WACHOVIA CORP NEW
Form S-4/A
August 16, 2004
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As filed with the Securities and Exchange Commission on August 16, 2004

Registration No. 333-117283

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

Wachovia Corporation

(Exact name of registrant as specified in its charter)

North Carolina	**6711**	**56-0898180**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

One Wachovia Center

Charlotte, North Carolina 28288-0013

(704) 374-6565

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mark C. Treanor, Esq.

Senior Executive Vice President,

General Counsel and Secretary

Wachovia Corporation

One Wachovia Center

Charlotte, North Carolina 28288-0013

(704) 374-6565

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC:

As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement-prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement-prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 16, 2004

Our merger. Wachovia and SouthTrust are proposing a merger of SouthTrust into Wachovia. After the merger, we believe the combined Wachovia will be the pre-eminent retail banking franchise in the southeastern United States, and one of the nation s leading banking organizations in commercial banking, asset and wealth management, securities brokerage and investment banking.

Facts for SouthTrust shareholders:

In the merger, you will receive 0.89 Wachovia common shares for each SouthTrust common share you own.

Your board unanimously recommends the merger.

The combined company expects to continue Wachovia s dividend policy. Based on the current Wachovia quarterly dividend of $0.40 per Wachovia common share and the 0.89 exchange ratio, this would equal $0.356 per SouthTrust common share.

After the merger, former SouthTrust shareholders will own about 19% of the combined company.

Generally, the merger will be tax-free to you, other than with respect to any cash you receive for fractional shares.

SouthTrust needs your vote to complete the merger. SouthTrust plans to hold a special shareholders meeting to vote on the merger on [•], 2004.

Facts for Wachovia shareholders:

In the merger, you will keep your Wachovia common shares.

Your board unanimously recommends the merger.

Your dividend rights will not be affected by the merger. The current Wachovia quarterly dividend is $0.40 per common share.

After the merger, current Wachovia shareholders will own about 81% of the combined company.

The merger will be tax-free to you.

Wachovia needs your vote to complete the merger. Wachovia plans to hold a special shareholders meeting to vote on the merger on [•], 2004.

Merger consideration. *The number of shares of Wachovia common stock that SouthTrust shareholders will receive in the merger is fixed. The dollar value of the stock consideration SouthTrust shareholders receive will change depending on changes in the market price of Wachovia common stock and will not be known at the time either company s shareholders vote on the merger.* For example,

Date	Closing Wachovia Share Price	Value per SouthTrust Share
June 18, 2004, the last trading day before we announced our merger	$ 47.00	$ 41.83
[•], 2004	[•]	[•]

You should obtain current market quotations for both Wachovia and SouthTrust common shares. Wachovia is listed on the New York Stock Exchange under the symbol WB and SouthTrust is listed on The Nasdaq Stock Market under the symbol SOTR .

Voting. Even if you plan to attend your company s meeting, please vote as soon as possible by completing and submitting the enclosed proxy card. Not voting at all will have the same effect as voting against the merger.

This document and risks. Please read this document carefully, because it contains important information about the merger. **Read carefully the risk factors relating to the merger beginning on page [•] .**

None of the SEC, any state securities commission or the North Carolina Commissioner of Insurance has approved or disapproved the securities to be issued in the merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise.

The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Joint proxy statement-prospectus dated [•], 2004, and first mailed to shareholders on or about [•], 2004.

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References to Additional Information

This document incorporates important business and financial information about Wachovia and SouthTrust from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to Wachovia and SouthTrust that are incorporated by reference in this document through the Securities and Exchange Commission web site at *http://www.sec.gov* or by requesting them in writing or by telephone from the appropriate company:

If you are a Wachovia shareholder:
Georgeson Shareholder Communications
Wall Street Station
P.O. Box 1100
New York, New York 10269-0646
Telephone: (800) 255-8670

If you would like to request documents, please do so by [•], 2004 to receive them before Wachovia s special meeting.

If you are a SouthTrust shareholder:
Morrow & Co., Inc.
445 Park Ave. 5th Floor
New York, New York 10022-2606
Telephone: [•]

If you would like to request documents please do so by [•], 2004 to receive them before SouthTrust s special meeting.

You also may obtain additional proxy cards and other information related to the proxy solicitation by contacting the appropriate proxy solicitation firm. You will not be charged for any of these documents that you request.

See Where You Can Find More Information on page [•].

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WACHOVIA CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [•], 2004

To the Shareholders

of Wachovia Corporation:

We will hold a special meeting of shareholders of Wachovia Corporation, a North Carolina corporation, on [•], 2004, at [•] a.m., local time, in [•], for the following purpose:

Approving the plan of merger contained in the Agreement and Plan of Merger, dated as of June 20, 2004, between SouthTrust Corporation, a Delaware corporation, and Wachovia, pursuant to which SouthTrust will merge with and into Wachovia, as more fully described in the attached joint proxy statement-prospectus.

We have fixed the close of business on August 20, 2004, as the record date for determining those shareholders entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. Only Wachovia shareholders of record at the close of business on that date are entitled to notice of the special meeting and any adjournments or postponements of the special meeting, and only Wachovia common shareholders of record at the close of business on that date are entitled to vote at the special meeting and any adjournments or postponements of the special meeting. In order for the proposal to approve the plan of merger to be adopted, the holders of a majority of the outstanding shares of Wachovia common stock entitled to vote must vote in favor of approval of the plan of merger. Abstentions and broker non-votes will have the same effect as votes against approval of the plan of merger. If you wish to attend the special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

By Order of the Board of Directors,

Mark C. Treanor

Senior Executive Vice President,

General Counsel and Secretary

[•], 2004

Whether or not you plan to attend the special meeting in person, please vote your proxy by telephone or through the Internet, as described on the enclosed proxy card, or complete, date, sign and return the enclosed proxy card in the enclosed envelope. The enclosed envelope requires no postage if mailed in the United States. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card or voted by telephone or through the Internet.

Wachovia s board of directors unanimously recommends that you vote FOR approval of the plan of merger.

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SOUTHTRUST CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [•], 2004

To the Shareholders of

SouthTrust Corporation:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of SouthTrust Corporation, a Delaware corporation, will be held on [•], 2004, at [•] a.m., local time, in the auditorium on the eighth floor of the SouthTrust Tower, 420 North 20th Street, Birmingham, Alabama, for the following purpose:

> Approving the plan of merger contained in the Agreement and Plan of Merger, dated as of June 20, 2004, between Wachovia Corporation, a North Carolina corporation, and SouthTrust, pursuant to which SouthTrust will merge with and into Wachovia, as more fully described in the attached joint proxy statement-prospectus.

We have fixed the close of business on August 20, 2004, as the record date for determining those shareholders entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. Only SouthTrust shareholders of record at the close of business on that date are entitled to notice of the special meeting and any adjournments or postponements of the special meeting, and only SouthTrust common shareholders of record at the close of business on that date are entitled to vote at the special meeting and any adjournments or postponements of the special meeting. In order for the proposal to approve the plan of merger to be adopted, the holders of a majority of the outstanding shares of SouthTrust common stock entitled to vote must vote in favor of approval of the plan of merger. Abstentions and broker non-votes will have the same effect as votes against approval of the plan of merger. If you wish to attend the special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

By Order of the Board of Directors,

Wallace D. Malone, Jr.

Chairman

[•], 2004

Whether or not you plan to attend the special meeting in person, please vote your proxy by telephone or through the Internet, as described on the enclosed proxy card, or complete, date, sign and return the enclosed proxy card in the enclosed envelope. The enclosed envelope requires no postage if mailed in the United States. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card or voted by telephone or through the Internet.

SouthTrust s board of directors unanimously recommends that you vote FOR approval of the plan of merger.

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SUMMARY

This summary highlights selected information from this document. It may not contain all the information that is important to you. We urge you to read carefully this entire document and the other documents to which we refer you for a more complete understanding of the merger between Wachovia and SouthTrust. In addition, we incorporate by reference into this document important business and financial information about Wachovia and SouthTrust. You may obtain the information incorporated by reference in this document without charge by following the instructions in the section entitled Where You Can Find More Information on page [•]. Each item in this summary includes a page reference directing you to a more complete description of that item.

We Propose That Wachovia and SouthTrust Merge (Page •)

We propose that SouthTrust merge into Wachovia, with Wachovia as the surviving corporation. The combined company will be incorporated in North Carolina and its corporate headquarters will be in Charlotte, North Carolina. The combined company will be called Wachovia Corporation and its common stock will trade on the New York Stock Exchange, or the NYSE, under the symbol WB . We expect to complete the merger in the fourth quarter of 2004.

SouthTrust Shareholders Will Receive 0.89 of a Share of Wachovia Common Stock in the Merger For Each Share of SouthTrust Common Stock (Page •)

SouthTrust Shareholders. When the merger is completed, each SouthTrust shareholder will receive 0.89 of a share of Wachovia common stock for each share of SouthTrust common stock held. We sometimes refer to this 0.89 ratio as the exchange ratio .

Wachovia will not issue fractional shares in the merger. Instead, it will pay cash for fractional common shares based on the NYSE closing price per Wachovia share on the trading day before the merger is completed.

If you are a SouthTrust shareholder, you will need to surrender your SouthTrust common stock certificates to receive new certificates for the Wachovia common stock you receive in the merger, your cash payment instead of fractional shares and any dividends paid by the combined company. Please do not surrender your certificates until you receive written instructions from the combined company after we have completed the merger.

Wachovia Shareholders. If you are a Wachovia shareholder, your shares of Wachovia common stock will be unchanged by the merger. You do not need to surrender your shares or your stock certificates.

Combined Company. After completion of the merger, former SouthTrust shareholders will own approximately 19% of the common stock of the combined company, and current Wachovia shareholders will own approximately 81% of the common stock of the combined company.

The Exchange Ratio is Fixed and the Value of the Shares to be Issued in the Merger Will Fluctuate with Market Prices (Page •)

Upon completion of the merger, each share of SouthTrust common stock will be converted into 0.89 shares of Wachovia common stock. The exchange ratio will not be adjusted for changes in the market price of either Wachovia common stock or SouthTrust common stock. Accordingly, any change in the price of Wachovia common stock prior to the merger will affect the market value of Wachovia common stock that SouthTrust shareholders will receive on the date of the merger. Neither of us is permitted to terminate the merger agreement or resolicit the vote of our shareholders solely because of changes in the market prices of our common stocks.

You should obtain current stock price quotations for Wachovia common stock and SouthTrust common stock. Wachovia common shares are listed on the NYSE under the symbol WB and SouthTrust common shares are listed on The Nasdaq

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Stock Market, or Nasdaq, under the symbol SOTR . The following table shows the closing prices for Wachovia and SouthTrust common stock and the implied per share value in the merger to SouthTrust shareholders for the following dates and periods:

- June 18, 2004, the last trading day before we announced the merger;
- June 21, 2004, the day we announced the merger;
- [•], 2004, shortly before we mailed this document; and
- the high, low and average values for the period from June 18, 2004 through [•], 2004.

	Closing Wachovia share price	Closing SouthTrust share price	Implied value per SouthTrust share
June 18, 2004	$ 47.00	$ 34.80	$ 41.83
June 21, 2004	45.02	39.37	40.07
[•], 2004			
High (for period)			
Low (for period)			
Average (for period)			

Our boards, in arriving at their determinations that a fixed exchange ratio is preferable and that the merger is in the best interests of our shareholders, each considered that:

- a fixed exchange ratio is appropriate in view of the long-term strategic purposes of the merger because it captures the relative contribution of each company based on fundamental financial factors and avoids relative fluctuations between our stock prices caused by near-term volatility;
- a fixed exchange ratio is customary for mergers of this type in the financial services industry;
- an exchange ratio that does not fluctuate with the price of our common stocks provides substantial certainty about the number of shares that will be issued in the merger;
- the nominal dollar value of the shares of the combined company to be received by SouthTrust shareholders in the merger would fluctuate with the market price of Wachovia common stock before the merger is completed and could be materially different from the market price prevailing when we signed the merger agreement; and

an exchange ratio that does not fluctuate with the price of our common stocks focuses on the long-term value of the combined company rather than on short-term market fluctuations between the dates of signing the merger agreement and completing the merger.

Wachovia s Common Stock Dividend Policy Will Continue After the Merger; Coordination of Dividends (Page•)

Wachovia s common stock dividend policy will continue after the merger, but this policy is subject to the determination of Wachovia s board of directors and may change at any time. In the second quarter of 2004, Wachovia paid a dividend of $0.40 per share of Wachovia common stock and SouthTrust paid a dividend of $0.24 per share of SouthTrust common stock. Based on the 0.89 exchange ratio and these dividend rates, following the merger, holders of SouthTrust common stock will receive an anticipated dividend rate increase of approximately 48% (from $0.24 to $0.356 quarterly dividend per share of SouthTrust common stock equivalent).

The merger agreement permits each of us to continue to pay regular quarterly cash dividends to our shareholders prior to completion of the merger. We have agreed in the merger agreement to coordinate dividend declarations and the related record dates and payment dates so that SouthTrust shareholders will not receive two dividends, or fail to receive one dividend, for any single quarter. Accordingly, prior to the merger, we may coordinate and alter our dividend record dates in order to effect this policy. In addition, the merger agreement provides that if the merger is not completed before the record date for the dividend on Wachovia common stock for the fourth quarter of 2004, which is expected to be November 30, 2004, SouthTrust may increase its quarterly cash dividend per share to the then-current Wachovia quarterly cash dividend per share, multiplied by the exchange ratio.

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The payment of dividends by Wachovia or SouthTrust on their common stock in the future, either before or after the merger is completed, is subject to the determination of our respective boards of directors and depends on cash requirements, our financial condition and earnings, legal and regulatory considerations and other factors.

The Merger Will Be Accounted for as a Purchase (Page •)

The merger will be treated as a purchase by Wachovia of SouthTrust under generally accepted accounting principles, or GAAP.

The Merger Will Generally Be Tax-Free To Shareholders (Page •)

For United States federal income tax purposes, the merger has been structured as a reorganization . Therefore, for United States federal income tax purposes, SouthTrust shareholders generally:

- will not recognize any gain or loss upon the exchange of SouthTrust shares solely for Wachovia common shares; and
- will recognize gain or loss with respect to the payment of cash in lieu of fractional shares of Wachovia common stock.

The merger will not have any tax consequences for holders of Wachovia common stock and Wachovia and SouthTrust will not recognize any gain or loss for United States federal income tax purposes in the merger. For a complete description of the material United States federal income tax consequences of the transaction, see Material Federal Income Tax Consequences on page [•].

The United States federal income tax consequences described above may not apply to some holders of SouthTrust common stock, including certain holders specifically referred to on page [•]. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

In connection with the registration statement filed with the SEC of which this document is a part, Wachovia and SouthTrust have received legal opinions from Sullivan & Cromwell LLP and Bradley Arant Rose & White LLP, respectively, regarding the tax consequences of the merger summarized above. These opinions are based in part on customary assumptions and on representations that Wachovia and SouthTrust made to Sullivan & Cromwell LLP and Bradley Arant Rose & White LLP. These opinions are exhibits to the registration statement filed with the SEC in connection with this document.

Wachovia and SouthTrust will not be obligated to complete the merger unless Sullivan & Cromwell LLP and Bradley Arant Rose & White LLP confirm the tax consequences summarized above by issuing additional opinion letters to the same effect on the closing date.

Merrill Lynch Provided an Opinion to SouthTrust s Board as to the Fairness, From a Financial Point of View, of the Exchange Ratio to SouthTrust Shareholders (Page •)

On June 19, 2004, the date the SouthTrust board approved the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, SouthTrust s financial advisor, rendered an oral opinion to SouthTrust s board that, as of that date, the exchange ratio of 0.89 shares of Wachovia common stock for 1 share of SouthTrust common stock was fair from a financial point of view to the holders of SouthTrust common stock. Merrill Lynch confirmed its opinion by delivery of a written opinion dated June 20, 2004. The full text of Merrill Lynch s written opinion is attached to this joint proxy statement-prospectus as Appendix C. You should read this opinion completely to understand the procedures followed,

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assumptions made, matters considered and limitations of the review undertaken by Merrill Lynch. Merrill Lynch s opinion is directed to the SouthTrust board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger. The opinion of Merrill Lynch will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to the completion of the merger. SouthTrust does not currently expect to request an updated opinion from Merrill Lynch. Under the terms of its engagement, SouthTrust has agreed to pay Merrill Lynch an aggregate fee of $17.5 million for its financial advisory services, including its opinion, in connection with the merger.

UBS Provided an Opinion to Wachovia s Board as to the Fairness, From a Financial Point of View, of the Exchange Ratio to Wachovia (Page •)

In connection with the merger, Wachovia s board of directors received a written opinion from UBS Securities LLC, Wachovia s financial advisor, as to the fairness, from a financial point of view, to Wachovia of the exchange ratio provided for in the merger. The full text of UBS written opinion, dated June 20, 2004, is attached to this joint proxy statement-prospectus as Appendix D. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. UBS opinion was provided to Wachovia s board in its evaluation of the exchange ratio, does not address any other aspect of the merger and does not constitute a recommendation to any shareholder with respect to any matters relating to the proposed merger. UBS opinion will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to the completion of the merger. Wachovia does not currently expect to request an updated opinion from UBS. Under the terms of its engagement, Wachovia has agreed to pay UBS an aggregate fee of $15 million for its financial advisory services, including its opinion, in connection with the merger.

SouthTrust s Directors and Executive Officers May Have Interests in the Merger that Differ from Your Interests (Page•)

Following the merger, three current members of SouthTrust s board of directors, including Wallace D. Malone, Jr., SouthTrust s Chairman and Chief Executive Officer, will be appointed to Wachovia s board of directors. Other than Mr. Malone, these directors have not yet been determined. Mr. Malone also will serve as Wachovia s Vice Chairman following the merger. Wachovia s current Chairman, President and Chief Executive Officer, G. Kennedy Thompson, will continue to serve in those capacities following the merger.

In addition, some of SouthTrust s directors and executive officers have interests in the merger other than their interests as shareholders. The members of our boards of directors knew about these additional interests and considered them when they adopted the plan of merger.

The following provides more detail about the payments, benefits and other interests of certain SouthTrust directors and executive officers.

