



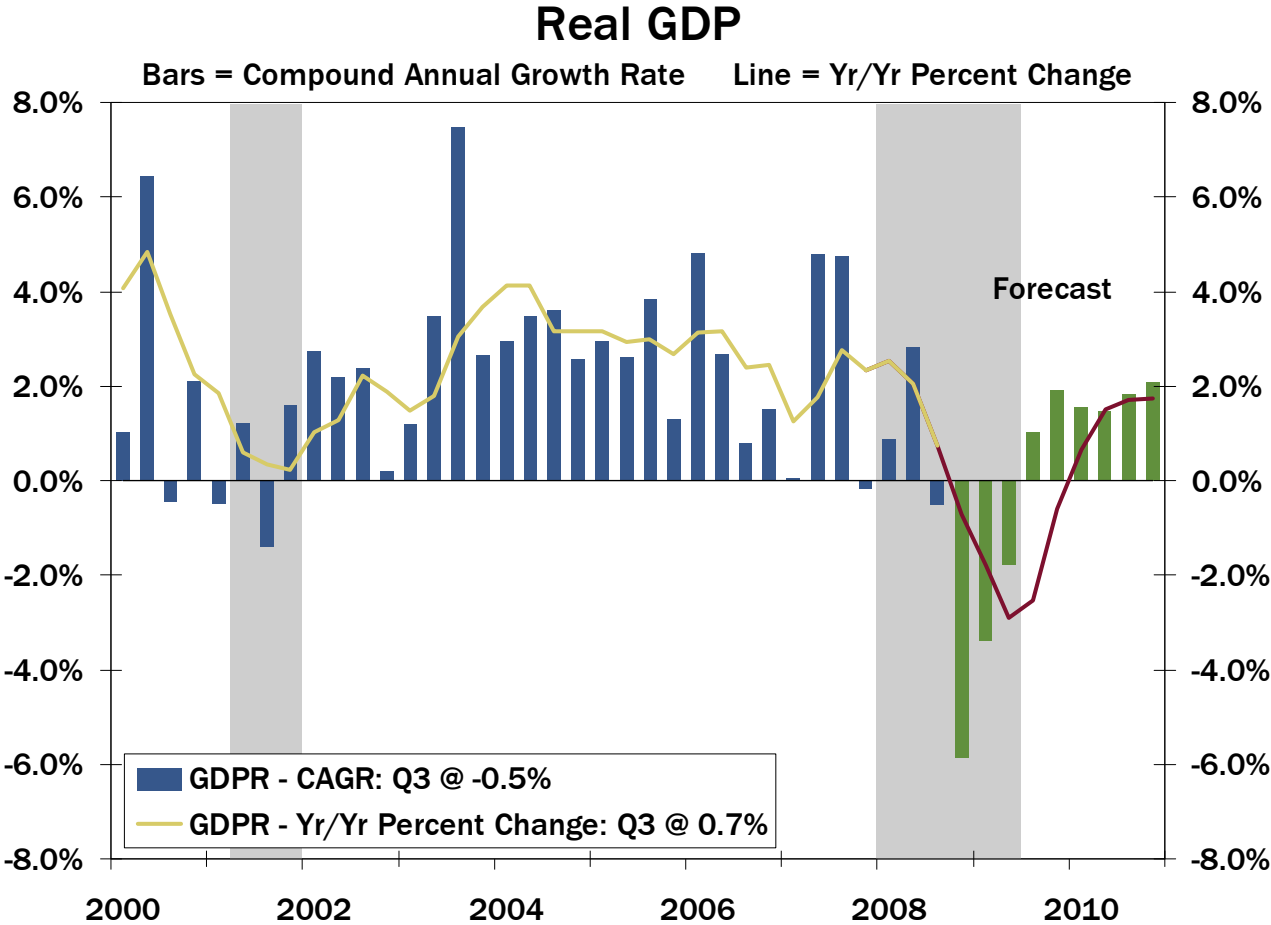
**WHEN WILL THIS HORROR SHOW COME TO AN END?
2009 ANNUAL OUTLOOK CONFERENCE CALL**

December 12, 2008

WACHOVIA

THIS WILL LIKELY BE THE WORST RECESSION SINCE 1981-1982, AND PERHAPS THE WORST IN THE POST-WAR PERIOD

Real GDP is on pace to decline by two percent in 2009, the worst annual performance since 1946



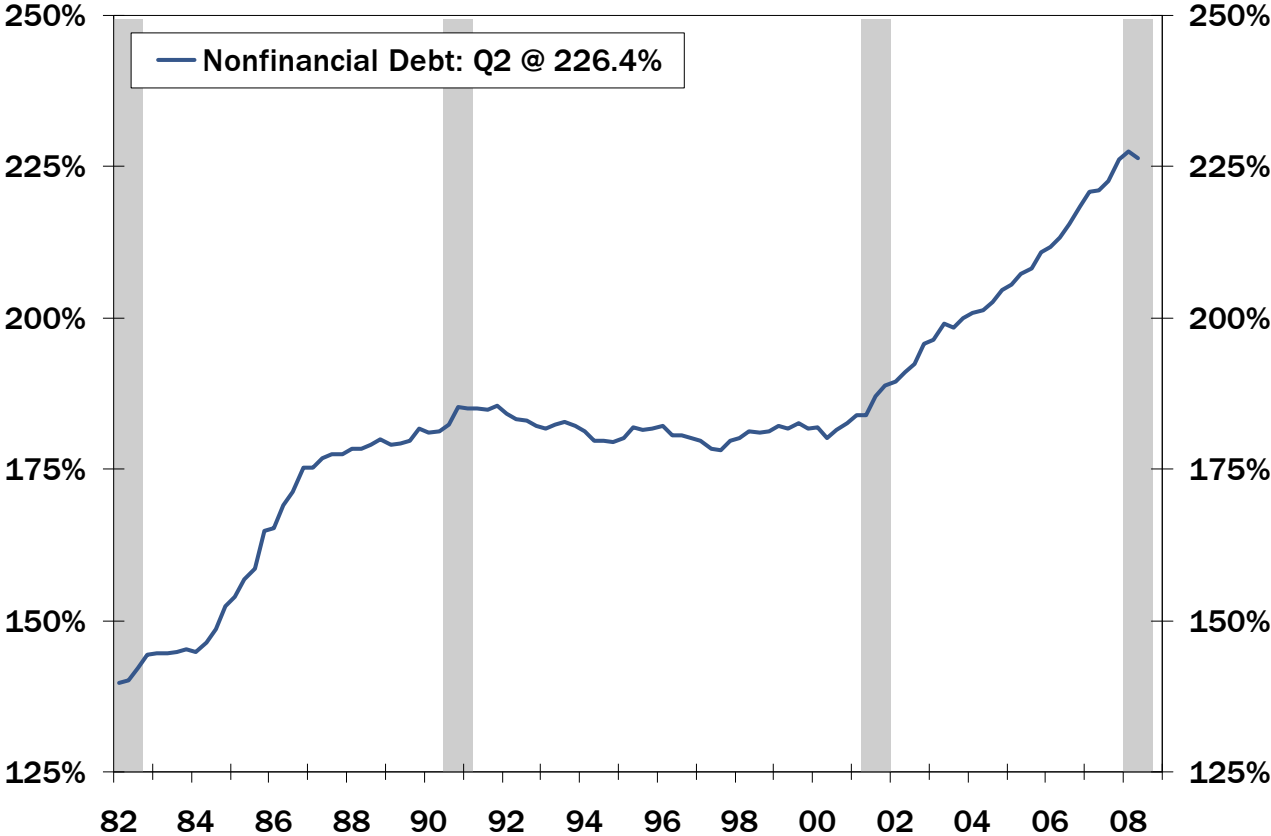
Source: U.S. Department of Commerce and Wachovia

