	Aa2	AA		F	8.00%	19.6	A2	A	
MSC 2005-IQ10	1,444.0	10/25/05	A-4A	20.00%	534.1	Aaa	AAA		B	9.63%	31.1	Aa2	AA		D	7.25%	25.3	A2	A	
MSC 2006-T21	1,235.0	01/20/06	A-4	27.00%	500.2	Aaa	AAA		B	8.38%	25.8	Aa2	AA		D	5.75%	20.6	A2	A	
WBCMT 2005-C21	2,997.2	10/27/05	A-4	30.00%	892.3	Aaa	AAA	AAA	B	11.38%	65.5	Aa2	AA	AA	D	8.50%	61.4	A2	A	A
WBCMT 2005-C22	2,306.0	12/29/05	A-4	30.00%	941.0	Aaa	AAA	AAA	C	11.88%	31.7	Aa2	AA	AA	E	9.00%	47.5	A2	A	A

			CMBX.NA.BBB.1						CMBX.NA.BBB-.1					
Deal	Deal Notional (mm)	Issue Date	Series	Approx. Credit Support	Tranche Notional (mm)	Moodys Rating	S&P Rating	Fitch Rating	Series	Approx. Credit Support	Tranche Notional (mm)	Moodys Rating	S&P Rating	Fitch Rating
BACM 2005-4	1,443.0	09/01/05	G	5.50%	17.8		BBB	BBB	H	4.00%	23.8		BBB-	BBB-
BACM 2005-5	1,801.8	10/01/05	G	5.25%	27.2	Baa2	BBB		H	4.00%	24.7	Baa3	BBB-	
BACM 2005-6	2,543.3	12/29/05	J	4.25%	30.8	Baa1	BBB		K	3.25%	27.4	Baa2	BBB-	
BSCMS 2005-PW10	2,432.9	12/20/05	J	4.50%	26.3		BBB	BBB	K	3.13%	36.2		BBB-	BBB-
BSCMS 2005-PWR9	1,991.0	09/28/05	H	4.25%	21.5	Baa2	BBB		J	3.13%	24.2	Baa3	BBB-	
BSCMS 2005-T20	1,948.6	10/28/05	H	3.13%	23.3	Baa2		BBB	J	2.25%	18.1	Baa3		BBB-
CD 2005-CD1	3,582.5	11/15/05	H	4.38%	43.6	Baa2	BBB		J	3.13%	48.5	Baa3	BBB-	
CSFB 2005-C5	2,687.0	11/09/05	J	4.25%	32.6		BBB	BBB	K	3.13%	32.6		BBB-	BBB-
CSFB 2005-C6	2,298.0	12/28/05	H	4.75%	25.0	Baa2	BBB		J	3.63%	28.2	Baa3	BBB-	
GCCFC 2005-GG5	4,091.7	11/03/05	G	4.88%	44.1	Baa2	BBB		H	3.75%	49.6	Baa3	BBB-	
GECMC 2005-C4	2,194.2	12/14/05	H	5.00%	24.0	Baa2	BBB		J	3.88%	27.0	Baa3	BBB-	
GMAC 2006-C1	1,561.6	01/25/06	H	4.75%	19.1		BBB	BBB	J	3.38%	23.3		BBB–	BBB–
JPMCC 2005-CB13	2,204.5	11/29/05	G	4.88%	31.5	Baa2		BBB	H	3.63%	35.0	Baa3		BBB--
JPMCC 2005-LDP4	2,095.4	09/29/05	G	4.50%	27.0	Baa2		BBB	H	3.38%	30.4	Baa3		BBB--
JPMCC 2005-LDP5	3,871.2	12/28/05	J	4.63%	42.0	Baa2	BBB	BBB	K	3.13%	62.9	Baa3	BBB-	BBB-
LBUBS 2005-C5	2,344.1	08/25/05	J	3.50%	14.7	BBB	BBB		K	2.63%	20.5	BBB-	BBB-	
LBUBS 2005-C7	2,237.2	11/04/05	J	3.63%	17.6		BBB	BBB	K	2.63%	23.5		BBB-	BBB-
LBUBS 2006-C1	2,293.3	01/11/06	J	4.00%	18.4		BBB	BBB	K	3.00%	24.6		BBB-	BBB-
MLMT 2005-CKI1	2,827.8	12/07/05	G	4.25%	30.7	Baa2	BBB		H	3.13%	34.6	Baa3	BBB-	
MLMT 2005-LC1	1,409.0	12/28/05	G	5.00%	19.3	Baa2	BBB		H	3.63%	21.3	Baa3	BBB-	
MSC 2005-HQ7	1,800.1	11/30/05	J	4.63%	19.6	Baa2	BBB		K	3.63%	19.6	Baa3	BBB-	
MSC 2005-IQ10	1,444.0	10/25/05	G	4.38%	11.7	Baa2	BBB		H	3.25%	17.5	Baa3	BBB-	
MSC 2006-T21	1,235.0	01/20/06	G	3.25%	10.3	Baa2	BBB		H	2.38%	12.0	Baa3	BBB-	
WBCMT 2005-C21	2,997.2	10/27/05	G	5.13%	32.8	Baa2	BBB	BBB	H	3.88%	40.9	Baa3	BBB-	BBB-
WBCMT 2005-C22	2,306.0	12/29/05	H	5.50%	28.5	Baa2	BBB	BBB	J	4.13%	34.8	Baa3	BBB-	BBB-