Mr. Malone s Employment Agreement. Mr. Malone currently has a five-year employment agreement with SouthTrust, which will be assumed by Wachovia in the merger. He is to be paid an annual salary of at least $1 million and is eligible for an annual incentive payment. Mr. Malone also will receive cash termination payments and other payments and benefits if he terminates his employment under the circumstances described under Interests of Certain Persons in the Merger beginning on page [•]. We currently estimate that a cash termination payment of approximately $30.3 million payable over a five-year period could be triggered if Mr. Malone terminated employment within the time frame covered under his agreement.

SouthTrust Change In Control Agreements. Change in control agreements between SouthTrust and 9 of its other executive officers provide those officers with cash termination payments and other payments and benefits if their employment with Wachovia terminates within 3 years following completion of the merger. We currently estimate that cash termination payments of up to $27 million in the aggregate could be triggered if all such executives terminated employment within the time frames covered under the agreements.

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Shareholders Do Not Have Appraisal Rights (Page •)

Under Delaware law, SouthTrust shareholders are not entitled to appraisal rights in the merger. Under North Carolina law, Wachovia shareholders are not entitled to appraisal rights in the merger.

Our Boards Recommend That You Vote FOR the Plan of Merger (Pages • and •)

Wachovia Shareholders. Wachovia s board of directors believes that the merger is in the best interests of Wachovia and its shareholders, and unanimously recommends that Wachovia shareholders vote FOR approval of the plan of merger.

SouthTrust Shareholders. SouthTrust s board of directors believes that the merger is in the best interests of SouthTrust and its shareholders and that the exchange ratio is fair to SouthTrust shareholders, and unanimously recommends that SouthTrust shareholders vote FOR approval of the plan of merger.

Our Reasons for the Merger (Pages • and •)

Wachovia s Board of Directors. Wachovia s board of directors is proposing the merger because:

- It believes that SouthTrust offers Wachovia a unique strategic fit because of the two organizations geographic overlap in a number of key states with high growth rates, and because the merger would provide Wachovia accelerated entry into the Texas banking market and a substantial position in the Alabama banking market. As a result, Wachovia s board believes Wachovia will have a greater potential for growth following the merger. The merger would enable the combined company to have the highest deposit share in the southeastern United States.
- It believes SouthTrust is a very high quality organization with a strong earnings record and strong credit quality and management.
- It believes that the combined company will have increased economies of scale, significant annual expense savings and complementary customer bases and products following the merger, as well as the potential for revenue enhancement. The expense savings are described in more detail on page [•] under the heading Cost Savings .
- It believes that SouthTrust s and Wachovia s management share a common business vision and commitment to their respective customers, shareholders, employees and other constituencies.
- It believes that the merger is likely to provide an increase in shareholder value, including the benefits of a stronger strategic position.

With respect to shareholder value, Wachovia believes that while the merger will be dilutive to Wachovia shareholders on an earnings per share basis calculated according to GAAP until 2007, the merger will be accretive to Wachovia shareholders on a cash earnings per share basis by 2006. Wachovia s estimation of earnings per share accretion/dilution for the fourth quarter of 2004 and each of the years 2005, 2006 and 2007 is as follows:

	Q4 2004	**2005**	**2006**	**2007**
Pro forma GAAP EPS	$ 0.92	4.09	4.66	5.22
Wachovia estimated stand-alone GAAP EPS	0.95	4.30	4.73	5.20
Accretion/(Dilution)	(0.03)	(0.21)	(0.07)	0.02
Pro forma cash EPS	1.02	4.31	4.80	5.29
Wachovia estimated stand-alone cash EPS	1.04	4.41	4.79	5.22
Accretion/(Dilution)	$ (0.02)	(0.10)	0.01	0.07

Wachovia s estimated fourth quarter 2004 and full year 2005 stand-alone GAAP earnings per share are based on consensus earnings per share estimates as reported by First Call as of June 20, 2004, adjusted to include merger-related and restructuring expenses in the fourth quarter of 2004 (merger-related and restructuring expenses associated with transactions prior to the merger are expected to be immaterial in 2005). Wachovia s estimated stand-alone GAAP earnings per share for 2006 and 2007 are based on 2005 consensus earnings per share estimates plus the consensus 5-year earnings per share growth expectations of 10% per year (merger-related and restructuring expenses associated with transactions prior to the merger are expected to be immaterial in

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2006 and 2007). Pro forma fourth quarter 2004 and full year 2005 earnings per share estimates assume consensus earnings per share estimates for SouthTrust as reported by First Call as of June 20, 2004 and pro forma 2006 and 2007 estimates assume consensus 5-year earnings per share growth expectations for SouthTrust of 11% per year. Pro forma earnings per share are also based on the annual expense savings discussed above and on the assumptions of Wachovia s management described in more detail on page [•] under the heading Recommendation of Wachovia s Board and Its Reasons for the Merger and on page [•] under the heading Opinion of Wachovia s Financial Advisor . Cash earnings per share is a non-GAAP financial measure that is calculated by adding after-tax restructuring and merger-related expenses and intangible amortization to income before cumulative effect of a change in accounting principle and dividing the result by average shares outstanding. Wachovia believes this measure provides information useful to investors in understanding our underlying operational performance, our business and performance trends, and facilitates comparison with the performance of others in the financial services industry.

In considering the merger, Wachovia s board of directors also considered the potential initial negative impact to the market price of Wachovia common stock following announcement of the merger. In addition, it considered the following potential adverse consequences of the merger:

- The possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of Wachovia s on-going business or in the loss of customers.
- The possibility that the anticipated benefits of the merger may not be realized, including the expected cost savings.
- The potential effect of the merger on SouthTrust s employee benefits under various agreements, plans and programs because the merger may constitute a change in control , which might encourage employees to leave and involve additional cost under such agreements, plans and programs.
- The impact of divestitures likely to be required, which may result in lost customer relationships and reduce the amount of income the combined company could have realized without such divestitures.
- The potential merger-related and restructuring charges.

The Wachovia board concluded, however, that the potential benefits of the merger substantially outweighed the risks.

SouthTrust s Board of Directors. SouthTrust s board of directors is proposing the merger because:

- It believes that the merger with Wachovia will allow SouthTrust shareholders to participate in a combined company that will have better future prospects than SouthTrust is likely to achieve on a stand-alone basis or through a combination with other potential merger partners.
- The per share merger consideration for SouthTrust shareholders represented, on the date SouthTrust s board approved the merger, a premium of approximately 22% (based on the closing prices of Wachovia common stock and SouthTrust common stock for the five trading days prior to public announcement of the merger).
- After completion of the merger, SouthTrust shareholders will receive a 48% higher common stock dividend than they currently receive from SouthTrust ($0.356 per share on a pro forma basis, taking into account the exchange ratio, versus $0.24 per share currently).

It believes that SouthTrust and Wachovia have businesses that complement each other in many ways, including geographic coverage and the compatibility of their respective managements, cultures and operating styles.

It believes that Wachovia s recent success in integrating banking and securities brokerage acquisitions and the planned fifteen-month integration period are good indicators of success in integrating the merger with SouthTrust.

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In considering the merger, SouthTrust s board of directors also considered the following potential adverse consequences of the merger:

- The risks of diverting management s attention from other strategic opportunities.
- The potential impact of the costs that are expected to be incurred by the combined company in connection with completing the merger.
- The potential challenges of integrating SouthTrust and Wachovia.
- The risks associated with the fixed exchange ratio, which will not adjust upwards to compensate for declines in Wachovia s stock price.
- The possibility that the interests of SouthTrust s directors and executive officers apart from their interests as SouthTrust shareholders might influence their decision with respect to the merger.
- The impact of the terms of the merger agreement and stock option agreement that could have the effect of discouraging other parties from expressing interest in merging with or acquiring SouthTrust.
- The risks associated with required regulatory approvals, including the impact of required divestitures on the combined company.
- The risks of not achieving the expected cost savings and other benefits.

The SouthTrust board concluded, however, that the potential benefits of the merger substantially outweighed the risks.

Cost Savings and Accounting Charges. Although we can make no assurances, both SouthTrust and Wachovia believe that following the merger, the combined company can achieve cost savings of approximately 36% of SouthTrust s non- interest expense or 3% of combined non-interest expense (approximately $255 million in after-tax annual expense reductions) by the end of 2006.

These cost savings are expected to be achieved partially in each year until 2006. Of the total $255 million in after-tax annual expected cost savings:

- 64% is expected from personnel reductions;
- 21% is expected from consolidating facilities and from eliminating duplicative technology and operations functions; and
- 15% is expected from other factors, including stronger purchasing power.

As part of these cost savings, we expect to reduce the combined company s job positions by about 4,300 over the fifteen-month integration period. We believe that between 25% to 35% of these reductions could occur through normal attrition. As part of the cost savings we have outlined, we expect to consolidate about 130 to 150 branch banking offices during the fifteen-month integration period. You can find more detail about our expected cost savings under the heading   Cost Savings   on page [•].

We expect to recognize an estimated $156 million of after-tax merger-related and restructuring expenses and $275 million of after-tax exit cost purchase accounting adjustments. We also expect to recognize $42 million of after-tax fair value purchase accounting adjustments. A portion of these charges and adjustments will be recorded upon completion of the merger, with the remainder expected to be recorded in each year from the completion of the merger through 2006.

Anticipated Excess Capital; Share Repurchases

Following the merger, Wachovia expects that combining the two companies   balance sheets will result in a significant amount of excess capital. Wachovia currently intends for the combined company to maintain a leverage ratio of approximately 6% and a tangible capital to tangible asset ratio of 4.7% to 4.8%. Wachovia believes that, as a result of the merger, up to $1.7 billion of capital in excess of such ratios will be available as excess capital, in addition to excess capital generated by Wachovia as a stand-alone entity. If such excess capital is available, Wachovia currently intends to use it to repurchase shares of Wachovia common stock. The actual amount of shares of Wachovia common stock repurchased will depend on various factors, including: market conditions; legal limitations and considerations affecting the amount and timing of repurchase activity; the combined

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company s capital position; internal capital generation; and alternative potential investment opportunities. Wachovia believes that share repurchases will tend to increase earnings per share, enhance the liquidity of Wachovia s common stock after the merger, return excess capital to shareholders in a tax efficient manner and provide a flexible means of capital management. Federal law prohibits Wachovia and SouthTrust from purchasing shares of either company s common stock from the date this joint proxy statement-prospectus is first mailed to shareholders until completion of both special meetings of shareholders.

We Have Agreed When and How SouthTrust Can Consider Third Party Acquisition Proposals (Page •)

We have agreed that SouthTrust will not initiate or solicit proposals from third parties regarding acquiring SouthTrust or its businesses. In addition, we have agreed that SouthTrust will not engage in negotiations with or provide confidential information to a third party regarding acquiring SouthTrust or its businesses. However, if SouthTrust receives an acquisition proposal from a third party, SouthTrust can participate in negotiations with and provide confidential information to the third party if, among other steps, SouthTrust s board of directors concludes in good faith that the proposal is a proposal that is superior to our merger. SouthTrust s receipt of a superior proposal or participation in such negotiations does not give SouthTrust the right to terminate the merger agreement.

Merger Approval Requires a Majority Vote by Wachovia Shareholders and by SouthTrust Shareholders (Pages • And •)

Wachovia Shareholders. In order to approve the plan of merger, the holders of a majority of Wachovia s common shares outstanding as of August 20, 2004, must vote in favor of the plan of merger contained in the merger agreement. As of that date, Wachovia directors and executive officers beneficially owned about [•], or less than [•]%, of the shares entitled to vote at the Wachovia special meeting. SouthTrust and its directors and executive officers beneficially owned less than [•]% of the shares entitled to vote at the Wachovia meeting (other than shares held by SouthTrust in a fiduciary, custodial or agency capacity).

SouthTrust Shareholders. In order to approve the plan of merger, the holders of a majority of SouthTrust s common shares outstanding as of August 20, 2004, must vote in favor of the plan of merger contained in the merger agreement. As of that date, SouthTrust directors and executive officers beneficially owned about [•], or less than [•]%, of the shares entitled to vote at the SouthTrust special meeting. Wachovia and its directors and executive officers beneficially owned less than [•]% of the shares entitled to vote at the SouthTrust meeting (other than shares held by Wachovia in a fiduciary, custodial or agency capacity).

Treatment of SouthTrust Options (Pages • and •)

In the merger, Wachovia will assume all SouthTrust employee and director stock options and those options will become options to purchase Wachovia common stock. Each converted option will vest at the time of the merger. The number of shares issuable under those options and the exercise prices will be adjusted to take into account the exchange ratio.

We Must Meet Several Conditions To Complete the Merger (Page •)

Our obligations to complete the merger depend on a number of conditions being met. These include:

the approval of the plan of merger by both Wachovia and SouthTrust shareholders;

the listing of the shares of Wachovia common stock to be issued in the merger on the NYSE (including shares to be issued following exercise of the SouthTrust employee and director stock options assumed by Wachovia);

receiving the required approvals of federal and state regulatory authorities;

the absence of any government action or other legal restraint or prohibition that would prohibit the merger or make it illegal;

receiving legal opinions that, for United States federal income tax purposes, the merger will be treated as a reorganization and no gain or loss will be recognized by SouthTrust shareholders who receive Wachovia common stock in exchange for all of their SouthTrust common stock, except with respect to any cash received for fractional interests. These opinions will be based on customary assumptions and on representations made by Wachovia and SouthTrust and will be subject to various limitations; and

the representations and warranties of the other party to the merger agreement being true and correct, except as would not have or would not reasonably be expected to have a material adverse effect, and the other party to the merger agreement must have performed in all material respects all its obligations under the merger agreement.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. Although the merger agreement allows us to waive the tax opinion condition, we do not currently anticipate doing so. If either of us does waive the condition, we will inform you of this fact and ask you to vote on the merger taking this into consideration.

We Must Obtain Regulatory Approvals to Complete the Merger (Page •)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. Once the Federal Reserve Board approves the merger, we will have to wait from 15 to 30 days before we can complete it. During that time, the United States Department of Justice, or DOJ, can challenge the merger. We filed our merger application with the Federal Reserve Board on July 12, 2004.

In addition, certain aspects of the merger are subject to review by antitrust authorities under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, and we filed notices with the Federal Trade Commission and the Antitrust Division of the DOJ. On August 6, 2004, those regulatory authorities confirmed that the waiting period for those aspects of the merger under the HSR Act has terminated.

The merger is also subject to receiving the approval of other regulatory authorities. We are in the process of filing all of the required applications and notices with regulatory authorities.

Although we do not know of any reason why we would not be able to obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will get them. We expect that we will need to sell branches having in the aggregate $590 million in deposits, along with related loans, to third parties in order to comply with antitrust requirements, but we have taken this into account in planning for the merger, and we do not believe that it will have a material adverse effect on the combined company.

We May Terminate the Merger Agreement (Page •)

We can mutually agree at any time to terminate the merger agreement without completing the merger, even if our shareholders have approved the plan of merger. Also, either of us can decide, without the consent of the other, to terminate the merger agreement:

if there is a final denial of a required regulatory approval;

if the merger is not completed on or before March 31, 2005;

- if there is a continuing breach of the merger agreement by the other party, after 60 days written notice to the breaching party, as long as that breach would allow the non-breaching party not to complete the merger; or

- if the other party s board of directors fails to recommend approval of the plan of merger to its shareholders, or withdraws or materially and adversely modifies its recommendation.

Also, Wachovia may terminate the merger agreement if SouthTrust s board recommends an acquisition proposal other than the merger, or if SouthTrust s board negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the merger and those negotiations continue for at least three business days. SouthTrust has no such termination right.

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In addition, prior to the SouthTrust special shareholder meeting, SouthTrust may terminate the merger agreement during a period of 10 days after any public announcement that Wachovia has entered into or become the subject of an acquisition transaction that would result in a change of control of Wachovia.

The failure of either SouthTrust or Wachovia to obtain the shareholder vote required for the merger will not by itself give either company the right to terminate the merger agreement. As long as no other termination event has occurred, both companies would remain obligated to continue to use their reasonable best efforts to complete the merger until March 31, 2005, which, depending on the timing of the failed meeting, could include calling additional shareholder meetings. In addition, during this period SouthTrust cannot undertake any other mergers or business combination transactions without Wachovia s consent. Furthermore, any decision by the SouthTrust board of directors to withdraw or adversely modify its recommendation of the merger, or recommend an acquisition proposal other than the merger, or negotiate or authorize negotiations with a third party regarding an acquisition proposal other than the merger will not give SouthTrust the right to terminate the merger agreement.

The boards of directors of both companies considered and believed it was appropriate to make the foregoing commitments for the limited period of time involved, especially in light of the relatively short term of the commitments and the relatively lengthy regulatory and integration processes involved in transactions like these.

Whether or not the merger is completed, we will each pay our own fees and expenses, except that we will evenly divide the costs and expenses that we incur in preparing, printing and mailing this document and filing fees paid in connection with the registration statement and all applications for government approvals, except fees paid to counsel, financial advisors and accountants. If SouthTrust elects to terminate the merger agreement because Wachovia enters into or becomes the subject of an acquisition transaction that would result in a change of control of Wachovia, Wachovia will pay SouthTrust a cash termination fee of $100 million and reimburse SouthTrust for its reasonable expenses.

We May Amend or Waive Merger Agreement Provisions (Page •)

We may jointly amend the merger agreement, and each of us may waive our right to require the other party to follow particular provisions of the merger agreement. However, we may not amend the merger agreement after our shareholders approve the plan of merger if the amendment would legally require the plan of merger to be resubmitted to SouthTrust shareholders or Wachovia shareholders or would violate Delaware or North Carolina law.

Wachovia may also change the structure of the merger, as long as any change does not change the amount or type of stock or other payment to be received by SouthTrust shareholders and the holders of options to purchase SouthTrust common stock, does not adversely affect the timing of completion of the merger, does not adversely affect the tax consequences of the merger to SouthTrust shareholders and does not cause any of the conditions to complete the merger to be incapable of being satisfied.

SouthTrust Has Granted a Stock Option to Wachovia (Page • and Appendix B)

SouthTrust and Wachovia entered into a stock option agreement that grants Wachovia an option to purchase up to 64,935,000 shares of SouthTrust common stock, or an equivalent number of shares of the stock of any company that acquires SouthTrust, under the circumstances and for the payments described in the option agreement.

Wachovia received the option in order to increase the likelihood that our merger would be completed. The option could discourage other companies from proposing a competing combination with SouthTrust before we complete the merger.