THE CREDIT EXPANSION WHICH HAS FUELED ECONOMIC GROWTH OVER THE PAST FEW DECADES HAS GROUND TO A HALT

The dynamics of the credit cycle will frame the pace and nature of the recovery

Domestic Nonfinancial Debt

As Percent Of GDP

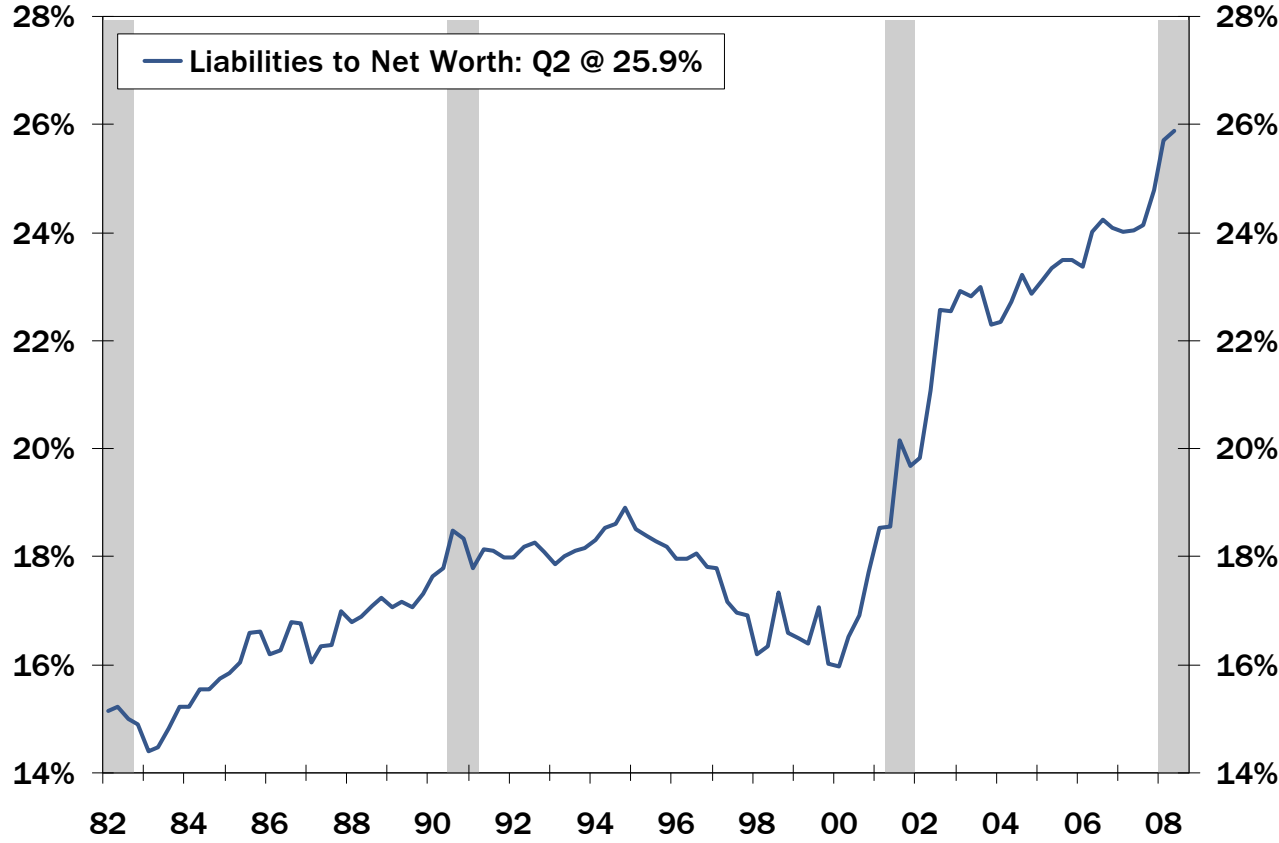


Source: Federal Reserve Board, U.S. Department of Commerce and Wachovia

NEAR THE END OF EXPANSION, EXCESSES IN CREDIT MARKETS WERE RAMPANT

Consumers must strengthen their balance sheets with slower spending and greater saving

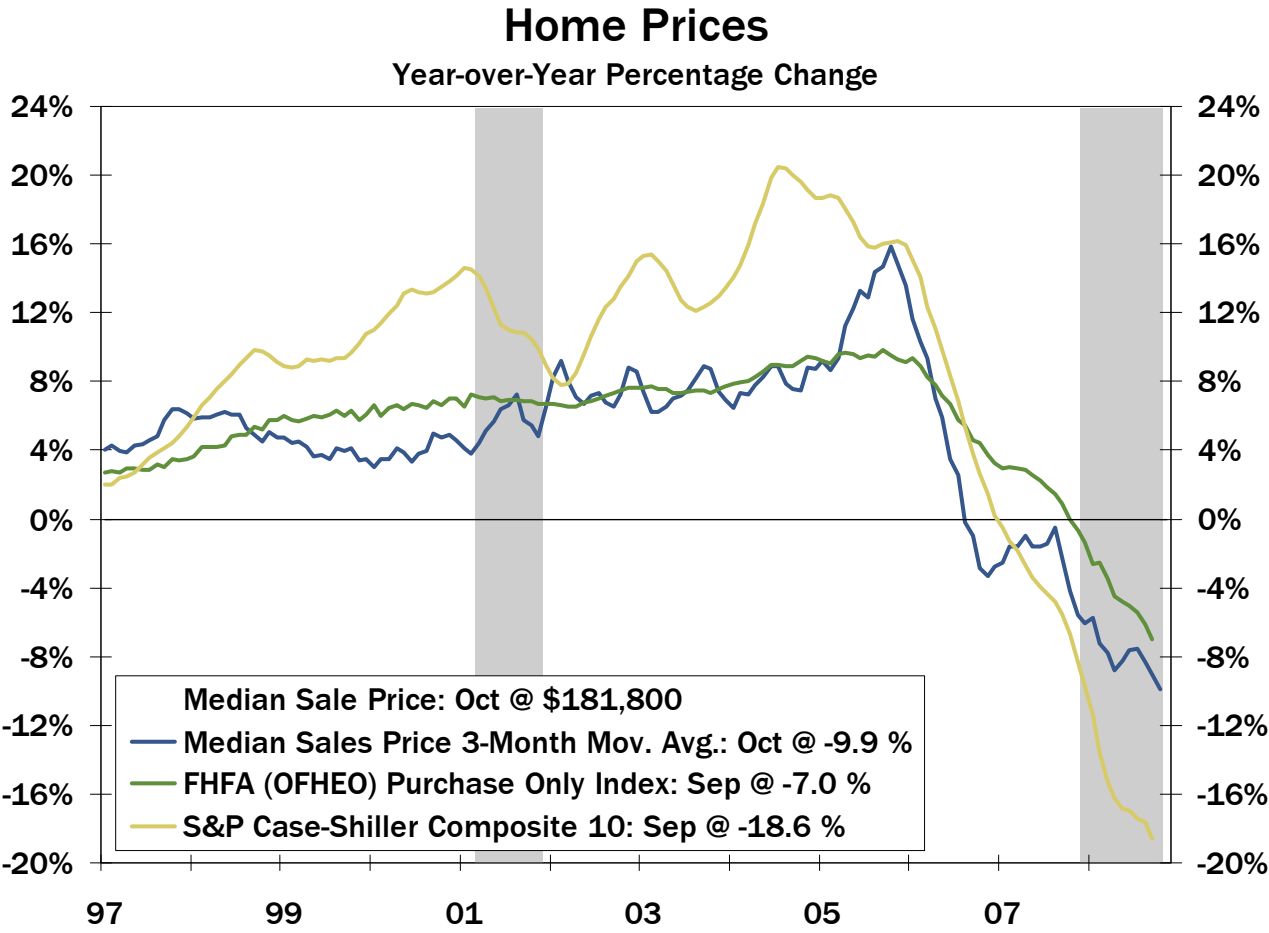
U.S. Household Debt
U.S. Household Liabilities to Net Worth