Source: Wachovia Securities and Markit

DISCLOSURE APPENDIX

Additional information is available on request

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Wachovia Securities

Structured Products Research (704) 374-4784

Brian P. Lancaster	Managing Director	Head of Structured Products Research	(704) 715-1864	
		CMBS, CRE CDO and Real Estate Research	(212) 214-5135	brian.lancaster@wachovia.com
Brian McManus	Director	Head of CDO Research	(704) 715-9522	brian.mcmanus@wachovia.com
Dennis F. Kraft, Ph.D.	Director	ABS Research	(704) 715-8345	dennis.kraft@wachovia.com
Tony Butler, CFA	Vice President	CMBS and Real Estate Research	(704) 383-0189	tony.butler@wachovia.com
Bruce Miller	Vice President	Quantitative Research	(704) 374-6440	bruce.miller@wachovia.com
Gregory W. Laughton	Associate	CMBS and Real Estate Research	(704) 715-7685	greg.laughton@wachovia.com
Stephen Mayeux	Associate	CMBS and Real Estate Research	(704) 374-2298	stephen.mayeux@wachovia.com
Shane Whitworth	Associate	Quantitative Research	(704) 715-7936	shane.whitworth@wachovia.com
Landon Frerich	Analyst	CMBS and Real Estate Research	(704) 715-8376	landon.frerich@wachovia.com
David Preston	Analyst	CDO Research	(704) 715-7383	david.preston@wachovia.com
Anik Ray	Analyst	CDO Research	(704) 383-9664	anik.ray@wachovia.com
Chris van Heerden	Analyst	ABS Research	(704) 715-8321	chris.vanheerden@wachovia.com
Erin K. Walsh	Analyst	ABS Research	(704) 715-7404	erin.walsh@wachovia.com

Fixed Income Market Strategy

Richard Gordon	Managing Director	Fixed-Income Market Strategist	(708) 246-3903	
			(704) 383-8758	rich.gordon@wachovia.com
Garret M. Sloan	Associate		(704) 715-8374	garret.sloan@wachovia.com