Wachovia cannot exercise the option unless:

- a third party acquires 25% or more of SouthTrust s common stock;

- SouthTrust agrees to, or recommends that its shareholders approve, a business combination or acquisition transaction (other than our proposed merger) with another party that would result in the acquisition of more than 25% of the voting power or business of SouthTrust or a significant subsidiary;

SouthTrust shareholders do not approve our merger after a third party has proposed an alternative acquisition transaction, or SouthTrust s board adversely changes its recommendation of our merger in anticipation of an alternative acquisition transaction;

A third party files a registration statement or tender offer materials or a preliminary proxy statement with the SEC or a notice or application with any bank or antitrust authority for a potential alternative acquisition transaction;

A third party publicly proposes, or announces an intention to propose, an alternative acquisition transaction and files a preliminary proxy statement with the SEC soliciting a vote against approval of our merger; or

SouthTrust willfully breaches a provision in the merger agreement after a third party has proposed an alternative acquisition transaction and the breach entitles Wachovia to terminate the merger agreement and is not cured before Wachovia gives notice of exercise.

We do not know of any event that has occurred as of the date of this document that would allow Wachovia to exercise the option.

After completion of a business combination or acquisition transaction between SouthTrust and a third party involving 25% or more of the voting power or business of SouthTrust or a significant subsidiary, or if a person acquires 50% or more of SouthTrust s outstanding common shares, SouthTrust may be required to repurchase the option and any shares Wachovia may have purchased under it at a formula price, or the option holder may choose to surrender the option for a cash payment equal to $430 million. The holder of the option may realize a maximum total profit under the terms of the option of $555 million, unless a third party publicly proposes, or publicly announces its intention to propose, an alternative acquisition transaction with SouthTrust, and the per share value of the proposal is less than 10% greater than the per share value of our merger, in which case the total profit can be up to $600 million.

The option generally expires if the merger agreement terminates. However, the option will continue for 12 months after the merger agreement terminates (subject to extension for up to 6 months if regulatory or legal impediments prevent exercise during that period) if:

before the merger agreement terminates, SouthTrust agrees to an acquisition transaction with a third party or a third party takes other specified steps toward an acquisition of SouthTrust;

Wachovia terminates the merger agreement due to a continuing breach by SouthTrust; or

Wachovia terminates the merger agreement because SouthTrust s board failed to recommend the merger to its shareholders or began and continued for three business days negotiations with a third party concerning an alternative acquisition proposal.

If Wachovia were able to, and did, exercise the option, it would own approximately 16% of the shares of SouthTrust common stock, after giving effect to the newly issued shares, and would generally have the ability to vote those shares in the future. Because North Carolina and Delaware law generally require a majority vote for merger proposals, Wachovia would not be able to force a merger or block future business combination transactions, based solely on the shares received upon exercise of the option.

The Rights of SouthTrust Shareholders Following the Merger Will be Different (Page •)

The rights of Wachovia shareholders are governed by North Carolina law and by Wachovia s articles of incorporation and by-laws. The rights of SouthTrust shareholders are governed by Delaware law, and by SouthTrust s certificate of incorporation and by-laws. Upon our completion of the merger, the

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rights of both shareholder groups will be governed by North Carolina law and Wachovia s articles of incorporation and by-laws.

Information About Wachovia and SouthTrust (Page •)

Wachovia Corporation

301 South College Street

Charlotte, NC 28288

(704) 374-6565

Wachovia is a financial holding company organized under the laws of North Carolina and registered under the federal Bank Holding Company Act. Wachovia has approximately 2,500 full-service financial centers, more than 700 retail brokerage offices and approximately 4,400 ATM locations. Wachovia offers a comprehensive line of consumer and commercial banking products and services, personal and commercial trust, investment advisory, insurance, securities brokerage, investment banking, mortgage, credit card, cash management, international banking and other financial services.

At June 30, 2004, Wachovia had consolidated total assets of approximately $418 billion, consolidated total deposits of approximately $243 billion and consolidated stockholders equity of approximately $33 billion. Based on total assets at June 30, 2004, Wachovia was the 5^{th} largest bank holding company in the United States.

SouthTrust Corporation

420 North 20^{th} Street

Birmingham, AL 35203

(205) 254-5000

SouthTrust is a Delaware corporation and a registered financial holding company, and one of its wholly owned subsidiaries is SouthTrust of Alabama, Inc., an Alabama corporation. SouthTrust of Alabama owns SouthTrust Bank, an Alabama banking corporation. SouthTrust, through its subsidiaries, engages in a full range of banking services from more than 710 banking locations in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia. At June 30, 2004, SouthTrust had consolidated total assets of approximately $53 billion, which ranked it among the top 20 largest bank holding companies in the United States.

Special Meeting of Wachovia (Page •)

Wachovia plans to hold its special meeting of shareholders on [•], 2004, at [•] a.m., local time, in [•]. At the meeting you will be asked to approve the plan of merger of SouthTrust into Wachovia.

You can vote at the Wachovia special meeting of shareholders if you owned Wachovia common stock at the close of business on August 20, 2004. As of that date, there were [•] shares of Wachovia common stock outstanding and entitled to vote. You can cast one vote for each share of Wachovia common stock that you owned on that date.

Special Meeting of SouthTrust (Page •)

SouthTrust plans to hold its special meeting of shareholders on [•], 2004, at [•] a.m., local time, in the auditorium on the eighth floor of the SouthTrust Tower, 420 North 20th Street, Birmingham, Alabama. At the meeting you will be asked to approve the plan of merger of SouthTrust into Wachovia.

You can vote at the SouthTrust special meeting of shareholders if you owned SouthTrust common stock at the close of business on August 20, 2004. As of that date, there were [•] shares of SouthTrust common stock outstanding and entitled to vote. You can cast one vote for each share of SouthTrust common stock that you owned on that date.

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Unaudited Comparative Per Share Data

The table on the following page shows historical information about our companies respective earnings per share, dividends per share and book value per share, and similar information reflecting the merger, which we refer to as pro forma information, at or for the six months ended June 30, 2004, and at or for the year ended December 31, 2003. In presenting the comparative pro forma information for the periods shown we assumed that we had been combined throughout those periods.

We have assumed that the merger will be accounted for under an accounting method known as purchase accounting . Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of the completion date of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after consummation of the merger reflect such values and are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

The information listed as equivalent pro forma for SouthTrust was obtained by multiplying the pro forma amounts listed by Wachovia by the 0.89 exchange ratio. We present this information to reflect the fact that SouthTrust shareholders will receive 0.89 shares of Wachovia common stock for each share of their SouthTrust common stock exchanged in the merger.

The pro forma financial information includes estimated adjustments to record certain assets and liabilities of SouthTrust at their respective fair values and to record certain exit costs related to SouthTrust. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed. Certain other assets and liabilities of SouthTrust will also be subject to adjustment to their respective fair values. Pending more detailed analyses, no pro forma adjustments are included herein for these assets and liabilities, including additional intangible assets which may be identified. Any change in the fair value of the net assets of SouthTrust will change the amount of the purchase price allocable to goodwill. Additionally, changes to SouthTrust s stockholders equity, including dividends and net income from July 1, 2004, through the date the merger is completed, will also change the amount of goodwill recorded. In addition, the final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

We also anticipate that the merger will provide Wachovia with financial benefits that include increased revenue and reduced operating expenses, but these financial benefits are not reflected in the pro forma information. Accordingly, the pro forma information does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during the periods presented. See Cost Savings on page [•].

The information in the following tables is based on historical financial information and related notes that we have presented in our prior filings with the SEC. You should read all of the summary financial information we provide in the following tables together with this historical financial information and related notes. The historical financial information is also incorporated into this document by reference. See Where You Can Find More Information on page [•] for a description of where you can find this historical information.

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UNAUDITED COMPARATIVE PER COMMON SHARE DATA OF WACHOVIA AND SOUTHTRUST

	Six Months Ended June 30, 2004	Year Ended December 31, 2003
Wachovia		
Basic earnings per common share		
Income before change in accounting principle		
Historical	$1.92	3.20
Pro forma	1.78	3.01
Diluted earnings per common share		
Income before change in accounting principle		
Historical	1.89	3.17
Pro forma	1.75	2.98
Dividends declared on common stock		
Historical	0.80	1.25
Pro forma	0.80	1.25
Book value per common share		
Historical	24.93	24.71
Pro forma	28.82	
SouthTrust		
Basic earnings per common share		
Historical	1.14	2.08
Equivalent pro forma	1.58	2.68
Diluted earnings per common share		
Historical	1.12	2.06
Equivalent pro forma	1.56	2.65
Dividends declared on common stock		
Historical	0.48	0.84
Equivalent pro forma	0.71	1.11
Book value per common share		
Historical	13.41	13.20
Equivalent pro forma	$25.65	

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Selected Financial Data

The following tables show summarized historical financial data for each of Wachovia and SouthTrust and also show similar pro forma information reflecting the merger. The historical financial data show the financial results actually achieved by Wachovia and SouthTrust for the periods indicated. The pro forma information reflects the pro forma effect of accounting for the merger under the purchase method of accounting. The pro forma income statement data for the six months ended June 30, 2004, assumes a merger completion date of January 1, 2004. The pro forma income statement data for the year ended December 31, 2003, assumes a merger completion date of January 1, 2003. The pro forma balance sheet data assumes a merger completion date of June 30, 2004.

The pro forma financial information includes estimated adjustments to record certain assets and liabilities of SouthTrust at their respective fair values and to record certain exit costs related to SouthTrust. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed. Certain other assets and liabilities of SouthTrust will also be subject to adjustment to their respective fair values, including additional intangible assets which may be identified. Pending more detailed analyses, no pro forma adjustments are included herein for these assets and liabilities. Any change in the fair value of the net assets of SouthTrust will change the amount of the purchase price allocable to goodwill. Additionally, changes to SouthTrust s stockholders equity, including net income from July 1, 2004, through the date the merger is completed, will also change the amount of goodwill recorded. In addition, the final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

The information in the tables on the following pages is based on historical financial information and related notes that we have presented in our prior filings with the SEC. You should read all of the summary financial information we provide in the following tables together with this historical financial information and related notes. The historical financial information is also incorporated into this document by reference. See Where You Can Find More Information on page [•] for a description of where you can find this historical information.

We also anticipate that the merger will provide Wachovia with financial benefits that include increased revenue and reduced operating expenses, but these financial benefits are not reflected in the pro forma information. Accordingly, the pro forma information does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during the periods presented. See Cost Savings on page [•].

Since announcement of the merger, our merger integration teams have been developing plans to integrate the operations of SouthTrust into Wachovia so that we will continue to provide premier service to our customers while at the same time beginning to realize merger efficiencies. These plans will continue to be refined over the next several months and will address systems, facilities and equipment, personnel, contractual arrangements and other integration activities for both SouthTrust and Wachovia.

The costs associated with merger integration activities that impact certain SouthTrust systems, facilities and equipment, personnel and contractual arrangements will be recorded as purchase accounting adjustments as described above when the appropriate plans are in place with potential refinements up to one year after completion of the merger as additional information becomes available. We currently estimate that exit cost purchase accounting adjustments will amount to $275 million after-tax. The costs associated with integrating systems and operations will be recorded as merger-related expenses based on the nature and timing of the related expenses, but generally will be recorded as the expenses are incurred. Restructuring charges will be recorded based on the nature and timing of the expenses and generally will include merger integration activities that impact Wachovia systems, facilities and equipment, personnel and contractual arrangements. We expect merger-related and restructuring expenses will amount to $156 million after-tax and will be incurred and reported through 2006.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WACHOVIA

	Six Months Ended June 30,		Years Ended December 31,				
(In millions, except per share data)	2004	2003	2003	2002	2001	2000	1999
Consolidated Summaries of Income							
Interest income	$ 8,018	7,417	15,080	15,632	16,100	17,534	15,151
Interest expense	2,319	2,340	4,473	5,677	8,325	10,097	7,699
Net interest income	5,699	5,077	10,607	9,955	7,775	7,437	7,452
Provision for credit losses	105	419	586	1,479	1,947	1,736	692
Net interest income after provision for credit losses	5,594	4,658	10,021	8,476	5,828	5,701	6,760
Securities gains (losses)	38	47	45	169	(67)	(1,125)	(63)
Fee and other income	5,318	4,177	9,399	7,704	6,363	7,837	6,996
Merger-related and restructuring expenses	201	160	443	387	106	2,190	404
Other noninterest expense	6,942	5,746	12,799	11,289	9,724	9,520	8,449
Minority interest in income of consolidated subsidiaries	102	25	143	6	1		9
Income before income taxes and cumulative effect of a change in accounting principle	3,705	2,951	6,080	4,667	2,293	703	4,831
Income taxes	1,202	892	1,833	1,088	674	565	1,608
Income before cumulative effect of a change in accounting principle	2,503	2,059	4,247	3,579	1,619	138	3,223
Cumulative effect of a change in accounting principle, net of income taxes			17			(46)	
Net income	2,503	2,059	4,264	3,579	1,619	92	3,223
Dividends on preferred stock		5	5	19	6		
Net income available to common stockholders	$ 2,503	2,054	4,259	3,560	1,613	92	3,223
Per Common Share Data							
Basic							
Income before change in accounting principle	$ 1.92	1.54	3.20	2.62	1.47	0.12	3.35
Net income	1.92	1.54	3.21	2.62	1.47	0.07	3.35
Diluted							
Income before change in accounting principle	1.89	1.53	3.17	2.60	1.45	0.12	3.33
Net income	1.89	1.53	3.18	2.60	1.45	0.07	3.33
Cash dividends	0.80	0.55	1.25	1.00	0.96	1.92	1.88
Book value	24.93	24.37	24.71	23.63	20.88	15.66	16.91
Cash Dividends Paid on Common Stock	1,049	740	1,665	1,366	1,032	1,888	1,817
Consolidated Period-End Balance Sheet Items							
Assets	418,441	364,479	401,188	342,033	330,634	254,272	253,126
Loans, net of unearned income	172,917	162,833	165,571	163,097	163,801	123,760	133,177
Deposits	243,380	201,292	221,225	191,518	187,453	142,668	141,047
Long-term debt	37,022	37,051	36,730	39,662	41,733	35,809	31,975
Stockholders equity	$ 32,646	32,464	32,428	32,078	28,455	15,347	16,709
Common shares outstanding	1,309	1,332	1,312	1,357	1,362	980	988
Consolidated Average Balance Sheet Items							
Assets	$ 404,881	339,706	361,501	320,603	270,445	247,871	230,557
Loans, net of unearned income	161,412	157,849	158,327	154,452	133,848	126,888	129,791

Deposits	231,357	191,387	198,923	180,874	151,507	141,043	135,248
Long-term debt	37,555	37,240	36,676	38,902	38,538	34,279	28,738
Stockholders equity	$ 32,616	32,208	32,135	30,392	20,221	15,541	15,932
Common shares outstanding							
Basic	1,301	1,334	1,325	1,356	1,096	971	959
Diluted	1,323	1,346	1,340	1,369	1,105	974	967
Asset Quality							
Allowance for loan losses	$ 2,331	2,510	2,348	2,604	2,813	1,620	1,655
Nonperforming assets	967	1,631	1,146	1,735	1,713	1,279	1,066
Net charge-offs	$ 120	364	652	1,122	937	751	688
Consolidated Percentages							
Average assets to average stockholders equity	12.41x	10.55	11.24	10.54	13.37	15.93	14.46
Return on average assets	1.24% (a)	1.22(a)	1.18	1.12	0.60	0.04	1.40
Return on average stockholders equity	15.43(a)	12.89(a)	13.27	11.78	8.00	0.59	20.23
Average stockholders equity to average assets	8.06	9.48	8.89	9.48	7.48	6.27	6.91
Stockholders equity to assets	7.80	8.91	8.08	9.38	8.61	6.04	6.60
Allowance for loan losses to							
Loans, net	1.35	1.54	1.42	1.60	1.72	1.31	1.24
Nonperforming assets	241	154	205	150	164	127	155
Net charge-offs to average loans, net	0.15(a)	0.46(a)	0.41	0.73	0.70	0.59	0.53
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale	0.55	1.04	0.69	1.11	1.13	1.22	0.78
Capital ratios							
Tier I capital	8.36	8.33	8.52	8.22	7.04	7.02	7.08
Total capital	11.32	11.92	11.82	12.01	11.08	11.19	10.87
Leverage	6.23	6.78	6.36	6.77	6.19	5.92	5.97
Net interest margin	3.46% (a)	3.85(a)	3.72	3.97	3.59	3.55	3.79

(a) Annualized.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SOUTHTRUST

	Six Months Ended June 30,		Years Ended December 31,				
(In millions, except per share data)	2004	2003	2003	2002	2001	2000	1999
Consolidated Summaries of Income							
Interest income	$ 1,139	1,221	2,367	2,665	3,171	3,394	2,906
Interest expense	310	389	714	960	1,643	2,008	1,539
Net interest income	829	832	1,653	1,705	1,528	1,386	1,367
Provision for credit losses	56	60	124	127	118	93	141
Net interest income after provision for credit losses	773	772	1,529	1,578	1,410	1,293	1,226
Securities gains (losses)	9	(2)		3	6	(11)	(1)
Fee and other income	400	343	680	614	526	491	414
Noninterest expense	635	604	1,180	1,232	1,115	1,062	980
Income before income taxes	547	509	1,029	963	827	711	659
Income taxes	169	163	324	313	273	229	216
Net income available to common stockholders	$ 378	346	705	650	554	482	443
Per Common Share Data							
Basic earnings	$ 1.14	1.01	2.08	1.87	1.62	1.43	1.32
Diluted earnings	1.12	1.00	2.06	1.85	1.61	1.43	1.31
Cash dividends	0.48	0.42	0.84	0.68	0.56	0.50	0.44
Book value	13.41	13.32	13.20	13.34	11.44	9.92	8.72
Cash Dividends Paid on Common Stock	158	144	285	236	192	168	147
Consolidated Period-End Balance Sheet Items							
Assets	52,910	51,708	51,925	50,571	48,754	45,146	43,262
Loans, net of unearned income	36,511	34,297	35,280	34,238	33,423	31,396	31,698
Deposits	36,800	34,369	34,747	32,945	32,634	30,702	27,739
Long-term debt	6,817	6,205	6,088	6,653	5,484	4,178	4,656
Stockholders equity	$ 4,459	4,497	4,360	4,628	3,962	3,352	2,927
Common shares outstanding	332	338	330	347	346	338	336
Consolidated Average Balance Sheet Items							
Assets	$ 52,192	50,920	50,943	48,707	46,512	44,059	40,238
Loans, net of unearned income	35,940	34,400	34,524	33,386	32,251	32,023	29,308
Deposits	36,232	33,238	33,861	31,439	29,778	29,002	25,813
Long-term debt	6,438	6,593	6,366	6,198	5,241	4,173	4,165
Stockholders equity	$ 4,426	4,550	4,443	4,299	3,673	3,069	2,814
Common shares outstanding							
Basic	332	343	338	347	341	336	335
Diluted	336	347	342	351	345	338	338
Asset Quality							
Allowance for loan losses	$ 510	501	501	499	483	450	442
Nonperforming assets	200	241	224	237	292	209	163
Net charge-offs	$ 56	59	123	114	112	93	86
Consolidated Percentages							
Average assets to average stockholders equity	11.79x	11.19	11.47	11.33	12.66	14.36	14.30
Return on average assets	1.46%(a)	1.37(a)	1.38	1.33	1.19	1.09	1.10
Return on average stockholders equity	17.16(a)	15.34(a)	15.87	15.12	15.10	15.72	15.75
Average stockholders equity to average assets	8.48	8.94	8.72	8.83	7.90	6.96	6.99
Stockholders equity to assets	8.43	8.70	8.40	9.15	8.13	7.42	6.77
Allowance for loan losses to							
Loans, net	1.40	1.46	1.42	1.46	1.45	1.43	1.40

Nonperforming assets	307	258	282	284	222	277	395
Net charge-offs to average loans, net	0.31(a)	0.34(a)	0.36	0.34	0.35	0.29	0.29
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale	0.55	0.70	0.63	0.69	0.87	0.66	0.51
Capital ratios							
Tier I capital	8.13	7.88	7.77	8.15	7.71	7.42	6.65
Total capital	11.92	11.05	10.68	11.09	10.97	10.98	10.41
Leverage	7.03	6.78	6.78	7.13	6.57	6.33	5.81
Net interest margin	3.50% (a)	3.65(a)	3.58	3.85	3.58	3.42	3.72

(a) Annualized.