Source: Federal Reserve Board and Wachovia

HOME PRICES WILL LIKELY DECLINE THROUGH NEXT YEAR

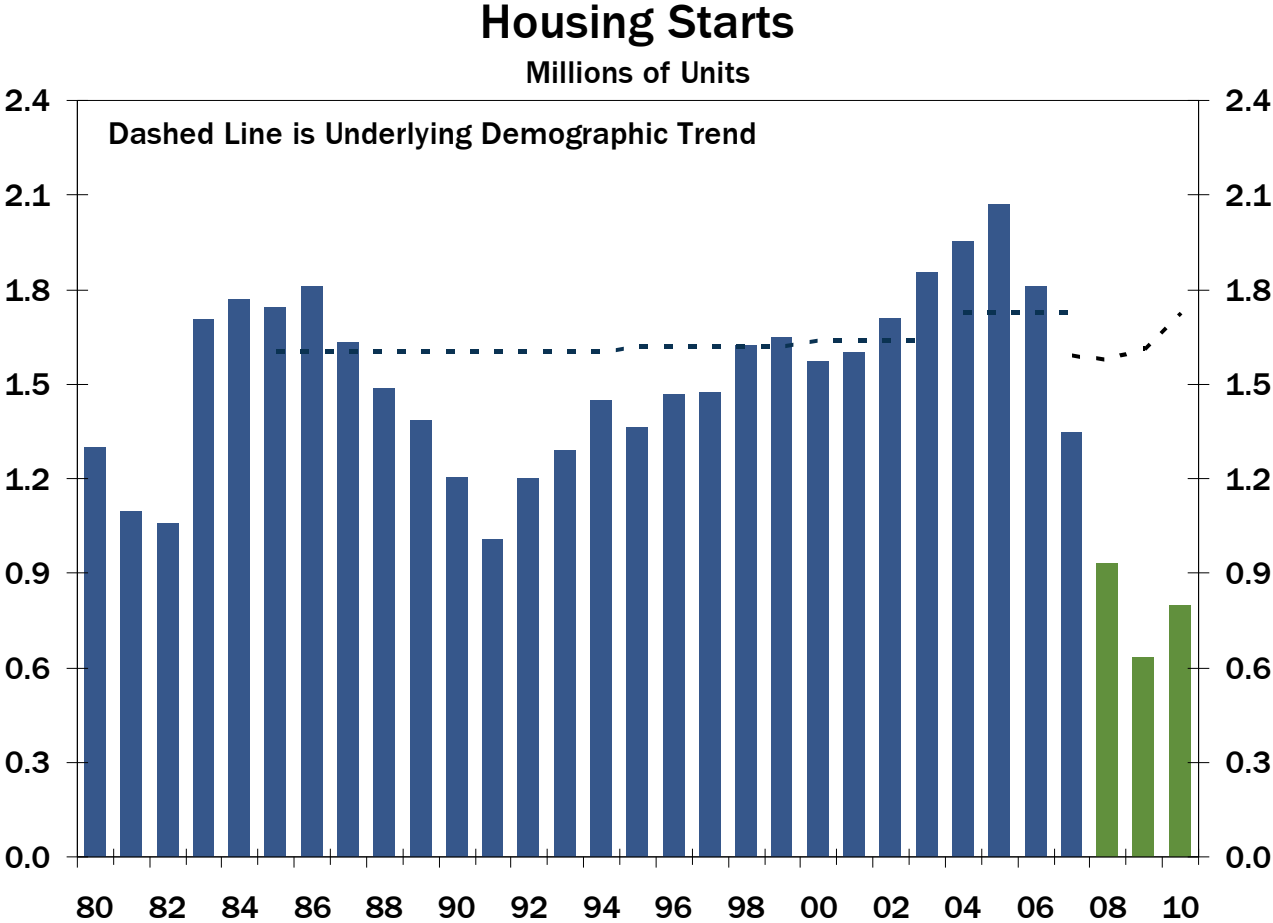
Peak-to-trough declines in home prices will exceed anything seen in the post-war period



Source: National Association of Realtors, FHFA, S&P Corp. and Wachovia

RESIDENTIAL CONSTRUCTION SHOULD BOTTOM IN THE FIRST HALF OF 2009

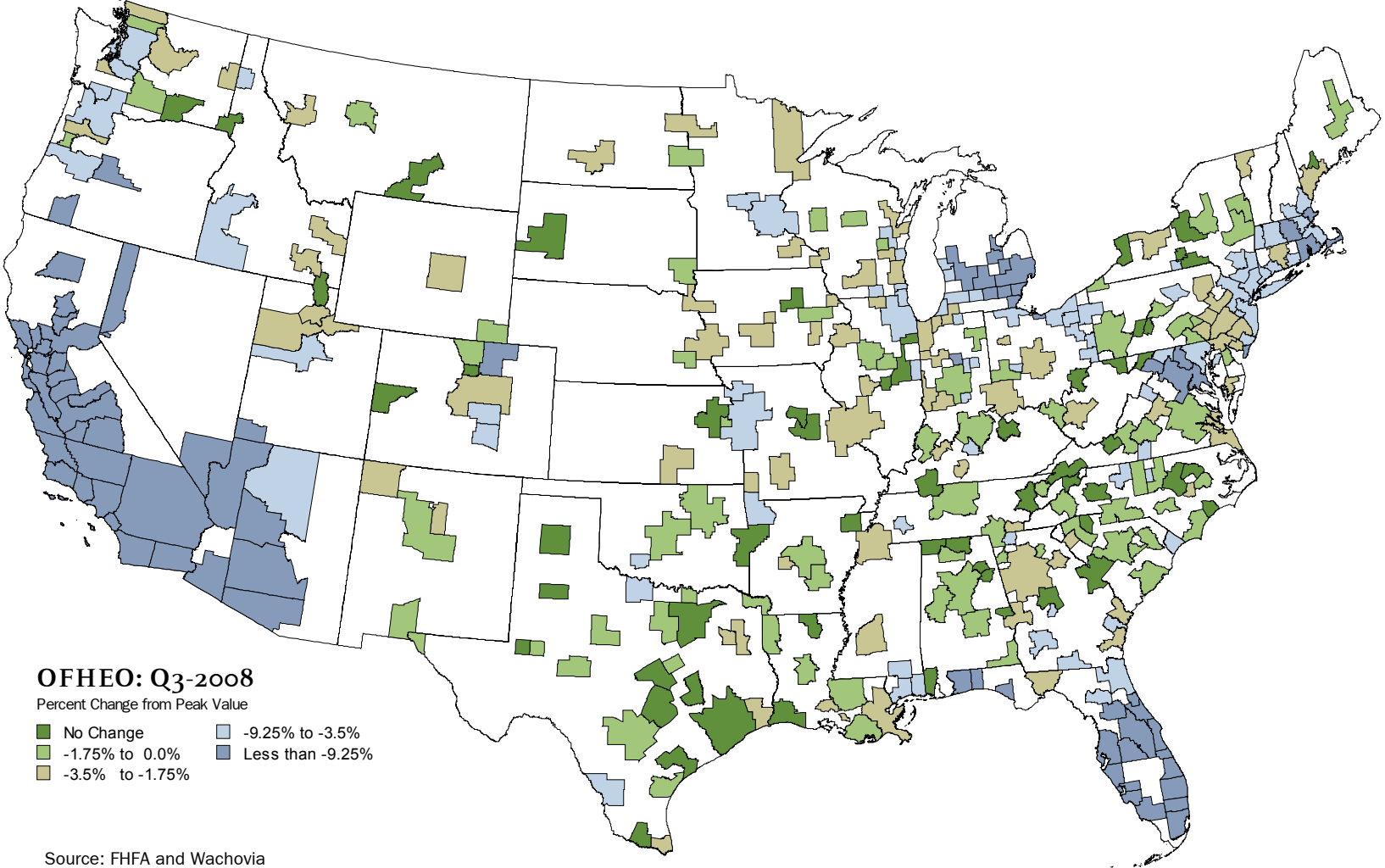
Home construction peaked at the end of 2005 and has fallen more than 65 percent