Corporate Credit Research (800) 528-4570

Tim Patrick	Managing Director	Head of Credit Products Research	(704) 374-6198	tim.patrick@wachovia.com
Lee D. Brading	Managing Director	Associate Director of High Yield Research		
		Printing/Publishing, Building Products, Homebuilding	(704) 383-6491	lee.brading@wachovia.com
James P. Dunn Jr., CFA	Managing Director	Basic Industries	(704) 715-8377	jim.dunn1@wachovia.com
Gail Golightly	Managing Director	Insurance	(704) 383-4836	gail.golightly@wachovia.com
John D. Mulkey	Managing Director	Gaming & Lodging	(704) 715-7408	john.mulkey@wachovia.com
Dan Sullivan	Managing Director	Real Estate Investment Trusts	(704) 383-6441	dan.sullivan@wachovia.com
Bishop Cheen	Director	Media & Entertainment	(704) 383-0473	bishop.cheen@wachovia.com
Kristina L. Clark, CFA	Director	Specialty Finance, Banks, Brokers	(704) 383-9919	kristina.clark@wachovia.com
G. Gary Garcia	Director	Utilities	(704) 374-6452	gary.garcia@wachovia.com
Andy Green	Director	Defense & Aerospace, Wireless	(704) 383-6606	andy.green@wachovia.com
Bryan C. Hunt, CFA	Director	Food & Beverage, Supermarkets, Specialty Retail	(704) 383-0728	bryan.hunt@wachovia.com
S. Ross Payne, CFA	Director	Energy, Pipelines	(704) 383-3619	ross.payne@wachovia.com
Eric J. Selle, CFA	Director	Automotive	(704) 383-4086	eric.selle@wachovia.com
Chuck Slaybaugh	Director	Basic Industries	(704) 715-8318	charles.slaybaugh@wachovia.com
Jeffrey S. Stewart, CFA	Director	Consumer Products, Apparel, Soft-Line Retail	(704) 383-9073	jeff.stewart@wachovia.com
Dimitri Triantafyllides, CFA	Director	Cable, Telecom	(704) 374-2307	dimitri.triantafyllides@wachovia.com
Miles L. Highsmith, CFA	Vice President	Healthcare	(704) 383-6384	miles.highsmith@wachovia.com
Grant Jordan	Vice President	Industrials, Leisure & Entertainment	(704) 715-7022	grant.jordan@wachovia.com
Neal Jordan, CFA	Vice President	Automotive	(704) 715-8382	neal.jordan@wachovia.com
Eric T. Kalamaras	Vice President	Energy, Refining, Midstream, Energy Services, Coal	(704) 715-8319	eric.kalamaras@wachovia.com
Cameron Newton	Vice President	Basic Industries	(704) 715-8378	cameron.newton@wachovia.com
John Patrick Walsh, CFA	Vice President	Healthcare, Business Services, Technology	(704) 715-1504	johnpatrick.walsh@wachovia.com
Gregory B. Wilcox	Vice President	Consumer Products	(704) 374-4413	greg.wilcox@wachovia.com
Christine Bave	Associate	Defense & Aerospace, Wireless	(704) 374-7148	christine.bave@wachovia.com
Kelly W. Burton	Associate	Printing/Publishing, Building Products, Homebuilding	(704) 383-5599	kelly.burton2@wachovia.com
Donovan Chaney	Associate	Gaming & Lodging	(704) 383-4030	donovan.chaney@wachovia.com
Robert Crawford	Associate	Industrials, Environmental Services	(704) 715-7340	robert.crawford@wachovia.com
Erica Gates	Associate	Basic Industries	(704) 374-7026	erica.gates@wachovia.com
Christopher Harris, CFA	Associate	Energy, Pipelines	(704) 715-8466	christopher.harris1@wachovia.com
Kristin L. Hill	Associate	Specialty Finance, Banks, Brokers	(704) 715-8358	kristin.hill@wachovia.com
Robert Hauff	Associate	Insurance	(704) 374-4176	rob.hauff1@wachovia.com
Kamal Patel	Associate	Utilities	(704) 715-8195	kamal.patel@wachovia.com
Banu Asik	Analyst	Cable, Telecom, Media & Entertainment	(704) 715-4126	banu.asik@wachovia.com
Duncan Brown	Analyst	Healthcare	(704) 715-8332	duncan.brown@wachovia.com
Meredith Fowler	Analyst	Food & Beverage, Supermarkets, Specialty Retail	(704) 715-7887	meredith.fowler@wachovia.com
Shannon Hedspeth	Analyst	Specialty Finance, Banks, Brokers	(704) 715-8336	shannon.hedspeth@wachovia.com
Jason Jones	Analyst	Real Estate Investment Trusts	(704) 715-7932	jason.jones2@wachovia.com
Stephanie Renegar	Analyst	Automotive	(704) 715-7038	stephanie.renegar@wachovia.com
Rajitha Vinnakota	Analyst	Consumer Products, Apparel, Soft-Line Retail	(704) 383-5570	rajitha.vinnakota@wachovia.com
Napoleon Wallace	Analyst	Energy, Refining, Midstream, Energy Services, Coal	(704) 715-7409	napoleon.wallace@wachovia.com

For copies of Structured Products Research reports, please contact Bonita Carroll at (704) 374-4784.
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