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SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF

WACHOVIA AND SOUTHTRUST(a)

(In millions, except per share data)	Six Months Ended June 30, 2004	Year Ended December 31, 2003
Consolidated Summaries of Income		
Interest income	$ 9,157	17,447
Interest expense	2,629	5,187
Net interest income	6,528	12,260
Provision for credit losses	161	710
Net interest income after provision for credit losses	6,367	11,550
Securities gains	47	45
Fee and other income	5,718	10,079
Merger-related and restructuring expenses	201	443
Other noninterest expense	7,625	14,074
Minority interest in income of consolidated subsidiaries	102	143
Income before income taxes and cumulative effect of a change in accounting principle	4,204	7,014
Income taxes	1,352	2,120
Income before cumulative effect of a change in accounting principle	$ 2,852	4,894
Per Common Share Data(b)		
Income before change in accounting principle		
Basic	$ 1.78	3.01
Diluted	1.75	2.98
Dividends	0.80	1.25
Book value	28.82	
Consolidated Period-End Balance Sheet Items		
Assets	480,100	
Loans, net of unearned income	208,832	
Deposits	278,945	
Long-term debt	43,839	
Stockholders equity	$ 46,491	
Common shares outstanding	1,613	
Consolidated Percentages		
Return on average assets	1.25%(c)	1.19
Return on average stockholders equity	15.48(c)	13.38
Allowance for loan losses to		
Loans, net	1.36	1.42
Nonperforming assets	243	208
Net charge-offs to average loans, net	0.18(c)	0.40
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale	0.52%	0.64

(a) Information related to the exchange of Wachovia common stock for each outstanding share of SouthTrust common stock, the purchase price for accounting purposes, certain preliminary purchase accounting adjustments, goodwill and deposit base intangible is presented on the following page. The pro forma condensed combined financial data reflects deposit divestitures of $590 million, based on Federal Reserve Board decisions in other cases and published deposit amounts. Deposit divestiture amounts differ from the higher assumptions used by our financial advisors due to the receipt of additional information after the dates of the financial advisors fairness opinions.

(b) The basic and diluted per common share amounts were determined by dividing pro forma income before cumulative effect of a change in accounting principle by the sum of (i) Wachovia s respective historical average basic and diluted shares outstanding, and (ii) SouthTrust s respective historical average basic and diluted shares outstanding as adjusted by the 0.89 exchange ratio for each period presented. Dividends per share are the actual amounts per share paid by Wachovia for each period presented. The book value per common share amount was determined by dividing pro forma stockholders equity by the sum of (i) Wachovia s common shares outstanding at June 30, 2004, and (ii) SouthTrust s net common shares outstanding at June 30, 2004, as adjusted by the 0.89 exchange ratio.

(c) Annualized.

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WACHOVIA GOODWILL CALCULATION

(In millions, except per share data)

Actual Shares Outstanding		
SouthTrust net shares outstanding, June 30, 2004		332
Exchange ratio		0.89
Total		295
Purchase price per SouthTrust common share (a)		$ 45.86
Total		13,551
Fair value of outstanding employee and non-employee stock options (b)		294
Total purchase price		13,845
SouthTrust tangible stockholders equity, June 30, 2004		(3,597)
Excess of purchase price over net assets acquired		10,248
Estimated impact on goodwill of adjustments to reflect net assets acquired at fair value		
Loans		596
Premises and equipment		100
Deposits and short-term borrowings		(730)
Pension (c)		102
Estimated amounts allocated to liabilities assumed in the purchase business combination		
Personnel		285
Occupancy and equipment		94
Other		68
Deferred income taxes, net		(198)
Net impact on goodwill		317
Deduct		
Estimated deposit base intangible		
SouthTrust deposits	$ 36,800	
Premium	0.02	(863)
Deferred income taxes		332
Goodwill		$ 10,034

(a) The purchase price per SouthTrust common share for accounting purposes represents an average of the closing prices of Wachovia common stock for a period beginning two trading days before the announcement of the proposed merger and ending two trading days after the announcement of the proposed merger.

(b) The fair value of 14 million Wachovia options to be issued in exchange for 16 million SouthTrust options was measured using the Black-Scholes option pricing model with market assumptions consistent with our most recent internal valuation. The exercise price used was the weighted average strike price for SouthTrust s outstanding options adjusted for the exchange ratio. The fair value of Wachovia common stock used was the amount discussed in note (a) above.

(c) The additional pension liability is an estimate to adjust the carrying value of SouthTrust s pension obligation to an amount equal to the excess of the remeasured total benefit obligation over the estimate of the fair value of the plan assets.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this joint proxy statement-prospectus, including the matters addressed under the heading Forward-Looking Statements beginning on page [•], you should carefully consider the following risk factors in deciding how to vote on the merger.

Because the Market Price of Wachovia Common Stock May Fluctuate, You Cannot Be Sure of the Market Value of the Common Stock that SouthTrust Shareholders Will Receive in the Merger.

Upon completion of the merger, each share of SouthTrust common stock will be converted into 0.89 shares of Wachovia common stock. The exchange ratio will not be adjusted for changes in the market price of either Wachovia common stock or SouthTrust common stock. Accordingly, any change in the price of Wachovia common stock prior to the merger will affect the market value of Wachovia common stock that SouthTrust shareholders will receive on the date of the merger. Neither of us is permitted to terminate the merger agreement or resolicit the vote of our shareholders solely because of changes in the market price of our common stocks.

Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our businesses, operations and prospects and regulatory considerations. Many of these factors are beyond our control. The prices of Wachovia common stock and SouthTrust common stock at the closing of the merger may vary from their respective prices on the date the merger agreement was executed, the date of this joint proxy statement-prospectus and the date of the meetings. As a result, the value represented by the exchange ratio also will vary. For example, based on the range of closing prices of Wachovia common stock during the period from June 18, 2004, the last trading day before public announcement of the merger, through [•], 2004, the exchange ratio represented a value ranging from a high of $[•] to a low of $[•] for each share of SouthTrust common stock. Because the date the merger is completed may be later than the dates of the meetings, at the time of your shareholders meeting, you will not necessarily know the market value of Wachovia common stock that SouthTrust shareholders will receive upon completion of the merger.

We May Fail to Realize the Cost Savings We Estimate For the Merger.

The success of the merger will depend, in part, on our ability to realize the estimated cost savings from combining the businesses of Wachovia and SouthTrust. Our managements estimate that approximately $414 million of annual pre-tax cost savings (or approximately $255 million of annual after-tax cost savings) would be realized from the merger by December 31, 2006. While we continue to be comfortable with these estimates as of the date of this document, it is possible that our estimates of the potential cost savings could turn out to be incorrect. For example, our combined purchasing power may not be as strong as we expect, and therefore our cost savings could be reduced. In addition, unanticipated growth in Wachovia s business may require us to continue to operate or maintain some facilities or support functions that we currently expect to combine or reduce. Additional information about our cost savings estimates can be found on page [•] under Cost Savings . Our cost savings estimates also depend on our ability to combine the businesses of Wachovia and SouthTrust in a manner that permits those costs savings to be realized. If our estimates turn out to be incorrect or we are not able to combine successfully our two companies, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

Combining Our Two Companies May Be More Difficult, Costly or Time-Consuming Than We Expect.

Wachovia and SouthTrust have operated, and, until completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each company s ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients and employees or to achieve the anticipated benefits of the merger. As with any merger of banking institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits out of our banks.

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Regulatory Approvals May Not Be Received, May Take Longer than Expected or Impose Conditions, Including Deposit Divestitures, Which Are Not Presently Anticipated.

The merger must be approved by the Federal Reserve Board and will be reviewed by the DOJ. The Federal Reserve Board will consider, among other factors, the competitive impact of the merger, the financial and managerial resources of our companies and their subsidiary banks and the convenience and needs of the communities to be served. As part of that consideration, we expect that the Federal Reserve Board will review legal and regulatory compliance matters, capital position and safety and soundness.

There can be no assurance as to whether these and other regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed.

In order to avoid a determination by the Federal Reserve Board or the DOJ that the merger would have a significantly adverse effect on competition in some of our markets, we believe we will need to make divestitures of branches having in the aggregate $590 million in deposits, and related loans. Wachovia and SouthTrust are attempting to receive clearance for these divestitures as soon as possible. Although we believe that the divestitures and potential customer run-off will not have a material adverse effect on Wachovia s business following the merger, we cannot be sure.

Future Results of the Combined Company May Differ Materially from the Pro Forma Financial Information Presented in this Joint Proxy Statement Prospectus.

Wachovia s future results may be materially different from those shown in the pro forma financial information that only shows a combination of our historical results. We have estimated that Wachovia will record approximately $156 million of aggregate after-tax merger-related and restructuring expenses, $275 million of after-tax exit cost purchase accounting adjustments and $42 million of fair value purchase accounting adjustments. The charges may be higher or lower than we have estimated, depending upon how costly or difficult it is to integrate our two companies. Furthermore, these charges may decrease Wachovia s capital that could be used for income-earning investments in the future.

If We Do Not Utilize Excess Capital in an Accretive Manner, the Merger Could Be Dilutive to Wachovia s Earnings Per Share.

In considering whether to approve the proposed merger, our boards of directors and our financial advisors considered various analyses of the potential impact of the merger on the financial performance of the combined company. These analyses assumed that Wachovia would maintain a leverage ratio of approximately 6% and a tangible capital to tangible asset ratio of 4.7% to 4.8% following the merger. These analyses assumed, as a result of the merger, up to $1.7 billion of capital in excess of such ratios will be available as excess capital, in addition to excess capital generated by Wachovia as a stand-alone entity. In the event such excess capital exists, Wachovia currently intends to use such excess capital to repurchase shares of Wachovia common stock. To the extent the anticipated excess capital is not available, or, to the extent available and not used to repurchase shares of Wachovia common stock or otherwise reinvested in an accretive manner, the merger may be more dilutive or less accretive to earnings per share of the combined company.

The Market Price of Wachovia Common Stock after the Merger May be Affected by Factors Different from Those Affecting SouthTrust Common Stock or Wachovia Common Stock Currently.

The businesses of Wachovia and SouthTrust differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company s shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of Wachovia or SouthTrust. For a discussion of the businesses of Wachovia and SouthTrust and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement-prospectus and referred to under Where You Can Find More Information on page [•].

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Unless the Merger Is Completed, There are Limits on Another Business Combination Until March 31, 2005.

The failure of either SouthTrust or Wachovia to obtain the shareholder vote required for the merger will not by itself give either company the right to terminate the merger agreement. As long as no other termination event has occurred, both companies would remain obligated to continue to use their reasonable best efforts to complete the merger until March 31, 2005, which, depending on the timing of the failed meeting, could include calling additional shareholder meetings.

During the period the merger agreement is in effect, SouthTrust cannot undertake any other mergers or business combination transactions without the consent of Wachovia. Furthermore, any decision by the SouthTrust board of directors to withdraw or adversely modify its recommendation of the merger, or recommend an acquisition proposal other than the merger, or negotiate or authorize negotiations with a third party regarding an acquisition proposal other than the merger will not give SouthTrust the right to terminate the merger agreement. The foregoing prohibitions could have the effect of delaying alternative strategic business combinations for a limited period. In addition, in certain circumstances, the option that SouthTrust granted Wachovia could survive for 12 months after the termination of the merger agreement (subject to a 6-month extension in limited situations).

The merger agreement permits Wachovia to make acquisitions and dispositions if such transactions do not present a material risk that the completion of the merger will be materially delayed or that any required regulatory approvals will be materially more difficult to obtain. However, SouthTrust may terminate the merger agreement during a period of 10 days (but expiring immediately after the SouthTrust special meeting of shareholders) after a public announcement that Wachovia has agreed to or become the subject of an acquisition transaction that would result in a change in control of Wachovia. If SouthTrust terminates the merger agreement pursuant to this termination right, Wachovia will reimburse SouthTrust for its expenses incurred in the merger and pay it a cash termination fee of $100 million.

The Merger Agreement and Stock Option Agreement Limit SouthTrust s Ability to Pursue Alternatives to the Merger.

The merger agreement contains provisions that limit SouthTrust s ability to discuss competing third-party proposals to acquire all or a significant part of SouthTrust or any of its significant subsidiaries. In addition, SouthTrust has granted to Wachovia an option to acquire up to 64,935,000 shares of SouthTrust common stock, or an equivalent number of shares of the stock of any company that acquires SouthTrust, under the circumstances and for the payments described in the option agreement. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of SouthTrust from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire SouthTrust than it might otherwise have proposed to pay.

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RECENT DEVELOPMENTS

Second Quarter 2004 Results

Wachovia. On July 15, 2004, Wachovia announced its results of operations for the quarter ended June 30, 2004. Wachovia s earnings were $1.3 billion in the second quarter of 2004 compared with earnings of $1.0 billion in the second quarter of 2003. On a per share basis, earnings were $0.95 compared with $0.77 a year ago.

In the first six months of 2004, earnings were $2.5 billion, or $1.89 per share, compared with $2.1 billion, or $1.53 per share, in the first six months of 2003.

Tax-equivalent net interest income was $2.9 billion in the second quarter of 2004 compared with $2.6 billion in the second quarter of 2003. Fee and other income was $2.6 billion in the second quarter of 2004 compared with $2.2 billion in the second quarter of 2003.

Nonperforming assets were $1.0 billion, or 0.56% of net loans and foreclosed properties, at June 30, 2004, compared with $1.8 billion, or 1.00%, at June 30, 2003. Annualized net charge-offs as a percentage of average net loans were 0.17% in the second quarter of 2004 compared with 0.43% in the second quarter of 2003. The provision for credit losses was $61 million in the second quarter of 2004 compared with $195 million a year ago.

Net loans at June 30, 2004, were $170.6 billion compared with $160.3 billion a year ago. Total deposits were $243.4 billion at June 30, 2004, compared with $201.3 billion a year ago. Stockholders equity was $32.6 billion at June 30, 2004, compared with $32.5 billion a year ago. At June 30, 2004, Wachovia had assets of $418.4 billion.

SouthTrust. On July 21, 2004, SouthTrust announced its results of operations for the quarter ended June 30, 2004. SouthTrust s earnings were $195 million in the second quarter of 2004 compared with earnings of $175 million in the second quarter of 2003. On a per share basis, earnings were $0.58 compared with $0.51 a year ago.

In the first six months of 2004, earnings were $378 million, or $1.12 per share, compared with $346 million, or $1.00 per share, in the first six months of 2003.

Tax-equivalent net interest income was $422 million in the second quarter of 2004 compared with $420 million in the second quarter of 2003. Total fee and other income was $242 million in the second quarter of 2004 compared with $178 million in the second quarter of 2003.

Nonperforming assets were $200 million, or 0.55% of net loans and foreclosed properties, at June 30, 2004, compared with $241 million, or 0.70%, at June 30, 2003. Annualized net charge-offs as a percentage of average net loans were 0.32% in the second quarter of 2004 compared with 0.35% in the second quarter of 2003. The provision for credit losses was $29 million in the second quarter of 2004 compared with $30 million a year ago.

Net loans at June 30, 2004, were $36.0 billion compared with $33.8 billion a year ago. Total deposits were $36.8 billion at June 30, 2004, compared with $34.4 billion a year ago. Stockholders equity was $4.5 billion at June 30, 2004, compared with $4.5 billion a year ago. At June 30, 2004, SouthTrust had assets of $52.9 billion.

For additional information regarding Wachovia s and SouthTrust s second quarter 2004 results, please see Where You Can Find More Information on page [•].

Certain Proceedings

Wachovia s periodic reports filed with the SEC contain information regarding certain pending legal and regulatory proceedings involving Wachovia. As disclosed in Wachovia s Quarterly Report on Form 10-Q for the period ended June 30, 2004, on July 23, 2004, the SEC staff advised Wachovia that the staff is considering recommending to the SEC that it institute an enforcement action against Wachovia and certain former legacy

Wachovia officers, some of whom remain with the combined company, relating to legacy Wachovia s purchases of legacy First Union common stock and the disclosures made by both legacy companies related to those purchases following the April 2001 announcement of the merger between First Union and legacy Wachovia. Wachovia will make a written Wells submission in response to the SEC staff setting forth the reasons why Wachovia believes the SEC should not commence any enforcement action. Wachovia intends to vigorously defend against the SEC staff s allegations. Wachovia believes all such stock purchases and disclosures complied with applicable law.