Source: U.S. Department of Commerce and Wachovia

VERY FEW MARKETS ARE IMMUNE TO THE HOUSING DOWNTURN, BUT THE WORST PROBLEMS ARE QUITE CONCENTRATED

FHFA (OFHEO) Home Price Index



OFHEO: Q3-2008

Percent Change from Peak Value

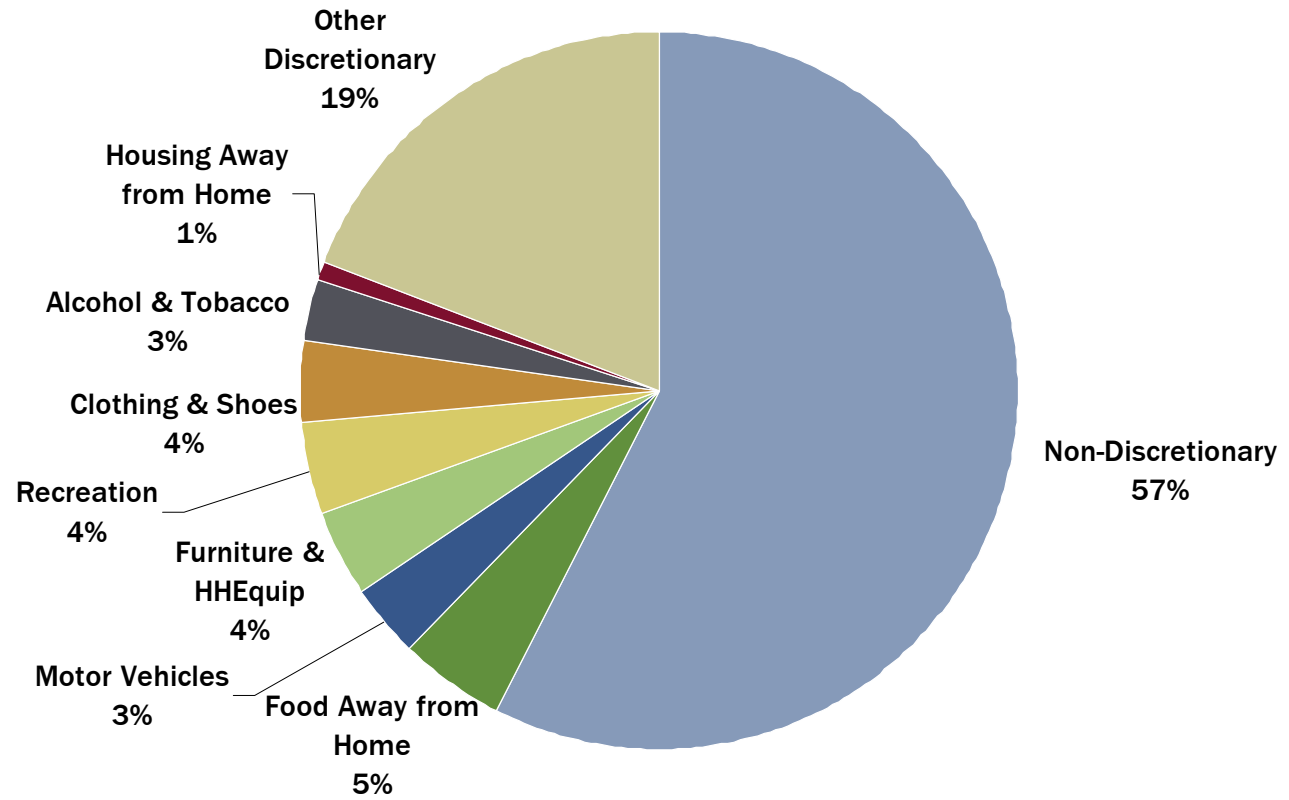
- No Change
- -1.75% to 0.0%
- -3.5% to -1.75%
- -9.25% to -3.5%
- Less than -9.25%

Source: FHFA and Wachovia

CONSUMERS HAVE TURNED EXCEPTIONALLY CAUTIOUS

Deteriorating employment prospects and tightening credit has led to substantial cutbacks in discretionary purchases

Discretionary Spending
October-2008



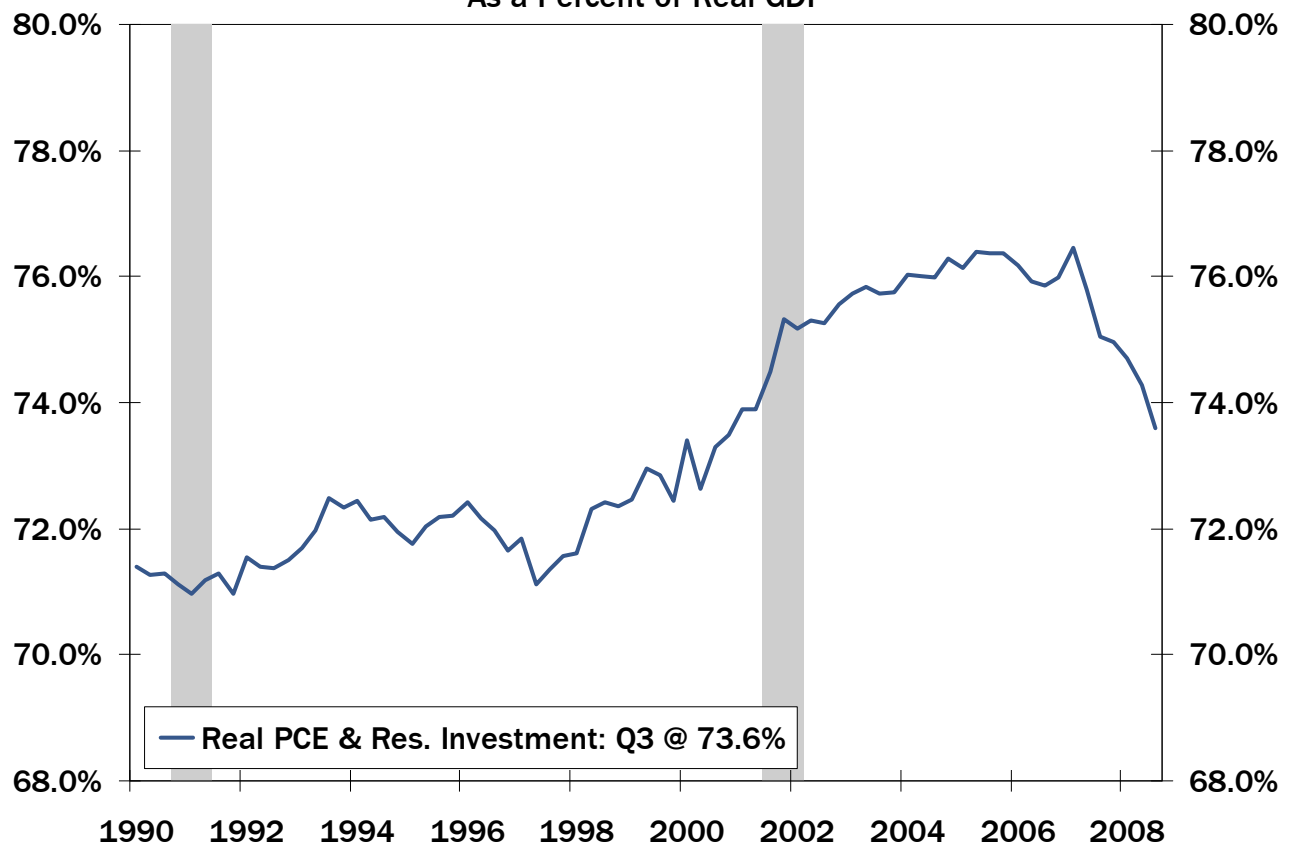
Source: U.S. Department of Commerce and Wachovia