In addition, in connection with ongoing regulatory investigations of various practices in the securities and mutual fund industries, on July 28, 2004, the SEC staff advised Wachovia s investment advisory subsidiary that the staff is considering recommending to the SEC that it institute an enforcement action against the investment advisory subsidiary, Evergreen Investment Management Company, LLC, and other Evergreen entities. The SEC staff s proposed allegations relate to (i) an arrangement involving a former Evergreen employee and an individual broker pursuant to which the broker, on behalf of a client, made exchanges to and from a mutual fund during the period December 2000 through April 2003 in excess of the limitations set forth in the mutual fund prospectus, (ii) purchase and sale activity from September 2001 through January 2003 by a former Evergreen portfolio manager in the mutual fund he managed at the time, (iii) the sufficiency of systems for monitoring exchanges and enforcing exchange limitations stated in mutual fund prospectuses, and (iv) the adequacy of e-mail retention practices. Wachovia currently intends to make a written Wells submission explaining why Wachovia believes enforcement action should not be instituted.

Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, in Wachovia s Annual Report on Form 10-K for the year ended December 31, 2003, and in Wachovia s Quarterly Report on Form 10-Q for the period ended March 31, 2004, will not, individually or in the aggregate, have a material adverse effect on Wachovia s consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia s results of operations for any particular period.

See also Certain Litigation beginning on page [•].

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WACHOVIA SPECIAL MEETING

This section contains information from Wachovia for Wachovia shareholders about the special shareholder meeting Wachovia has called to consider and approve the plan of merger contained in the merger agreement. We are mailing this joint proxy statement-prospectus to you, as a Wachovia shareholder, on or about [•], 2004. Together with this joint proxy statement-prospectus, we are also sending to you a notice of the Wachovia special meeting, and a form of proxy that our board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the meeting. The special meeting will be held on [•], 2004 at [•] a.m., local time, in [•].

Matters To Be Considered

The only matter to be considered at the Wachovia special meeting is the approval of the plan of merger. You may also be asked to vote on a proposal to adjourn or postpone the special meeting. Wachovia could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes to approve the plan of merger.

Proxies

You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting, regardless of whether you plan to attend the special meeting. If you are a registered shareholder (that is, you hold stock directly registered in your own name, including through Wachovia s direct registration service), you may also vote by telephone or through the Internet by following the instructions described on your proxy card. If your shares are held in nominee or street name you will receive separate voting instructions from your broker or nominee, which will be included with your proxy materials. Most brokers and nominees offer telephone and Internet voting, but the availability of and procedures for these alternatives will depend on the arrangements established by each particular broker or nominee. If your shares are held in a Wachovia employee benefit plan that entitles you to direct how the shares allocated to your account are to be voted, you will receive separate voting instructions from the plan s trustee. Your shares in such plans that entitle you to direct how the shares are to be voted may be voted even if you do not instruct the trustee how to vote, as will be explained in a notice to you.

If you are a registered Wachovia shareholder, you can revoke your proxy at any time before the vote is taken at the special meeting by submitting to Wachovia s corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the special meeting and voting in person. Attendance at the special meeting will not by itself constitute revocation of a proxy. Written notices of revocation and other communications about revoking Wachovia proxies should be addressed to:

Wachovia Corporation

301 South College Street

Charlotte, North Carolina 28288

Attention: Corporate Secretary

If your shares are held in nominee or street name , you should contact your broker or other nominee regarding the revocation of proxies.

All shares of Wachovia common stock represented by valid proxies we receive through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you make no specification on your proxy card, your proxy will be voted FOR approval of the plan of merger. However, brokers that hold shares of Wachovia common stock in nominee or street name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares on the plan of merger without specific instructions from those customers.

Wachovia s board is presently unaware of any other matters that may be presented for action at the special meeting. If other matters do properly come before the special meeting, however, Wachovia intends that shares

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represented by proxies in the form accompanying this joint proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against approval of the plan of merger will not be voted in favor of any adjournment or postponement of the special meeting to solicit additional proxies to approve the plan of merger.

Approving the plan of merger requires the affirmative vote of a majority of the outstanding shares of Wachovia common stock entitled to vote at the special meeting.

Because approval of the plan of merger requires the affirmative vote of a majority of the outstanding shares of Wachovia common stock entitled to vote at the special meeting, abstentions and broker non-votes will have the same effect as votes against approval of the plan of merger. Therefore, Wachovia s board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope or, alternatively, to submit your proxy via the telephone or Internet procedures described under Voting via Telephone, Internet or Mail beginning on page [•].

Solicitation of Proxies

Wachovia will bear the entire cost of soliciting proxies from its shareholders, except that Wachovia and SouthTrust have agreed to each pay one-half of the costs and expenses of printing and mailing this joint proxy statement-prospectus and all filing and other fees relating to the merger paid to the SEC. In addition to soliciting proxies by mail, Wachovia will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of Wachovia common stock and secure their voting instructions, if necessary. Wachovia will reimburse those banks, brokers and record holders for their reasonable fees and expenses in taking those actions. Wachovia also has made arrangements with Georgeson Shareholder Communications to assist in soliciting proxies for the merger and the special meeting and in communicating with shareholders and has agreed to pay Georgeson Shareholder Communications $[•] plus expenses for its services. If necessary, Wachovia also may use several of its regular employees, who will not be specially compensated, to solicit proxies from its shareholders, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter.

Record Date and Voting Rights

In accordance with North Carolina law, Wachovia s by-laws and the rules of the NYSE, Wachovia has fixed August 20, 2004 as the record date for determining the Wachovia shareholders entitled to notice of and to vote at the special meeting. Only Wachovia shareholders of record at the close of business on the record date are entitled to notice of the special meeting and any adjournments or postponements of the special meeting, and only Wachovia common shareholders of record at the close of business on the record date are entitled to vote at the special meeting and any adjournments or postponements of the special meeting. At the close of business on the record date, there were [•] shares of Wachovia common stock outstanding, held by approximately [•] holders of record. The presence in person or by proxy of a majority of common shares outstanding on the record date will constitute a quorum for purposes of conducting business at the special meeting. On each matter properly submitted for consideration at the special meeting, you are entitled to one vote for each outstanding share of Wachovia common stock you held as of the close of business on the record date.

If you have any shares in Wachovia s Dividend Reinvestment and Stock Purchase Plan, the enclosed proxy represents the number of shares you had in that plan on the record date for Wachovia s meeting, as well as the number of shares directly registered in your name on the record date.

Shares of Wachovia common stock present in person at the special meeting but not voting, and shares of Wachovia common stock for which Wachovia has received proxies indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether there is a quorum for transacting business at the special meeting. Shares represented by proxies returned by a broker holding the shares in street name will be counted for purposes of determining whether a quorum exists, even if those shares are not voted by their beneficial owners on matters where the broker cannot vote the shares in its discretion (so-called broker non-votes).

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As of the record date:

- Wachovia s directors and executive officers beneficially owned approximately [•] shares of Wachovia common stock, representing less than [•]% of the shares entitled to vote at the special meeting. Wachovia currently expects that its directors and executive officers will vote the shares of Wachovia common stock they beneficially own FOR approval of the plan of merger;
- subsidiaries of Wachovia, as fiduciaries, custodians or agents, held approximately [•] shares of Wachovia common stock, representing approximately [•]% of the shares entitled to vote at the special meeting, and maintained sole or shared voting power over approximately [•] of these shares;
- SouthTrust and its directors and executive officers beneficially owned less than [•]% of the shares entitled to vote at the Wachovia special meeting (other than shares held as fiduciary, custodian or agent as described below); and
- subsidiaries of SouthTrust, as fiduciaries, custodians or agents, held less than [•]% of the shares entitled to vote at the Wachovia special meeting, and maintained sole or shared voting power over approximately [•] of these shares.

Wachovia is not aware of any person who was the beneficial owner of more than 5% of the outstanding shares of Wachovia common stock on the record date.

Recommendation of Wachovia s Board

The Wachovia board has adopted the plan of merger. The Wachovia board believes that the plan of merger contained in the merger agreement and the transactions it contemplates are in the best interests of Wachovia and its shareholders, and unanimously recommends that Wachovia shareholders vote FOR approval of the plan of merger.

See Recommendation of Wachovia s Board and Its Reasons for the Merger beginning on page [•] for a more detailed discussion of the Wachovia board s recommendation with regard to the plan of merger.

Voting via Telephone, Internet or Mail

Wachovia offers registered shareholders three ways to vote your proxy:

Option 1 Vote By Telephone:

Call toll free (877) 816-0869 before [•] p.m., Eastern Daylight Time, on [•], 2004 and follow the instructions on the enclosed proxy card.

Option 2 Vote On the Internet:

Access the proxy form at www.proxy.georgeson.com before [•] p.m., Eastern Daylight Time, on [•], 2004. Follow the instructions for Internet voting found on that web site and on the enclosed proxy card. If you vote via the Internet, please be advised that there may be costs involved, including possibly access charges from Internet access providers and telephone companies. You will have to bear these costs.

If your shares are registered in the name of a brokerage, bank or other nominee, you may not be able to use telephone and Internet voting procedures. Please refer to the voting materials you receive from, or otherwise contact, your broker, bank or other nominee to determine your options.

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Option 3 Mail Your Proxy Card:

If you do not wish to vote by telephone or the Internet, please complete, sign, date and return the enclosed proxy card as described under Proxies above.

In order to be effective, proxy instructions must be received before the times indicated above to allow for processing the results.

The voting procedures used by Wachovia s transfer agent, Wachovia Bank, National Association, are designed to authenticate properly shareholders identities and to record accurately and count their proxies.

Delivery of Proxy Materials

To reduce the expenses of delivering duplicate proxy materials to Wachovia shareholders, Wachovia is relying upon SEC rules that permit us to deliver only one joint proxy statement-prospectus to multiple shareholders who share an address unless we receive contrary instructions from any shareholder at that address. If you share an address with another shareholder and have received only one joint proxy statement-prospectus, you may write or call us as specified below to request a separate copy of this document and we will promptly send it to you at no cost to you. For future Wachovia shareholder meetings, you may request separate copies of our proxy materials, or request that we send only one set of these materials to you if you are receiving multiple copies, by contacting us at: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206, or by telephoning us at (704) 374-6782.

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SOUTHTRUST SPECIAL MEETING

This section contains information from SouthTrust for SouthTrust shareholders about the special shareholder meeting SouthTrust has called to consider and approve the plan of merger contained in the merger agreement. We are mailing this joint proxy statement-prospectus to you, as a SouthTrust shareholder, on or about [•], 2004. Together with this joint proxy statement-prospectus, we are also sending to you a notice of the SouthTrust special meeting, and a form of proxy that our board is soliciting for use at the special meeting and at any adjournments or postponements of the meeting. The special meeting will be held on [•], 2004, at [•] a.m., local time, in the auditorium on the eighth floor of the SouthTrust Tower, 420 North 20th Street, Birmingham, Alabama.

Matters To Be Considered

The only matter to be considered at the SouthTrust special meeting is the approval of the plan of merger. You may also be asked to vote upon a proposal to adjourn or postpone the special meeting. SouthTrust could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes to approve the plan of merger.

Proxies

You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting, regardless of whether you plan to attend the special meeting. If you are a registered shareholder (that is, you hold stock directly registered in your own name), you may also vote by telephone or through the Internet by following the instructions described on your proxy card. If your shares are held in nominee or street name you will receive separate voting instructions from your broker or nominee, which will be included with your proxy materials. Most brokers and nominees offer telephone and Internet voting, but the availability of and procedures for these alternatives will depend on the arrangements established by each particular broker or nominee. If your shares are held in a SouthTrust employee benefit plan that entitles you to direct how the shares allocated to your account are to be voted, you will receive separate voting instructions from the plan s trustee. Your shares in such plans that entitle you to direct how the shares are to be voted may be voted even if you do not instruct the trustee how to vote, as will be explained in a notice to you.

If you are a registered SouthTrust shareholder, you can revoke your proxy at any time before the vote is taken at the special meeting by submitting to SouthTrust s corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the special meeting and voting in person. Attendance at the special meeting will not by itself constitute revocation of a proxy. Written notices of revocation and other communications about revoking SouthTrust proxies should be addressed to:

SouthTrust Corporation

420 North 20th Street

Birmingham, AL 35203

Attention: Corporate Secretary

If your shares are held in nominee or street name , you should contact your broker or other nominee regarding the revocation of proxies.

All shares of SouthTrust common stock represented by valid proxies we receive through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you make no specification on your proxy card, your proxy will be voted FOR approval of the plan of merger. However, brokers that hold shares of SouthTrust common stock in nominee or street name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares on the plan of merger without specific instructions from those customers.

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SouthTrust s board is presently unaware of any other matters that may be presented for action at the special meeting. If other matters do properly come before the special meeting, however, SouthTrust intends that shares represented by proxies in the form accompanying this joint proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against approval of the plan of merger will not be voted in favor of any adjournment or postponement of the special meeting to solicit additional proxies to approve the plan of merger.

Approving the plan of merger requires the affirmative vote of a majority of the outstanding shares of SouthTrust common stock entitled to vote at the special meeting.

Because approval of the plan of merger requires the affirmative vote of a majority of the outstanding shares of SouthTrust common stock entitled to vote at the special meeting, abstentions and broker non-votes will have the same effect as votes against approval of the plan of merger. Therefore, SouthTrust s board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope or, alternatively, to submit your proxy via the telephone or Internet procedures described under Voting via Telephone, Internet or Mail beginning on page [•].

You should not send in any stock certificates with your proxy card. The exchange agent will mail a transmittal letter with instructions for the surrender of stock certificates to SouthTrust shareholders as soon as practicable after the completion of the merger.

Solicitation of Proxies

SouthTrust will bear the entire cost of soliciting proxies from its shareholders, except that SouthTrust and Wachovia have agreed to each pay one-half of the costs and expenses of printing and mailing this joint proxy statement-prospectus and all filing and other fees relating to the merger paid to the SEC. In addition to soliciting proxies by mail, SouthTrust will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of SouthTrust common stock and secure their voting instructions, if necessary. SouthTrust will reimburse those banks, brokers and record holders for their reasonable fees and expenses in taking those actions. SouthTrust has also made arrangements with Morrow & Co., Inc. to help in soliciting proxies for the proposed merger and the special meeting and in communicating with shareholders. SouthTrust has agreed to pay Morrow & Co., Inc. approximately $25,000 plus expenses for its services. If necessary, SouthTrust may also use several of its regular employees, who will not be specially compensated, to solicit proxies from its shareholders, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter.

Record Date and Voting Rights

In accordance with Delaware law, SouthTrust s by-laws and the rules of the Nasdaq, SouthTrust has fixed August 20, 2004, as the record date for determining the SouthTrust shareholders entitled to notice of and to vote at the special meeting. Only SouthTrust shareholders of record at the close of business on the record date are entitled to notice of the special meeting and any adjournments or postponements of the special meeting, and only SouthTrust common shareholders of record at the close of business on the record date are entitled to vote at the special meeting or any adjournments or postponements of the special meeting. At the close of business on the record date, there were [•] shares of SouthTrust common stock outstanding, held by approximately [•] holders of record. The presence in person or by proxy of a majority of common shares outstanding on the record date will constitute a quorum for purposes of conducting business at the special meeting. On each matter properly submitted for consideration at the special meeting, you are entitled to one vote for each outstanding share of SouthTrust common stock you held as of the close of business on the record date.

If you have any shares in SouthTrust s Dividend Reinvestment and Common Stock Purchase Plan, the enclosed proxy represents the number of shares you had in that plan on the record date for SouthTrust s meeting, as well as the number of shares directly registered in your name on the record date.

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Shares of SouthTrust common stock present in person at the special meeting but not voting, and shares of SouthTrust common stock for which SouthTrust has received proxies indicating that their holders have abstained, will be counted as present at the special meeting for purposes of determining whether there is a quorum for transacting business at the special meeting. Shares represented by proxies returned by a broker holding the shares in street name will be counted for purposes of determining whether a quorum exists, even if those shares are not voted by their beneficial owners on matters where the broker cannot vote the shares in its discretion (so-called broker non-votes).

As of the record date:

- SouthTrust s directors and executive officers beneficially owned approximately [•] shares of SouthTrust common stock, representing approximately [•]% of the shares entitled to vote at the special meeting. SouthTrust currently expects that its directors and executive officers will vote the shares of SouthTrust common stock they beneficially own FOR approval of the plan of merger;

- subsidiaries of SouthTrust, as fiduciaries, custodians or agents, held approximately [•] shares of SouthTrust common stock, representing approximately [•]% of the shares entitled to vote at the special meeting, and maintained sole or shared voting power over approximately [•] of these shares;

- Wachovia and its directors and executive officers beneficially owned less than [•]% of the shares entitled to vote at the SouthTrust special meeting (other than shares held as fiduciary, custodian or agent as described below); and

- subsidiaries of Wachovia, as fiduciaries, custodians or agents, held a total of approximately [•] shares of SouthTrust common stock, representing approximately [•]% of the shares entitled to vote at the special meeting, and maintained sole or shared voting power over approximately [•] of these shares.

SouthTrust is not aware of any person who was the beneficial owner of more than 5% of the outstanding shares of SouthTrust common stock on the record date.

Recommendation of SouthTrust s Board

The SouthTrust board has adopted the plan of merger. The SouthTrust board believes that the plan of merger contained in the merger agreement and the transactions it contemplates are in the best interests of SouthTrust and its shareholders and that the exchange ratio is fair to SouthTrust shareholders, and unanimously recommends that SouthTrust shareholders vote FOR approval of the plan of merger.

See Recommendation of SouthTrust s Board and Its Reasons for the Merger beginning on page [•] for a more detailed discussion of the SouthTrust board s recommendation with regard to the plan of merger.

Voting via Telephone, Internet or Mail

SouthTrust offers registered shareholders three ways to vote your proxy:

Option 1 Vote by Telephone:

Call toll free (800) 690-6903 before [•] p.m., Eastern Daylight Time, on [•], 2004 and follow the instructions on the enclosed proxy card.

Option 2 Vote on the Internet:

Access the proxy form at www.proxyvote.com before [•] p.m., Eastern Daylight Time, on [•], 2004. Follow the instructions for Internet voting found there and on the enclosed proxy card. If you vote via the Internet, please be advised that there may be costs involved, including possibly access charges from Internet access providers and telephone companies. You will have to bear these costs.

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If your shares are registered in the name of a brokerage, bank or other nominee, you may not be able to use telephone and Internet voting procedures. Please refer to the voting materials you receive, or contact your broker, bank or other nominee, to determine your options.

Option 3 Mail your Proxy Card:

If you do not wish to vote by telephone or the Internet, please complete, sign, date and return the enclosed proxy card as described under Proxies above.

In order to be effective, proxy instructions must be received before the times indicated above to allow for processing the results.

The voting procedures used by SouthTrust s transfer agent, American Stock Transfer & Trust Company, are designed to properly authenticate shareholders identities and to record accurately and count their proxies.

Delivery of Proxy Materials

To reduce the expenses of delivering duplicate proxy materials to SouthTrust shareholders, SouthTrust is relying upon SEC rules that permit us to deliver only one joint proxy statement-prospectus to multiple shareholders who share an address unless we receive contrary instructions from any shareholder at that address. If you share an address with another shareholder and have received only one joint proxy statement-prospectus, you may write or call us as specified below to request a separate copy of this document and we will promptly send it to you at no cost to you. For future SouthTrust shareholder meetings, if any, you may request separate copies of our proxy materials, or request that we send only one set of these materials to you if you are receiving multiple copies, by contacting us at: SouthTrust Corporation, P.O. Box 2554, Birmingham, Alabama 35290, or by telephoning us at (205) 254-5187.

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THE MERGER

The following discussion describes certain material information about the merger. We urge you to read carefully this entire document, including the merger agreement, the stock option agreement and the financial advisor opinions attached as Appendices to this document, for a more complete understanding of the merger.

Wachovia s and SouthTrust s boards of directors have adopted the merger agreement, including the plan of merger contained therein, and approved the stock option agreement. The merger agreement provides for combining our companies through the merger of SouthTrust into Wachovia, with Wachovia as the surviving corporation.

When the merger is completed, SouthTrust shareholders will receive 0.89 shares of Wachovia common stock for each share of SouthTrust common stock. We sometimes refer to this 0.89 ratio as the exchange ratio . Shares of Wachovia common stock issued and outstanding at the completion of the merger will remain outstanding and those stock certificates will be unaffected by the merger. Wachovia s common stock will continue to trade on the NYSE under the Wachovia Corporation name with the symbol WB following the merger.

Please see The Merger Agreement beginning on page [•] for additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the merger and the provisions for terminating or amending the merger agreement.

Background of the Merger

SouthTrust historically has grown both organically, through internally generated growth from operations, and through strategic business combinations, intended to augment SouthTrust s operating footprint in high-growth markets in the southeastern United States and Texas. Senior management of SouthTrust and SouthTrust s board of directors regularly review and assess SouthTrust s competitive and strategic positions, and discuss and consider ways to enhance these positions, including through possible business combinations with other financial institutions. In view of the increasing competition and continuing consolidation in the financial services industry over the past several years, the management of SouthTrust regularly considers with SouthTrust s board the strategic options available to SouthTrust, including ways to expand its market presence and competitive position in the high-growth southeastern United States and Texas. These strategic discussions have included the possibility of business combinations involving SouthTrust and other financial institutions, as well as other possible alternatives and actions to maximize its performance as an independent company. From time to time in the past years, representatives of SouthTrust have had informal, preliminary discussions with representatives of other financial institutions concerning the possibility of a business combination transaction.

Wachovia s board of directors and senior management also regularly review the financial services industry and Wachovia s strategic and competitive position in the industry, particularly in light of the continuing long-term trend of consolidation in the financial services industry. Over the years, Wachovia has concentrated on building a large, diversified financial services organization and has focused its retail banking operations primarily in the eastern region of the United States. As part of its strategic review of its businesses, Wachovia s board and senior management have discussed ways to enhance Wachovia s retail and commercial banking market presence within its existing geographic markets, including in the high growth states of the southeastern United States, and to expand into new geographic markets such as attractive Texas banking markets. These discussions have included various strategic initiatives, such as Wachovia s recently announced plans to enter selected Texas markets *de novo*, as well as strategic business combinations with a variety of financial institutions.

In late November 2003, Mr. G. Kennedy Thompson, Wachovia s Chairman, President and Chief Executive Officer, and Mr. Wallace D. Malone, Jr., SouthTrust s Chairman and Chief Executive Officer, began informal

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discussions regarding the merits of a possible business combination between SouthTrust and Wachovia. Mr. Malone notified each of the members of SouthTrust s board about these conversations, and the consensus among the directors was that Mr. Malone should continue discussions with Mr. Thompson for the purpose of exploring a possible strategic combination with Wachovia.

During ongoing discussions between Mr. Thompson and Mr. Malone in late November and into December 2003, it was agreed that they should meet in person to consider more seriously the merits of a business combination between SouthTrust and Wachovia. On December 10, 2003, Mr. Thompson traveled to Birmingham, Alabama to meet with Mr. Malone for further discussions.

On December 17, 2003, SouthTrust s board held its regularly scheduled meeting, at which time the board was updated by senior management on the status of discussions between Wachovia and SouthTrust. SouthTrust s board discussed with management a number of issues relating to the discussions with Wachovia, including:

- the potential risks and benefits of the proposed combination as compared to the potential risks and benefits of remaining independent;
- the potential risks and benefits of engaging in a combination with Wachovia as compared to the potential risks and benefits of a combination with other possible financial institutions;
- whether a combination with Wachovia would be consistent with SouthTrust s long-term strategic plan; and
- the financial and other terms and conditions of a combination with Wachovia that would be attractive to SouthTrust.

After careful consideration and discussions with senior management, SouthTrust s board endorsed continued discussions with Wachovia. Mr. Thompson also updated Wachovia s board at its regularly scheduled meeting in December 2003 about his discussions with Mr. Malone, and the board indicated its support of further discussions regarding a potential transaction involving SouthTrust.

In late December 2003 and early January 2004, Mr. Malone and Mr. Thompson met periodically, in some cases along with senior officers from their respective organizations, to further discuss the potential benefits of a strategic combination. Mr. Malone and Mr. Thompson also discussed some of the general terms of a proposed merger, including possible consideration to be offered to SouthTrust shareholders. On January 7, 2004, SouthTrust and Wachovia entered into a confidentiality agreement related to their preliminary discussions and the confidential exchange and review by both parties of operational and financial data and materials.

Thereafter, SouthTrust and Wachovia provided to each other various internal financial and operational data for each company, and on January 7, 2004, senior executives of Wachovia traveled to Birmingham, Alabama to meet with senior executives of SouthTrust. These meetings continued during January 7 and January 8, 2004. On January 9, 2004, senior executives of SouthTrust traveled to Charlotte, North Carolina to meet with senior executives of Wachovia. These meetings continued during January 9 and January 10, 2004. During these meetings, the parties reviewed and discussed the internal financial and operating data and materials provided to each other, their respective business operations, methodologies and philosophies, and their relative operating efficiencies and how a possible combination might affect their respective operations and efficiencies. In addition to the due diligence activities commenced and conducted during these meetings, the purposes of these meetings were to introduce the senior management teams to each other, share ideas with respect to how the management teams managed similar segments of their respective businesses and to gain a sense of the parties compatibility in the event a strategic merger were to be pursued. During this period, Messrs. Malone and Thompson discussed possible transaction terms, but no agreements were concluded.

Shortly after these meetings, Mr. Malone and Mr. Thompson had further discussions regarding the proposed merger. As a result of these discussions, Mr. Malone and Mr. Thompson mutually determined not to proceed further with substantive discussions, and all discussions between the companies ceased. In accordance with the terms of the confidentiality agreement between the parties, each of Wachovia and SouthTrust destroyed or returned the confidential materials that had been exchanged during their discussions.

On January 21, 2004, SouthTrust s board held its regularly scheduled meeting at which time SouthTrust management reviewed the activities and discussions that had occurred with Wachovia s management. With the cessation of discussions with Wachovia, SouthTrust s board returned its attention to its ongoing review and assessment of the operations of SouthTrust and its strategic objectives, efforts to implement a succession plan for SouthTrust senior management, the continued consideration of transitioning certain SouthTrust operations to Atlanta, Georgia and other ongoing activities of the company.

On May 13, 2004, at the request of Merrill Lynch, Pierce, Fenner & Smith Incorporated, representatives from Merrill Lynch traveled to Birmingham, Alabama and met with Mr. Malone to discuss the current market environment for financial institutions, and in particular, opportunities for a strategic combination with other financial institutions which might be of interest to SouthTrust and that would be consistent with SouthTrust s long-term strategic goals and objectives. Following these discussions with Merrill Lynch, SouthTrust authorized Merrill Lynch to evaluate potential opportunities in the marketplace, including possible strategic combinations with other financial institutions, as part of SouthTrust s ongoing evaluation of its position in the financial services industry.

On May 26, 2004, representatives from Merrill Lynch again met with Mr. Malone in Birmingham, Alabama and reported on the general level of interest in the marketplace regarding SouthTrust, including several general inquiries from particular parties regarding a possible business combination with SouthTrust. In addition, they reported that Wachovia had expressed interest in initiating new discussions regarding a possible strategic combination with SouthTrust, and asked if SouthTrust would be interested in renewing discussions with Wachovia. SouthTrust indicated to Merrill Lynch that it would be willing to meet with Wachovia, and Merrill Lynch communicated this to Wachovia.

During the Memorial Day holiday weekend of May 29 through June 1, 2004, Mr. Malone and Mr. Thompson renewed their discussions of a possible merger between Wachovia and SouthTrust. Their conversations included a discussion of the proposed exchange ratio of 0.89 shares of Wachovia common stock for each share of SouthTrust common stock. These discussions also included the operational, management and efficiency items related to integration which had arisen during the parties discussions in January 2004. Mr. Malone apprised each individual SouthTrust director of the substance of these conversations, and the consensus among the directors was that Mr. Malone and Mr. Thompson should meet to continue discussing a possible merger with Wachovia. On June 2, 2004, Mr. Thompson traveled to Birmingham, Alabama to meet with Mr. Malone, and further discussions were held regarding the general terms of the proposed transaction, including SouthTrust representation on Wachovia s board of directors and in senior management at Wachovia.

Following the meeting on June 2, 2004 between Mr. Thompson and Mr. Malone, members of senior management at SouthTrust and Wachovia renewed their internal due diligence reviews and assessments of the operating and financial results of Wachovia and SouthTrust, respectively, including, among other items, assessment of credit quality and consideration of operational efficiencies and compatibility. Between June 2, 2004 and June 10, 2004, Mr. Malone advised each SouthTrust board member in separate telephone conversations regarding the substance of the discussions between Mr. Thompson and Mr. Malone.

In early June 2004, Wachovia engaged UBS Securities LLC as its financial advisor in connection with a potential merger with SouthTrust. In addition, Mr. Thompson updated Wachovia directors on the status and progress of his discussions with SouthTrust.

During the day of June 10, 2004, SouthTrust s board held a special meeting to discuss the process undertaken by SouthTrust with Merrill Lynch with respect to the general level of interest in the marketplace regarding SouthTrust, and to further evaluate the status of the discussions with Wachovia. At this meeting, SouthTrust s board listened to the views and opinions of SouthTrust s executive management team regarding the

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potential advantages and disadvantages of SouthTrust remaining independent as well as their views and opinions on prospective business combinations, including possible mergers with Wachovia and other financial institutions. Senior management also provided information regarding the progress and substance of the operational and financial due diligence review of Wachovia subsequent to the renewal of discussions between the parties. SouthTrust s board then engaged in a lengthy review with Merrill Lynch of the current market environment and potential partners in a strategic combination. The review included discussions of, and responses to, questions from the board regarding possible in-market strategic partners and out-of-market entities or combinations, as well as possible interest by or combinations with international entities. Following extensive discussions, SouthTrust s board determined that the general inquiries received from financial institutions other than Wachovia were not in the best interests of SouthTrust s shareholders both from a long-term strategic point of view and because, in the opinion of SouthTrust s board, they were not as advantageous to SouthTrust shareholders as the proposed transaction with Wachovia. SouthTrust s board then discussed with Merrill Lynch numerous issues concerning the current business environment for financial institutions, the advantages and disadvantages from a financial market perspective of pursuing a strategic combination at this time, and the financial analysis that Merrill Lynch had performed concerning the prospects for SouthTrust if it continued to remain independent. After an extensive discussion period between SouthTrust s board and Merrill Lynch, the board requested Merrill Lynch perform research on a number of key additional issues, including an in-depth analysis of Wachovia s current financial position, the financial prospects for the merged company in a merger between Wachovia and SouthTrust and the fairness of the exchange ratio that was proposed to be received by SouthTrust s shareholders in the proposed merger, and the financial prospects for SouthTrust if it were to remain independent. After further discussion, SouthTrust s board concurred that management should continue to proceed with negotiations with Wachovia.

Wachovia s and SouthTrust s legal advisors began discussing the terms of a proposed draft merger agreement and other related agreements for the transaction, including a draft stock option agreement proposed by Wachovia as a condition to entering into the merger agreement. The parties also began discussing various employment and benefit related issues involved in a potential transaction.

At Wachovia s regularly scheduled board meeting on June 15, 2004, Wachovia s board discussed the proposed merger with SouthTrust. At that meeting, Mr. Thompson and other members of senior management reviewed with Wachovia s board the business and financial issues involved in a merger with SouthTrust, and updated the board on the discussions and negotiations with SouthTrust to date. Wachovia s senior management discussed with Wachovia s board business and financial information regarding SouthTrust, as well as the strategic benefits and potential synergies relating to the geographic overlap of SouthTrust s operations in a number of key states in Wachovia s southeastern footprint and SouthTrust s operations in Texas. Representatives of UBS reviewed with Wachovia s board financial aspects of the potential merger. In addition, Mark C. Treanor, Wachovia s General Counsel, and Wachovia s outside legal advisor, Sullivan & Cromwell LLP, reviewed the proposed terms of the merger, advised Wachovia s board of the legal standards applicable to a decision whether to enter into the transaction and responded to questions from the directors. Following a discussion, Wachovia s board unanimously indicated its support for pursuing the negotiation of a SouthTrust merger.

On June 18, 2004, SouthTrust s board again held a special meeting. At this meeting, the board was updated by senior management on the current status of discussions with Wachovia. SouthTrust s board reviewed with Merrill Lynch the additional research that the board had requested Merrill Lynch to conduct at its June 10, 2004 meeting. Following the review, there was an extensive discussion period between the board members, management and Merrill Lynch, with much of the discussion focusing on the relative merits of remaining independent compared with the proposed merger with Wachovia, the long-term benefits to SouthTrust s shareholders and the future prospects of the merged company. Following this discussion, the full board meeting was recessed and the non-management directors met in executive session to continue their discussions regarding the merits of the proposed merger and to review independently the structure, terms and conditions of the proposed transaction as well as the employment, compensation and severance arrangements for SouthTrust employees which would be applicable in the proposed merger. Following this lengthy executive session, the full

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board reconvened. After the full board had reconvened, legal counsel discussed with SouthTrust s board the legal standards applicable to its decisions and the responsibilities of SouthTrust s board with respect to its role in considering SouthTrust s strategic alternatives and the current proposal by Wachovia. During this discussion, which included a review of the status of the negotiations and the deliberation process to date, the board asked questions of senior management and legal counsel about the merger agreement, the stock option agreement and the status of various employment and employee benefit matters. SouthTrust s board then continued its discussion regarding the merits of a combination with Wachovia as well as the specific terms and conditions of the proposed merger.

On June 19, 2004, SouthTrust s board, except for one director who was absent because he was out of the country, met with SouthTrust s senior management and SouthTrust s legal and financial advisors. Mr. Malone reviewed with SouthTrust s board information regarding SouthTrust, Wachovia and the terms of the proposed transaction. Counsel then conducted an extensive review and discussion of the various transaction documents in connection with the proposed transaction and there was an extended question and answer period regarding specific legal and business terms of the proposed merger. Merrill Lynch then reviewed with SouthTrust s board a range of matters, including the structure of the merger, business and financial information regarding Wachovia and SouthTrust, historical stock price information, valuation methodologies and analyses and the other matters set forth in Opinion of SouthTrust s Financial Advisor . Merrill Lynch s review assumed that the merger consideration consisted of 0.89 shares of Wachovia s common stock for each share of SouthTrust s common stock, reflecting the terms of the proposed merger. After the discussion, Merrill Lynch rendered to SouthTrust s board its oral opinion, later confirmed in writing as of the date of the opinion, that, as of that date and based upon and subject to the considerations described to the board, the proposed exchange ratio was fair, from a financial point of view, to SouthTrust s shareholders. Legal advisors to SouthTrust again apprised SouthTrust s board of the legal standards applicable to its decisions and actions with respect to the proposed merger transaction. The meeting of the full board was then recessed and the non-management directors met in executive session to continue their deliberations. Following extensive discussions in executive session, the meeting of the full board was reconvened. After further deliberations by SouthTrust s board, the merger agreement and the plan of merger, the stock option agreement and the transactions contemplated by those agreements were adopted and approved by the unanimous vote of all directors attending the meeting, and by the same unanimous vote the board resolved to recommend that SouthTrust shareholders vote to approve the plan of merger contained in the merger agreement. The one director who was absent from this meeting later indicated his concurrence with the board s actions at the meeting.

On June 20, 2004, Wachovia s board, except for one director who was traveling out of the country, held a special meeting to consider the final terms of the proposed merger. At the meeting, Wachovia s board received a description of the final terms of the proposed merger agreement and related agreements and reviewed with management and its legal and financial advisors the due diligence investigation undertaken and the financial, business and legal issues related to the proposed merger. Also at this meeting, UBS reviewed with Wachovia s board its financial analysis of the exchange ratio and rendered to Wachovia s board an oral opinion, which opinion was confirmed by delivery of a written opinion dated June 20, 2004, to the effect that, as of that date and based on and subject to the matters described in its opinion, the exchange ratio was fair, from a financial point of view, to Wachovia. After deliberation, Wachovia s board, by a unanimous vote of the directors present, concluded that the merger was in the best interests of Wachovia and its shareholders and adopted and approved the merger agreement and the plan of merger, the stock option agreement and the transactions contemplated by those agreements, and resolved to recommend that its shareholders vote to approve the plan of merger contained in the merger agreement. The one director who was absent from this meeting later indicated his concurrence with the board s actions at the meeting.