THE U.S. CONSUMER WILL NEED TO GIVE BACK MUCH OF THE GAINS IN SHARE OF ECONOMIC ACTIVITY BEFORE AN EQUILIBRIUM IS FOUND

Consumer spending is expected to be a significant drag on economic growth throughout 2009

Real PCE & Residential Investment

As a Percent of Real GDP

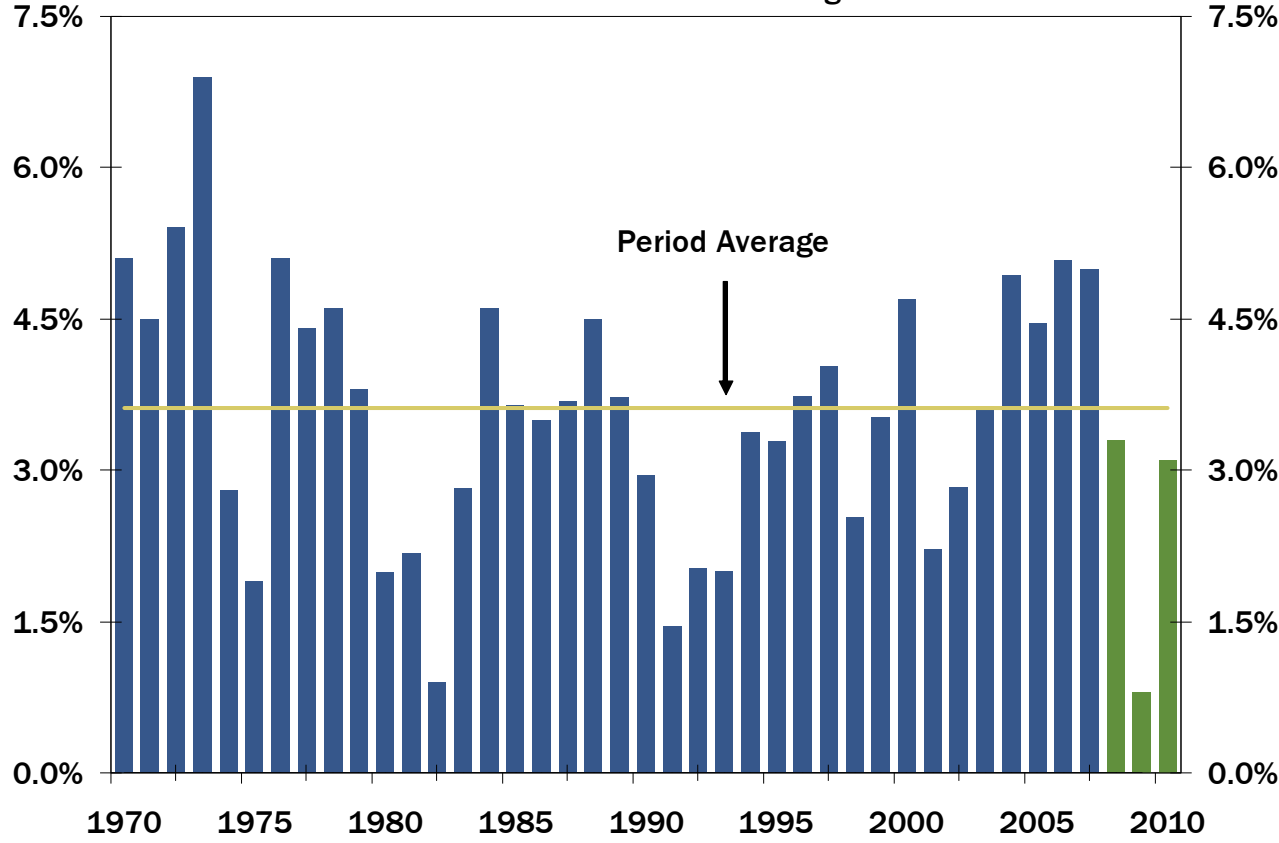


Source: U.S. Department of Commerce and Wachovia

AFTER THE STRONGEST FOUR-YEAR RUN IN DECADES, GLOBAL GROWTH WILL SLOW

We project global GDP will expand less than one percent in 2009, the slowest year for global growth since 1982

Real Global GDP Growth
Year-over-Year Percent Change



Source: International Monetary Fund and Wachovia

Every major economy
will be in recession in
2009

Wachovia International Economic Forecast¹

(Year-over-Year Percentage Change)

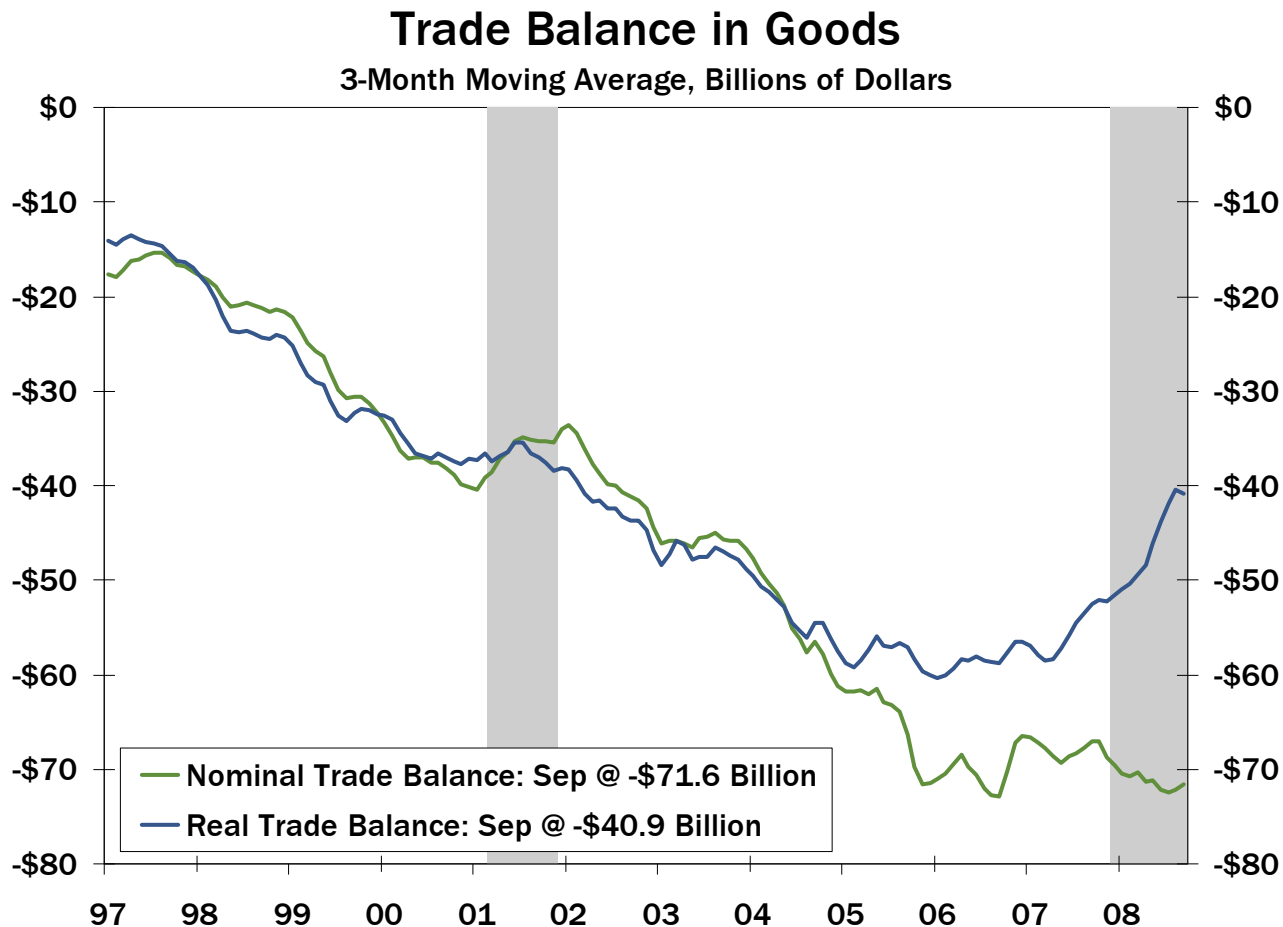
| | GDP | | | CPI | | |
|----------------------|-------|-------|------|------|------|------|
| | 2008 | 2009 | 2010 | 2008 | 2009 | 2010 |
| Global | 3.3% | 0.8% | 3.1% | 5.8% | 2.4% | 2.8% |
| Major Economies | | | | | | |
| United States | 1.1% | -2.0% | 1.4% | 4.1% | 1.1% | 2.5% |
| Eurozone | 0.9% | -1.1% | 1.5% | 3.3% | 1.3% | 1.4% |
| Germany | 1.3% | -1.2% | 1.6% | 2.8% | 1.1% | 1.3% |
| France | 0.8% | -0.9% | 1.9% | 3.3% | 1.2% | 1.4% |
| Italy | -0.4% | -1.1% | 1.1% | 3.5% | 1.5% | 1.2% |
| UK | 0.7% | -1.4% | 1.5% | 3.6% | 1.6% | 1.4% |
| Japan | 0.1% | -1.3% | 1.4% | 1.5% | 0.3% | 0.1% |
| Canada | 0.6% | -0.6% | 2.5% | 2.5% | 1.4% | 1.7% |
| Developing Economies | | | | | | |
| China | 9.4% | 7.2% | 8.8% | 6.1% | 1.0% | 1.5% |
| India | 6.5% | 5.5% | 7.3% | 7.4% | 5.9% | 4.5% |
| Mexico | 1.6% | -0.4% | 2.4% | 5.0% | 4.0% | 3.3% |
| Brazil | 5.0% | 2.0% | 3.0% | 5.7% | 4.6% | 3.9% |

¹Data As of: December 10, 2008

Source: Wachovia

FOLLOWING OIL'S COLLAPSE, THE NOMINAL TRADE DEFICIT SHOULD DECLINE RAPIDLY

The underlying trade deficit has narrowed markedly as real exports have grown much faster than real imports

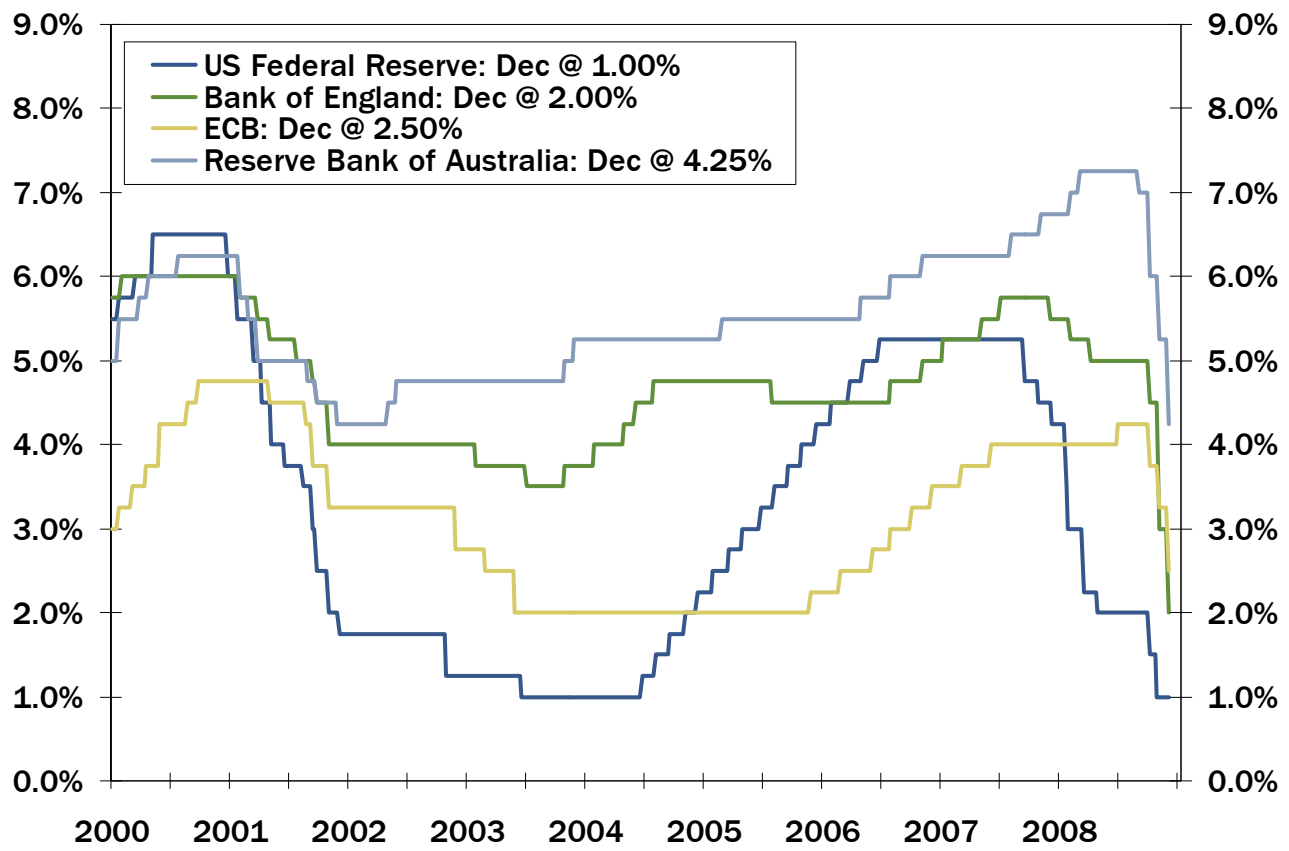


Source: U.S. Department of Commerce and Wachovia

COORDINATED CENTRAL BANK EASING WILL HELP PROVIDE LIQUIDITY

Foreign central banks will ease policy further

Central Bank Policy Rates



Source: Federal Reserve Board, Bloomberg L.P. and Wachovia

The dollar should
grind higher against
most major currencies

Currency Forecast

(End of Quarter Rates)