The merger agreement between SouthTrust and Wachovia was executed by the parties later that evening on June 20, 2004.

The transaction was announced on Monday morning, June 21, 2004, by a joint press release issued by SouthTrust and Wachovia.

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Recommendation of Wachovia s Board and Its Reasons for the Merger

After careful consideration, at its meeting on June 20, 2004, Wachovia s board determined that the plan of merger contained in the merger agreement is in the best interests of Wachovia and its shareholders. Accordingly, Wachovia s board, by a unanimous vote of the directors present, adopted the merger agreement and the plan of merger contained in the merger agreement and unanimously recommends that Wachovia shareholders vote FOR approval of the plan of merger contained in the merger agreement. The one director who was absent from this meeting later indicated his concurrence with the board s actions at the meeting.

In reaching its decision to recommend this merger to Wachovia shareholders, Wachovia s board concluded that SouthTrust and Wachovia have a unique strategic fit and that the merger provides an opportunity for enhanced financial performance and shareholder value. SouthTrust and Wachovia share similar philosophies and approaches, as well as complementary strengths. Wachovia s board believes that the merger will solidify Wachovia s position as a major provider of a broad array of financial services in the fast growing southeastern United States.

Wachovia s board determined the merger would place Wachovia in an improved competitive position in the financial markets because it believes the merger combines two financially sound institutions with complementary businesses and business strategies, thereby creating a stronger combined institution with greater size, flexibility, breadth of services, efficiency, capital resources, profitability and potential for growth than either company possesses alone. Wachovia s board believes that each institution currently is well-managed and that each institution will contribute complementary business strengths resulting in a well-diversified combined company, with strong capitalization and diversification that will allow the combined company to take advantage of future opportunities for growth.

Wachovia s board determined that the merger would create an opportunity for enhancing shareholder value after considering, among other things, the strategic rationale, the financial implications and the risks associated with the transaction. In concluding that the merger is in the best interests of Wachovia and its shareholders, Wachovia s board considered, among other things, the following factors that supported the decision to approve the merger:

Wachovia s and SouthTrust s strategic business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, Wachovia s board concluded that SouthTrust s business and operations complement those of Wachovia, that SouthTrust s financial condition and asset quality are of high quality and will further strengthen Wachovia s balance sheet, and that SouthTrust s earnings and prospects should result in Wachovia having superior future earnings and prospects compared to its earnings and prospects on a stand-alone basis. In particular, Wachovia s board considered the following:

The strong demographic conditions of markets in which SouthTrust primarily conducts its operations.

The combined company s position as the largest banking organization in the southeastern United States in terms of deposits and branches.

The strengthening of Wachovia s market position in Florida, Georgia, North Carolina, South Carolina and Virginia.

The expansion of Wachovia s general banking operations to attractive markets in Alabama, Tennessee and Texas.

The combined company s position as one of the largest banking organizations in the United States in terms of deposits, assets, assets under management, branches, mutual fund assets, on-line banking customers, registered representatives, ATMs, full service brokerage offices and Private Client offices.

The consistency of the merger with Wachovia s business strategy, including achieving strong earnings growth, improving customer attraction and retention, focusing on expense control, and gradually

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shifting Wachovia s business to higher growth, lower capital businesses. The board s analysis concluded that Wachovia and SouthTrust are a highly complementary fit because of:

SouthTrust s responsiveness to customer needs and demands, and SouthTrust s skill at anticipating those demands, which results in strong customer relationships.

SouthTrust s geographic coverage, which would strengthen Wachovia s already strong presence in the southeastern United States, as well as expand its presence to new markets in Alabama, Mississippi, Tennessee and Texas.

The complementary nature of the markets served and products offered by SouthTrust and Wachovia and the expectation that the merger would provide economies of scale, expanded product offerings, expanded opportunities for cross-selling, cost savings opportunities and enhanced opportunities for growth.

The anticipated enhancements to Wachovia s pro forma business mix by having more of Wachovia s expected earnings stream come from traditional banking and retail securities businesses, thus lessening earnings volatility.

The expectation of Wachovia s legal advisors that the merger will qualify as a transaction of a type that is generally tax-free for United States federal income tax purposes to Wachovia, SouthTrust and Wachovia s shareholders.

Wachovia s board s belief that the merger is likely to provide increases to shareholder value. In particular:

Wachovia believes that while the merger will be dilutive to Wachovia shareholders on an earnings per share basis calculated according to GAAP until 2007, the merger will be accretive to Wachovia shareholders on a cash earnings per share basis by 2006. Wachovia s estimation of earnings per share accretion/dilution for the fourth quarter of 2004 and for each of the years 2005, 2006 and 2007 is as follows:

In millions, except per share data	**Q4 2004**	**2005**	**2006**	**2007**
Pro forma GAAP earnings	$ 1,372	6,331	7,027	7,673
Pro forma average shares outstanding	1,497	1,548	1,507	1,469
Pro forma GAAP EPS	$ 0.92	4.09	4.66	5.22
Wachovia estimated stand-alone GAAP EPS	0.95	4.30	4.73	5.20
Accretion/(Dilution)	(0.03)	(0.21)	(0.07)	0.02
Pro forma cash earnings	$ 1,527	6,665	7,231	7,770
Pro forma cash EPS	1.02	4.31	4.80	5.29
Wachovia estimated stand-alone cash EPS	1.04	4.41	4.79	5.22
Accretion/(Dilution)	$ (0.02)	(0.10)	0.01	0.07

Wachovia estimated fourth quarter 2004 and full year 2005 stand-alone GAAP earnings per share are based on consensus earnings per share estimates as reported by First Call as of June 20, 2004, adjusted to include merger-related and restructuring expenses in the fourth quarter of 2004 (merger-related and restructuring expenses associated with transactions prior to the merger are expected to be immaterial in 2005). Estimated stand-alone GAAP earnings per share for 2006 and 2007 are based on 2005 consensus earnings per share estimates plus the consensus 5-year earnings per share growth expectations of 10% per year (merger-related and restructuring expenses associated with transactions prior to the merger are expected to be immaterial in 2006 and 2007).

Pro forma average shares outstanding assumes an average fully diluted share count for Wachovia on a stand-alone basis of 1,319 million shares in the fourth quarter of 2004, 1,286 million shares in 2005, 1,257 million shares in 2006 and 1,232 million shares in 2007 and for SouthTrust on a stand-alone basis of 340 million shares (or 303 million Wachovia shares based on the 0.89 exchange ratio). Average shares outstanding also assumes share repurchases following the merger in an

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aggregate amount equal to the sum of projected excess capital created through operations and the $1.7 billion in excess capital described below and a Wachovia share price of $47.89 for the fourth quarter of 2004 increasing by 10% in each of 2005, 2006 and 2007.

Pro forma 2004 and 2005 earnings per share estimates assume consensus earnings per share estimates for SouthTrust as reported by First Call as of June 20, 2004 and pro forma 2006 and 2007 estimates assume a consensus 5-year earnings per share growth expectation for SouthTrust of 11% per year.

Pro forma earnings are also based on the assumptions of Wachovia s management described below and on page [•] under the heading Opinion of Wachovia s Financial Advisor . The assumptions of Wachovia s management include annual cost savings of approximately 36% of SouthTrust s non-interest expense, or approximately $414 million pre-tax and approximately $255 million after-tax, by the end of 2006, with lower amounts of cost savings to be realized prior to that time. The assumptions also give no credit for revenue enhancements and pro forma cash earnings exclude aggregate merger-related and restructuring expenses.

Cash earnings per share is a non-GAAP financial measure that is calculated by adding after-tax restructuring and merger-related expenses and intangible amortization to income before cumulative effect of a change in accounting principle and dividing the result by average shares outstanding. Wachovia believes this measure provides information useful to investors in understanding our underlying operational performance, our business and performance trends, and facilitates comparison with the performance of others in the financial services industry.

Following completion of the merger integration, Wachovia believes the earnings per share of Wachovia will grow at a faster rate compared to its growth on a stand-alone basis.

By maintaining a leverage ratio of approximately 6% and a tangible capital to tangible asset ratio of 4.7% to 4.8% following the merger, Wachovia expects to realize approximately $1.7 billion of capital in excess of such ratios. In the event such excess capital exists, Wachovia currently intends to use such excess capital to repurchase shares of Wachovia common stock.

Based on the assumptions described above, it is believed the merger will satisfy Wachovia s criteria for acquisitions by being accretive to cash earnings per share within two years and having an internal rate of return in excess of 15%.

Wachovia s board s belief that Wachovia and SouthTrust management share a common vision of commitment to their respective shareholders, employees, suppliers, creditors and customers.

UBS financial presentation to Wachovia s board, including UBS opinion, dated June 20, 2004, to Wachovia s board as to the fairness, from a financial point of view, of the exchange ratio to Wachovia, as discussed in Opinion of Wachovia s Financial Advisor below beginning on page [•].

The review by Wachovia s board with its legal advisor, Sullivan & Cromwell LLP, of the provisions of the merger agreement and the stock option agreement. Some of the features of those agreements that the board considered are:

That three members of SouthTrust s board of directors would join Wachovia s board following merger completion, and the proposed arrangements with members of management, including that SouthTrust s Chief Executive Officer and other executive officers of SouthTrust would be retained in key leadership positions.

The provisions of the merger agreement and the stock option agreement designed to enhance the probability that the merger will be consummated.

Wachovia s board s review and discussions with Wachovia s management and outside advisors concerning the due diligence examination of operations, financial condition and prospects of SouthTrust.

Wachovia s expectation, after consulting with legal counsel, that the required regulatory approvals will be obtained.

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Wachovia s board also considered the potential initial negative impact to the market price of Wachovia common stock following announcement of the merger. In addition, Wachovia s board considered the following factors that potentially created risks if the board decided to approve the merger:

The possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of Wachovia s on-going business or in the loss of customers.

The possibility that the anticipated benefits of the merger may not be realized, including the expected cost savings.

The anticipated effect of the merger on SouthTrust s employee compensation, benefits and incentives under various employment-related agreements, plans and programs because the merger may constitute a change in control under such agreements, plans and programs, which might encourage employees to leave and involve additional cost.

The impact of divestitures of assets and deposit liabilities that regulatory authorities are likely to require in connection with the merger, which may result in lost customer relationships and reduce the amount of income the combined company could have realized without such divestitures.

The potential merger-related restructuring charges.

Wachovia s board concluded that the anticipated benefits of combining with SouthTrust were likely to substantially outweigh the preceding risks.

Although each member of Wachovia s board individually considered these and other factors, the board did not collectively assign any specific or relative weights to the factors considered and did not make any determination with respect to any individual factor. The board collectively made its determination with respect to the merger based on the conclusion reached by its members, in light of the factors that each of them considered appropriate, that the merger is in the best interests of Wachovia and its shareholders.

Wachovia s board of directors realized there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding anticipated cost savings and earnings accretion. However, the board concluded the potential positive factors outweighed the potential risks of consummating the merger.

It should be noted that this explanation of the Wachovia board s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Forward-Looking Statements on page [•].

Recommendation of SouthTrust s Board and Its Reasons for the Merger

After careful consideration, at its meeting on June 19, 2004, SouthTrust s board determined that the plan of merger contained in the merger agreement is in the best interests of SouthTrust and its shareholders and that the exchange ratio is fair to the SouthTrust shareholders. Accordingly, SouthTrust s board, by a unanimous vote of the directors present, adopted the merger agreement and the plan of merger contained in the merger agreement and unanimously recommends that SouthTrust shareholders vote FOR approval of

the plan of merger contained in the merger agreement. The one director who was absent from this meeting later indicated his concurrence with the board s actions at the meeting.

In reaching its conclusion to recommend the plan of merger, SouthTrust s board considered SouthTrust s history of profitable operations, including increased earnings in each of the last fifty-three consecutive quarters preceding the announcement of the merger, as well as the impact that the economic and demographic growth in the southeastern United States and Texas has had on SouthTrust s earnings growth. The board believes that it is in the best interests of SouthTrust s shareholders to expand its business in this region, either on a stand-alone basis or through one or more business combinations. After consulting with SouthTrust management as well as financial and legal advisors, the SouthTrust board concluded that the merger with Wachovia is in the best

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interests of SouthTrust shareholders because, among other reasons, the combined footprint of Wachovia and SouthTrust in the southeastern United States as well as the combined capital of the two entities will provide SouthTrust shareholders with a strong platform and presence to take advantage of opportunities for growth in this region and elsewhere in the United States.

In reaching its conclusion that the plan of merger is in the best interests of SouthTrust and its shareholders and that the exchange ratio is fair to the SouthTrust shareholders, the SouthTrust board considered the following factors:

Its understanding of SouthTrust s business, operations, financial condition, earnings and prospects, and of Wachovia s business, operations, financial condition, earnings and prospects, taking into account the results of SouthTrust s due diligence review of Wachovia.

Its understanding of the current environment in the financial services industry, including national and local economic conditions, the competitive landscape for financial institutions generally, the trend toward consolidation in the financial services industry, and the likely effect of these factors on SouthTrust in light of, and in the absence of, the proposed merger.

The ability of SouthTrust and Wachovia to create a $464 billion asset institution that will have the highest market share of any financial institution in the highly attractive southeastern United States banking market, approximately 18%.

The complementary aspects of SouthTrust s and Wachovia s businesses, including geographic coverage and the compatibility of their respective managements, cultures and operating styles.

The presentation by SouthTrust management and its financial advisors concerning the operations, financial condition and prospects of SouthTrust and the expected financial impact of the merger on the combined company, including pro forma assets, earnings and deposits.

The potential cost savings opportunities, currently estimated to be approximately $414 million pre-tax annually (or approximately $255 million after-tax annually) when fully phased in, and the related potential impact on the combined company s earnings.

Wachovia s recent success in integrating banking and securities brokerage acquisitions and the planned merger integration over a fifteen-month period.

The SouthTrust board s belief that the merger with Wachovia will allow SouthTrust shareholders to participate in a combined company that will have better future prospects than SouthTrust is likely to achieve on a stand-alone basis or through a combination with other potential merger partners. The SouthTrust board also believes it will enjoy a greater market penetration in and around its historical markets and will have a more diversified customer base, revenue sources and financial products.

The financial analysis presented by Merrill Lynch to the SouthTrust board and the oral opinion delivered to SouthTrust by Merrill Lynch on June 19, 2004, which was confirmed in a written opinion delivered to SouthTrust by Merrill Lynch on June 20, 2004, to the effect that, and based upon and subject to the assumptions made, matters considered and limitations set forth in the opinions, the exchange ratio specified in the merger agreement was fair from a financial point of view to the SouthTrust shareholders.

The fact that, based on the closing prices of Wachovia common stock on the NYSE and SouthTrust common stock on the Nasdaq for the five trading days prior to the public announcement of the merger and based upon the per share merger consideration of 0.89 shares of Wachovia common stock, the implied value of the merger consideration for SouthTrust shareholders represented a premium of approximately 22%.

The fact that the merger agreement permits SouthTrust to declare and pay its regular dividend to the SouthTrust shareholders through the completion of the merger and that the current dividend payable to Wachovia shareholders will represent a 48% increase in the amount of dividends payable to SouthTrust

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shareholders with respect to Wachovia common stock received in the merger (e.g., $0.40 per share of Wachovia common stock, $0.356 per share taking into account the exchange ratio, versus $0.24 per share of SouthTrust common stock), and a 48% increase in the earnings per share on the shares to be received by SouthTrust shareholders in the merger relative to current SouthTrust shares.

The fact that the merger agreement permits SouthTrust to increase its quarterly cash dividend to the then-current Wachovia dividend level per share, taking into account the exchange ratio, if the merger has not occurred before the record date for the dividend on Wachovia common stock for the fourth quarter of 2004, which is expected to be November 30, 2004.

The corporate governance arrangements providing for three appointees from SouthTrust to serve on the Wachovia board of directors after the completion of the merger.

The review by the SouthTrust board of directors with SouthTrust s legal and financial advisors of the structure of the merger and the financial and other terms of the merger agreement, including the exchange ratio, and the stock option agreement, and the expectation of SouthTrust s legal advisors that the merger will qualify as a transaction of a type that is generally tax-free to SouthTrust shareholders for United States federal income tax purposes, and the fixed exchange ratio and other provisions of the merger agreement and stock option agreement that are designed to enhance the probability that the merger will be consummated.

The regulatory and other approvals required in connection with the merger and the likelihood that the approvals needed to complete the merger will be obtained without unacceptable conditions.

The SouthTrust board of directors also considered potential risks associated with the merger in connection with the decision to approve the plan of merger, including the following:

The potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger.

The after-tax merger-related and restructuring expenses of approximately $156 million and after-tax exit cost purchase accounting adjustments of $275 million that are expected to be incurred by the combined company in connection with completing the merger, reflecting a variety of costs and expenses expected to be incurred as a result of the transaction and the integration of the two companies.

The potential challenges of integrating the businesses, operations and workforce of SouthTrust and Wachovia, and the possibility of not achieving the expected cost savings.

The fixed exchange ratio, which will not adjust upwards to compensate for declines, or downwards to compensate for increases, in Wachovia s common stock price prior to the completion of the merger and the fact that the terms of the merger agreement do not include collar provisions or stock-price-based termination rights that might be triggered by a decrease in value of the merger consideration implied by the stock price of Wachovia s common stock.

The interests of SouthTrust s senior management and directors with respect to the merger apart from their interest as holders of SouthTrust common stock and the risks that these interests might influence their decision with respect to the merger, see Interest of Certain Persons in the Merger below beginning on page [•].

The risk that the terms of the merger agreement, including the provisions restricting SouthTrust from soliciting third party acquisition proposals and requiring SouthTrust to hold a special meeting of its shareholders to vote on approval of the plan of merger, and the terms of the stock option granted to Wachovia in connection with the merger agreement, which, while required by Wachovia as a condition to its willingness to enter into the merger agreement, could have the effect of discouraging other parties that might be interested in a transaction with SouthTrust from proposing such a transaction.

The risks associated with required regulatory approvals, including the impact of required divestitures.

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The foregoing discussion of the factors considered by the SouthTrust board is not intended to be exhaustive, but is believed to include all material factors considered by the SouthTrust board. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, the SouthTrust board did not find it useful and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of the SouthTrust board may have given different weight to different factors. The SouthTrust board conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, SouthTrust management and SouthTrust legal and financial advisors, and considered the factors overall to be favorable to, and to support its determination. The SouthTrust board also relied on the experience and expertise of Merrill Lynch, its financial advisor, for quantitative analyses of the financial terms of the merger. See Opinion of SouthTrust Financial Advisor below beginning on page [•].