| | 2008 | 2009 | | | | 2010 | | |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Major Currencies | | | | | | | | |
| Euro (\$/€) | 1.32 | 1.26 | 1.22 | 1.18 | 1.17 | 1.16 | 1.15 | 1.15 |
| U.K. (\$/£) | 1.54 | 1.48 | 1.44 | 1.42 | 1.41 | 1.41 | 1.40 | 1.40 |
| U.K. (£/€) | 0.86 | 0.85 | 0.85 | 0.83 | 0.83 | 0.82 | 0.82 | 0.82 |
| Japan (¥/\$) | 95 | 100 | 105 | 110 | 112 | 114 | 115 | 115 |
| Other Industrialized | | | | | | | | |
| Canada (C\$/US\$) | 1.22 | 1.25 | 1.27 | 1.28 | 1.29 | 1.29 | 1.30 | 1.30 |
| Switzerland (CHF/\$) | 1.18 | 1.24 | 1.28 | 1.30 | 1.31 | 1.32 | 1.33 | 1.33 |
| Norway (NOK/\$) | 6.90 | 7.20 | 7.40 | 7.45 | 7.50 | 7.55 | 7.60 | 7.60 |
| Sweden (SEK/\$) | 7.80 | 8.30 | 8.40 | 8.50 | 8.55 | 8.55 | 8.60 | 8.60 |
| Australia (US\$/A\$) | 0.68 | 0.66 | 0.65 | 0.64 | 0.63 | 0.63 | 0.62 | 0.62 |
| Developing Economies | | | | | | | | |
| Mexico (MXN/\$) | 13.25 | 13.50 | 13.75 | 13.80 | 13.90 | 13.90 | 14.00 | 14.00 |
| Brazil (BRL/\$) | 2.35 | 2.40 | 2.50 | 2.55 | 2.57 | 2.58 | 2.60 | 2.60 |
| Poland (PLN/\$) | 2.95 | 3.10 | 3.30 | 3.35 | 3.40 | 3.40 | 3.50 | 3.50 |
| Russia (RUB/\$) | 27.75 | 28.50 | 29.00 | 29.25 | 29.50 | 29.75 | 30.00 | 30.00 |
| Turkey (TRY/\$) | 1.55 | 1.62 | 1.66 | 1.70 | 1.71 | 1.71 | 1.72 | 1.72 |
| South Africa (ZAR/\$) | 9.90 | 10.25 | 10.50 | 10.75 | 10.90 | 10.95 | 11.00 | 11.00 |
| China (CNY/\$) | 6.90 | 6.88 | 6.85 | 6.80 | 6.70 | 6.60 | 6.50 | 6.40 |
| India (INR/\$) | 48.80 | 49.50 | 50.00 | 50.25 | 50.40 | 50.40 | 50.50 | 50.50 |
| Korea (KRW/\$) | 1400 | 1450 | 1460 | 1480 | 1490 | 1495 | 1500 | 1500 |
| Singapore (S\$/US\$) | 1.50 | 1.54 | 1.55 | 1.56 | 1.57 | 1.57 | 1.58 | 1.58 |
| Taiwan (TWD/\$) | 33.25 | 33.50 | 33.70 | 33.80 | 33.90 | 33.90 | 34.00 | 34.00 |

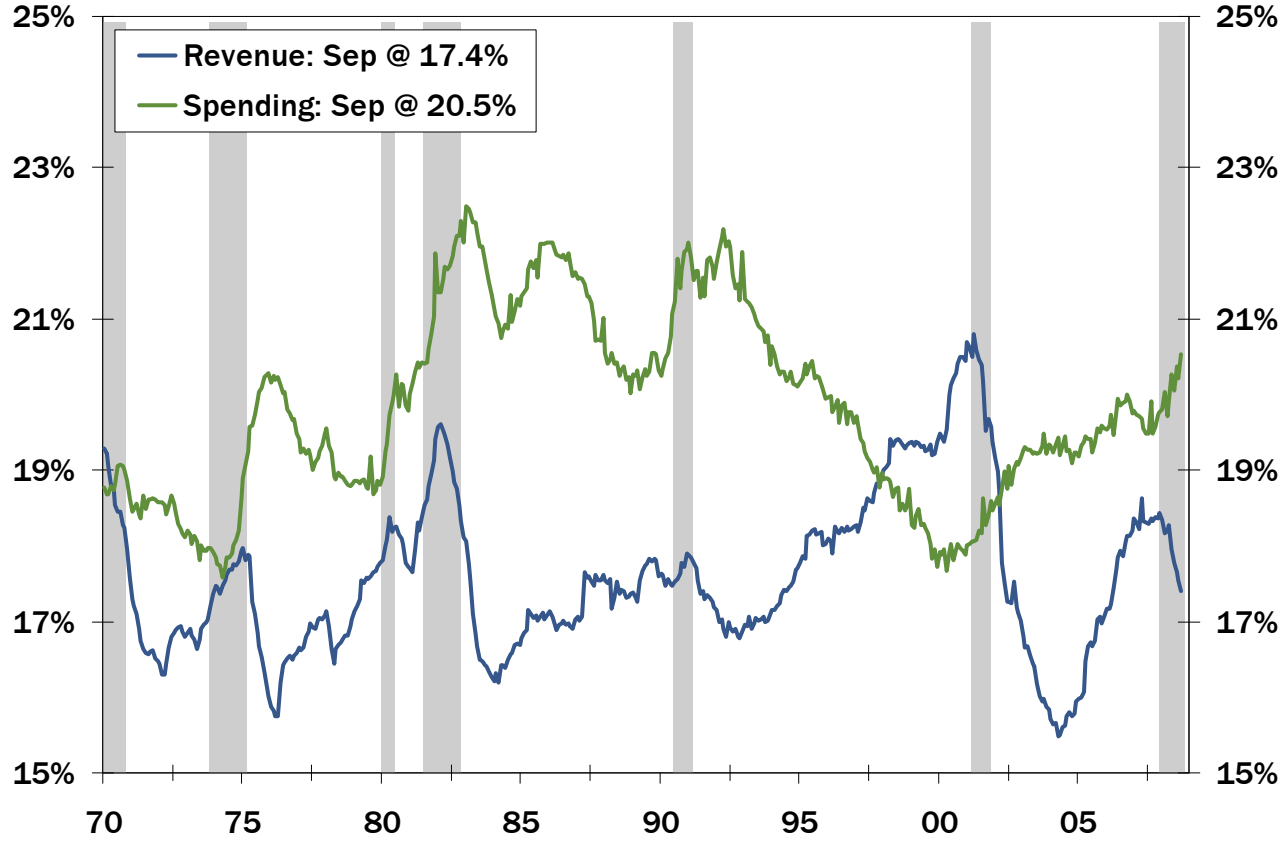
¹Data as of: December 10, 2008

Source: Wachovia

INFRASTRUCTURE SPENDING COULD FUEL GROWTH, BUT TAX BURDEN IS A CONCERN

Federal Spending vs. Revenue

As Percent of GDP



Policy stimulus does not always have the desired result

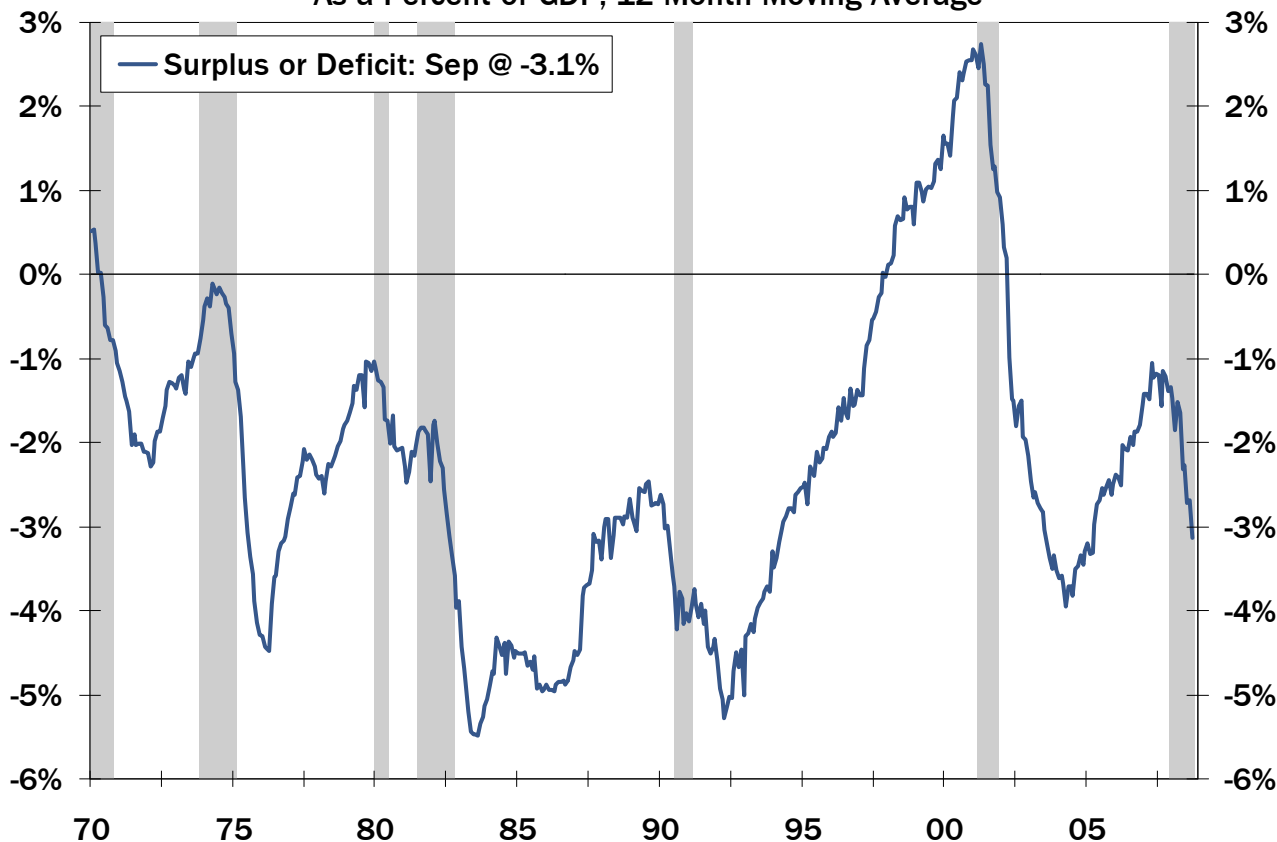
Source: U.S. Department of the Treasury and Wachovia

THE U.S. DEFICIT MAY REACH A STAGGERING ONE TRILLION DOLLARS IN 2009

The deficit will likely double as a percent of GDP as tax receipts weaken and fiscal stimulus ramps up

Federal Budget Surplus or Deficit

As a Percent of GDP, 12 Month Moving Average



Source: Federal Reserve Board, U.S. Department of Commerce and Wachovia

Appendix

A SAMPLING OF OUR RECENT SPECIAL, REGIONAL & INDUSTRY COMMENTARY

Distribution Lists

- Monthly Economic Outlook
- Weekly Economic & Financial Commentary
- Special Reports
- Economic Indicators
- Global Economic Commentary
- Federal Reserve Commentary
- Real Estate & Housing
- Consumer & Retail
- Chief Economist List
- To join any of our research distribution lists please visit our website:
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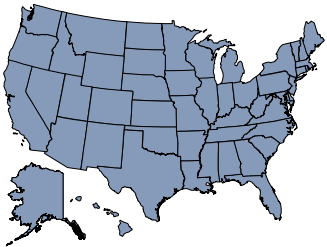
Recent Special Commentary

| Date | Title | Authors |
|--------------|--|-----------------------|
| December-05 | Partial Eclipse in the Lone Star State | Vitner, York & Whelan |
| December-01 | NBER Recession Call: Official Now, But Still Not Over | Silvia |
| December-01 | The Outlook for U.S. Exports Yet Again | Bryson |
| November-25 | Home Price Data: Third Quarter 2008 | Vitner & York |
| November-25 | Consumer Credit Weakening Amid Economic Downturn | Vitner & Khan |
| November-25 | Linear Models in a Non-linear World: Case Against Complacency | Silvia & Iqbal |
| November-24 | Employment Chartbook: November 2008 | Silvia, York & Whelan |
| November-24 | Recession to Persist for Next Six Months | Silvia & Iqbal |
| November-14 | Trends, Cycles and Dangers of Historical Extrapolation | Silvia & Iqbal |
| November-13 | Global Chartbook - November 2008 | Bryson & Quinlan |
| November-05 | The Grinch May Roil Holiday Sales This Year | Vitner & York |
| October-20 | Japan's "Lost Decade": Implications for the U.S. Economy | Bryson |
| October-09 | Global Chartbook - October 2008 | Bryson & Quinlan |
| October-08 | Housing Chartbook - October 2008 | Vitner & York |
| October-08 | Everyone Seems To Have Gotten The Message | Vitner & Bryson |
| September-25 | Recession Probability Remains Very High | Silvia |
| September-22 | Story Continues: No Bright Light Marking End of Sub-Par Growth | Silvia |
| September-22 | Implications of the Treasury's Plan for the Dollar | Bryson |
| September-18 | Global Central Banks Work to Soothe Fears | Vitner |
| September-16 | FOMC September Meeting - No Change | Vitner |
| September-15 | FOMC September Meeting - Workout Continues | Silvia |
| September-11 | Global Chartbook - September 2008 | Bryson |
| August-29 | California is Still Managing to Eke Out Modest Gains | Vitner & York |
| August-28 | Housing Chartbook - August 2008 | Vitner & York |
| August-19 | "Older and More Diverse Nation by Midcentury" | Vitner & York |
| August-19 | Commercial Real Estate Quarterly: Second Quarter | Vitner & Khan |

Economics Group Coverage

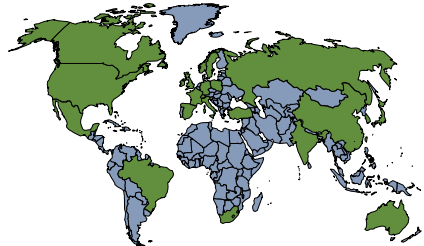
U.S. Macro Economy

- Comprehensive Coverage of the U.S. Economy
 - Monthly Economic Forecast
 - Weekly Analysis & Outlook
 - Timely Commentary on Daily Economic Data Releases



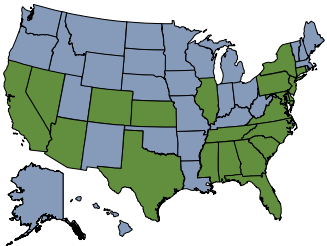
Global Economies

- Macro Level Coverage of Major Foreign Economies
 - Macro Forecasts of 11 Economies
 - Monthly Forecasts of 19 Dollar Exchange Rates
 - Weekly Analysis & Outlook



U.S. Regional Economics

- Regional and MSA Level Expertise
 - Extensive Coverage Across the Wachovia Footprint
 - Ground level Analysis & Commentary of Local Markets



Industry

- Coverage Across CIB Industry Groups
 - Regular Commentary on Economic Developments by Industries



JOHN E. SILVIA, PH.D.
Chief Economist

- john.silvia@wachovia.com
 - U.S. Macro Economy
 - Interest Rates
 - Monetary Policy

MARK VITNER
Senior Economist

- mark.vitner@wachovia.com
 - U.S. Macro Economy
 - Real Estate
 - Regional Economics

JAY H. BRYSON, PH.D.
Global Economist

- jay.bryson@wachovia.com
 - Global Economies
 - Foreign Exchange

SAM BULLARD
Economist

- sam.bullard@wachovia.com
 - Desk Operations
 - Financial Services

ANIKA KHAN
Economist

- anika.khan@wachovia.com
 - U.S. Macro Economy
 - Real Estate
 - Retail & Automotive

AZHAR IQBAL
Econometrician

- azhar.iqbal@wachovia.com
 - Quantitative Macro-Economic Modeling

ADAM G. YORK
Economic Analyst

- adam.york@wachovia.com
 - U.S. Macro Economy
 - U.S. Consumer
 - Real Estate

TIM QUINLAN
Economic Analyst

- tim.quinlan@wachovia.com
 - U.S. Macro Economy
 - Business Investment

KIM WHELAN
Economic Analyst

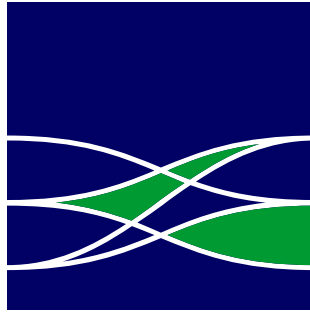
- kim.whelan@wachovia.com
 - U.S. Macro Economy

YASMINE KAMARUDDIN
Economic Analyst

- yasmine.kamaruddin@wachovia.com
 - U.S. Macro Economy

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