It should be noted that this explanation of the SouthTrust board s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Forward-Looking Statements on page [•].

Cost Savings

A factor considered by both Wachovia s and SouthTrust s boards in deciding to enter into the merger agreement was Wachovia s and SouthTrust s assessment that the combined company following the merger is projected to save about $414 million in pre-tax costs (or about $255 million in after-tax costs) annually by the end of 2006 and beyond. These cost savings, which represent approximately 36% of SouthTrust s non-interest expense or 3% of the combined company s non-interest expense, primarily relate to overlapping or duplicative technology systems, personnel functions and real property facilities. The projected annual cost savings were determined by both Wachovia and SouthTrust management over the course of their due diligence review of each other s company. Senior management teams from functional business and staff units were matched with their counterparts and discussed strategy and similarities between the two organizations. From those discussions Wachovia management undertook a comprehensive analysis of the estimated resources required to combine the two companies, projected the resource requirements necessary to operate the combined company and determined the potential cost savings that could be generated after the merger. Wachovia management estimated potential cost savings relying upon extrapolations of its experience with the recent First Union-Wachovia merger as well as estimates based on the incremental resources required to operate the larger combined organization. Wachovia management reviewed, discussed and refined these estimates with SouthTrust management.

The following chart illustrates an itemization of the combined company s projected annual cost savings after the fifteen-month merger integration is complete following the merger.

	Annual Cost Savings (pre-tax) (in millions)	Annual Cost Savings (after-tax) (in millions)
Personnel reductions	$ 265	$ 163
Occupancy and Equipment	86	53
Other, including purchasing synergies	63	39
	$ 414	$ 255

Wachovia believes that approximately 10% of the combined company s projected annual cost savings would be achieved in 2004, 60% achieved in 2005, and 100% achieved by year-end 2006.

The following discussion provides additional detail about the components of the projected cost savings illustrated in the preceding chart.

Personnel reductions. The projected annual cost savings from personnel reductions result from job position reductions in business units and administrative staff and corporate support functions where both

SouthTrust and Wachovia maintain functions that will be duplicative for the combined company following the merger. The projected annual cost savings from personnel reductions are expected to total 4,300 job positions over the fifteen-month integration period following the merger. SouthTrust and Wachovia believe up to 25% to 35% of these work force reductions could occur through normal attrition during this fifteen-month period.

Occupancy and Equipment. The projected annual cost savings from occupancy and equipment result from:

- reductions in duplicative support personnel required to maintain operations systems for the combined company following the merger;
- reduced support needs for the decreased employee base and facilities;
- cancellation of duplicative software and master licenses;
- reduced planned expenditures for data storage and processing due to excess capacity created by combining the two companies technology and operations systems; and
- reductions in the combined company s real estate occupancy needs, including branch banking facilities that are expected to be consolidated following the merger.

We determined that there are many SouthTrust branch banking offices within 1 mile of a Wachovia branch banking office. The projected annual cost savings assume that, over the projected fifteen-month integration period, the business of approximately 130 to 150 of these branch banking offices will be combined with nearby branch banking offices. The surviving branch banking offices will be comprised of both SouthTrust and Wachovia branches (excluding those required to be divested). Neither Wachovia nor SouthTrust has yet determined which branches will be closed and which will be the surviving branches. Such determinations will take into account any commitments that Wachovia may make regarding branches located in low- and moderate-income neighborhoods served by our companies.

In addition to combining branch banking offices, other facilities housing operations and data centers which provide support to business units may be combined with facilities housing similar operations and data center functions. As of the date of this document, neither Wachovia nor SouthTrust has identified which of these facilities are to be closed and which are to be the surviving facilities.

Other. The projected annual cost savings from other result from the combined company s stronger purchasing power and more favorable negotiated usage rates, as well as reduced advertising/marketing costs, reduced professional services, training and consulting fees, reduced employee benefit-related costs and reduced utilities costs.

The projected annual cost savings described in this document assume that the merger is completed in the fourth quarter of 2004, systems and technology conversions proceed in accordance with the projected merger integration plan over fifteen months, and external factors do not unreasonably delay the merger.

For more information about whether Wachovia can achieve these cost savings estimates, see Risk Factors beginning on page [•] and Forward-Looking Statements beginning on page [•].

Opinion of Wachovia s Financial Advisor

On June 20, 2004, at a meeting of Wachovia s board of directors held to approve the proposed merger, UBS delivered to Wachovia s board an oral opinion, confirmed by delivery of a written opinion dated June 20, 2004, to the effect that, as of that date and based on and subject to various assumptions, procedures followed, matters considered and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Wachovia.

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The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Appendix D and is incorporated into this joint proxy statement-prospectus by reference. **UBS opinion is directed only to the fairness, from a financial point of view, to Wachovia of the exchange ratio provided for in the merger and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available to Wachovia or the underlying business decision of Wachovia to effect the merger. The opinion does not constitute a recommendation to any shareholder as to how to vote or act with respect to any matters relating to the merger. Holders of Wachovia common stock are encouraged to read this opinion carefully in its entirety.** UBS opinion does not speak as of any date other than the date of that opinion. UBS opinion will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to the completion of the merger, including changes in the operations and prospects of Wachovia or SouthTrust, general market and economic conditions and other factors that may influence the value of Wachovia or SouthTrust and/or their respective shares of common stock. Wachovia does not currently expect that it will request an updated opinion from UBS. The summary of UBS opinion described below is qualified in its entirety by reference to the full text of its opinion.

In arriving at its opinion, UBS:

- reviewed publicly available business and financial information relating to Wachovia and SouthTrust, including publicly available financial forecasts and estimates relating to Wachovia and SouthTrust that were reviewed and discussed with UBS by the managements of Wachovia and SouthTrust;

- reviewed internal estimates as to potential cost savings and other synergies expected to result from the merger and other financial information and estimates that were prepared and provided to UBS by Wachovia s management and not publicly available;

- conducted discussions with members of the senior managements of Wachovia and SouthTrust concerning the businesses and financial prospects of Wachovia and SouthTrust;

- reviewed current and historical market prices of Wachovia common stock and SouthTrust common stock;

- reviewed publicly available financial and stock market data with respect to companies in lines of business which UBS believed to be generally comparable to those of Wachovia and SouthTrust;

- compared the financial terms of the merger with publicly available financial terms of other transactions which UBS believed to be generally relevant;

- considered potential pro forma effects of the merger on Wachovia s financial statements after taking into account the availability to Wachovia of incremental capital resulting from the merger and related balance sheet restructuring expected by Wachovia s management at or following the closing of the merger;

- reviewed the merger agreement; and

- conducted other financial studies, analyses and investigations, and considered other information, as UBS deemed necessary or appropriate.

In connection with its review, with Wachovia s consent, UBS did not assume any responsibility for independent verification of any of the information that UBS reviewed for the purpose of its opinion and, with Wachovia s consent, UBS relied on that information being complete and accurate in all material respects. In addition, at Wachovia s direction, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of Wachovia or SouthTrust, and was not furnished with any evaluation or appraisal. With respect to the publicly available financial forecasts and estimates that it reviewed relating to Wachovia and SouthTrust, UBS was advised by the managements of Wachovia and SouthTrust that they

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represented reasonable estimates and judgments as to the future financial performance of Wachovia and SouthTrust. With respect to the pro forma effects, internal estimates as to potential cost savings and other synergies and other financial information and estimates provided to UBS, UBS assumed, at Wachovia s direction, that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Wachovia s management as to such matters. In addition, UBS assumed, at Wachovia s direction, that the future financial results and estimates reviewed by or provided to UBS would be achieved at the times and in the amounts projected. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and information made available to UBS as of, the date of its opinion.

UBS was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or the form of the merger. UBS expressed no opinion as to what the value of Wachovia common stock will be when issued in the merger or the prices at which Wachovia common stock will trade at any time. In rendering its opinion, UBS assumed, with Wachovia s consent, that the merger will be treated as a tax-free reorganization for United States federal income tax purposes. UBS also assumed, with Wachovia s consent, that each of Wachovia and SouthTrust would comply with all material terms of the merger agreement and that the merger would be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement. UBS further assumed, with Wachovia s consent, that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on Wachovia, SouthTrust or the merger. Except as described above, Wachovia imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion.

In connection with rendering its opinion to Wachovia s board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the analyses of selected public companies and the analysis of selected precedent transactions summarized below, no company or transaction used as a comparison is either identical or directly comparable to Wachovia, SouthTrust or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. None of the analyses performed by UBS was assigned greater significance or reliance by UBS than any other. UBS arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion.

The estimates of the future performance of Wachovia and SouthTrust in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Wachovia and SouthTrust. Estimates of the financial value of companies do not necessarily purport to be appraisals or reflect the prices at which companies actually may be sold.

The exchange ratio was determined through negotiation between Wachovia and SouthTrust and the decision to enter into the merger was solely that of Wachovia s board of directors. UBS opinion and financial analyses were only one of many factors considered by Wachovia s board of directors in its evaluation of the merger and should not be viewed as determinative of the views of Wachovia s board of directors or management with respect to the merger or the exchange ratio provided for in the merger.

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The following is a brief summary of the material financial analyses performed by UBS and reviewed with Wachovia s board of directors in connection with its opinion relating to the proposed merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.**

Analyses of Selected Public Companies

SouthTrust. UBS compared selected financial and stock market data of SouthTrust with corresponding data of the following seven selected publicly held companies in the banking and financial services industry:

AmSouth Bancorporation

BB&T Corporation

Compass Bancshares, Inc.

First Horizon National Corporation

SunTrust Banks, Inc.

Synovus Financial Corp.

Regions Financial Corporation

UBS reviewed stock prices of the selected companies as a multiple of calendar years 2004 and 2005 estimated earnings per share both on a GAAP basis and cash basis, referred to below as GAAP EPS and cash EPS, and as a multiple of book value per share and tangible book value per share. Estimated GAAP EPS for the selected companies and SouthTrust was based on publicly available research analysts estimates compiled by Institutional Brokers Estimate System, referred to below as I/B/E/S estimates. Estimated cash EPS was calculated as estimated GAAP EPS plus projected annualized amortization of intangible expenses per share, effected at a tax rate of 35%. UBS also reviewed five-year estimated cash EPS growth rates and long-term growth rates of the selected companies. UBS then compared data derived from the selected companies with corresponding data for SouthTrust, which in the case of GAAP EPS and cash EPS excluded merger and restructuring-related expenses, based on the closing price of SouthTrust common stock on June 15, 2004 (the trading day before market rumors speculating about the potential acquisition of SouthTrust) adjusted to reflect the median change in the prices of the common stock of the selected companies from June 15, 2004 through June 17, 2004, as well as the closing price of SouthTrust common stock on June 17, 2004. Financial data for the selected companies and SouthTrust were as of the quarter ended March 31, 2004, and stock market data for the selected companies and SouthTrust (except in the case of the adjustment described above) were as of June 17, 2004. This analysis indicated the following implied median multiples and growth-rate percentages for the selected companies, as compared to corresponding data implied for SouthTrust based on the adjusted closing price of SouthTrust common stock on June 15, 2004 and the closing price of SouthTrust common stock on June 17, 2004:

	Median Multiples and Percentages for Selected Companies	Multiples and Percentages for SouthTrust Based on Adjusted Closing Stock Price on June 15, 2004	Multiples and Percentages for SouthTrust Based on Closing Stock Price on June 17, 2004
Price as Multiples of:			
GAAP EPS			
2004	13.0x	14.6x	15.3x
2005	11.9x	13.2x	13.8x
Cash EPS			
2004	12.9x	14.4x	15.1x
2005	11.5x	13.1x	13.8x
Book Value Per Share	2.55x	2.40x	2.52x
Tangible Book Value Per Share	3.20x	2.97x	3.12x
Growth Metrics:			
Five-Year Cash EPS Growth Rate	5.6%	11.9%	11.9%
Long-Term Growth Rate	10.0%	11.0%	11.0%

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Wachovia. UBS also compared financial and stock market data of Wachovia with corresponding data of the following eight selected publicly held companies in the banking and financial services industry:

- Bank of America Corporation
- BB&T Corporation
- Fifth Third Bancorp
- National City Corporation
- The PNC Financial Services Group, Inc.
- SunTrust Banks, Inc.
- U.S. Bancorp
- Wells Fargo & Company

UBS reviewed stock prices of the selected companies as a multiple of calendar years 2004 and 2005 estimated GAAP EPS and cash EPS and as a multiple of book value per share and tangible book value per share. Estimated GAAP EPS for the selected companies and Wachovia was based on I/B/E/S estimates, and estimated cash EPS was calculated as estimated GAAP EPS plus projected annualized amortization of intangible expenses per share, effected at a tax rate of 35% (or, in the case of Wachovia, 38.5%). UBS also reviewed five-year estimated cash EPS growth rates and long-term growth rates of the selected companies. UBS then compared data derived from the selected companies with corresponding data for Wachovia, which in the case of GAAP EPS and cash EPS excluded merger and restructuring-related expenses, based on the closing price of Wachovia common stock on June 17, 2004. Financial data for the selected companies and Wachovia were as of the quarter ended March 31, 2004, and stock market data for the selected companies and Wachovia were as of June 17, 2004. This analysis indicated the following implied median multiples and growth-rate percentages for the selected companies, as compared to corresponding data implied for Wachovia based on the closing price of Wachovia common stock on June 17, 2004:

	Median Multiples and Percentages for Selected Companies	Multiples and Percentages for Wachovia Based on Closing Stock Price on June 17, 2004
Price as Multiples of:		
GAAP EPS		
2004	12.9x	12.0x
2005	11.8x	10.9x
Cash EPS		
2004	12.4x	11.4x
2005	11.4x	10.6x

Book Value Per Share	2.10x	1.85x
Tangible Book Value Per Share	3.70x	2.94x
Growth Metrics:		
Five-Year Cash EPS Growth Rate	10.2%	(0.6)%
Long-Term Growth Rate	10.0%	10.0%

Discounted Cash Flow Analyses

SouthTrust. UBS calculated the estimated present value of the cash flows that SouthTrust could generate over calendar years 2004 through 2008 both on a stand-alone basis and after giving effect to potential cost savings and other synergies anticipated by Wachovia s management to result from the merger. Estimated financial data for SouthTrust were based on I/B/E/S estimates for SouthTrust for calendar years 2004 and 2005 and an I/B/E/S long-term EPS growth rate for SouthTrust of 11.0% for subsequent calendar years. UBS applied forward earnings terminal value multiples ranging from 12.0x to 14.0x to SouthTrust s calendar year 2009 estimated cash earnings. The estimated cash earnings and terminal values were then discounted to present value using discount rates ranging from 10.0% to 12.0%.

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For purposes of this analysis on a stand-alone basis, UBS utilized the following assumptions based on internal financial information and estimates of Wachovia s management:

an asset growth rate of 6.5% per annum;

a tangible common equity/tangible assets ratio of 6.5%; and

a pre-tax benefit/cost of change in capital of 4.5%.

For purposes of this analysis after giving effect to potential cost savings and other synergies, UBS utilized the following assumptions based on internal financial information and estimates of Wachovia s management:

an asset growth rate of 6.5% per annum;

a tangible common equity/tangible assets ratio of 4.7%;

cost savings equal to 36% of SouthTrust s core cash non-interest expenses;

the sale of certain assets and adjustments to funding costs and pre-tax yield on SouthTrust s securities portfolio;

a restructuring charge of $1.1 billion; and

a perpetual growth rate of 3% applied to cost savings and other synergies.

This analysis indicated the following implied per share equity reference range for SouthTrust on a stand-alone basis, as compared to the closing price of SouthTrust common stock on June 17, 2004, and the following implied per share equity reference range for SouthTrust after giving effect to potential cost savings and other synergies, as compared to the implied per share equity value for SouthTrust based on the exchange ratio provided for in the merger and the closing price of Wachovia common stock on June 17, 2004:

Implied Per Share Equity Reference Range for SouthTrust on a Stand-Alone Basis	**Closing Price of SouthTrust Common Stock on June 17, 2004**
$31.87 $38.85	$ 34.71

Implied Per Share Equity Reference Range for SouthTrust After Cost Savings and Other Synergies	**Implied Per Share Equity Value for SouthTrust Based on Exchange Ratio and Closing Price of Wachovia Common Stock on June 17, 2004**

$40.93 $51.04	$ 41.76

Wachovia. UBS also calculated the estimated present value of the cash flows that Wachovia could generate over calendar years 2004 through 2008. Estimated financial data for Wachovia were based on I/B/E/S estimates for Wachovia for calendar years 2004 and 2005 and an I/B/E/S long-term EPS growth rate for Wachovia of 10.0% for subsequent calendar years. UBS applied forward earnings terminal value multiples ranging from 11.0x to 13.0x to Wachovia s calendar year 2009 estimated cash earnings. The estimated cash earnings and terminal values were then discounted to present value using discount rates ranging from 10.0% to 12.0%. For purposes of this analysis, UBS utilized the following assumptions based on internal financial information and estimates of Wachovia s management:

- an asset growth rate of 4.0% per annum;
- a tangible common equity/tangible assets ratio of 4.8%; and
- a pre-tax benefit/cost of change in capital of 4.5%.

This analysis indicated the following implied per share equity reference range for Wachovia, as compared to the closing price of Wachovia common stock on June 17, 2004:

Implied Per Share Equity Reference Range for Wachovia	**Closing Price of Wachovia Common Stock on June 17, 2004**
$46.91 $57.11	$ 46.92

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Analysis of Selected Precedent Transactions

UBS reviewed implied equity values in the following seven selected mergers and acquisitions transactions involving companies in the banking and financial services industry announced between January 1, 1998 and June 17, 2004 with transaction values greater than $5.0 billion:

Target	Acquiror
National Commerce Financial Corporation	SunTrust Banks, Inc.
Charter One Financial, Inc.	Royal Bank of Scotland plc
FleetBoston Financial Corporation	Bank of America Corporation
Summit Bancorp	FleetBoston Financial Corporation
First American Corporation	AmSouth Bancorporation
Mercantile Bancorporation	Firstar Corporation
Crestar Financial Corporation	SunTrust Banks, Inc.

UBS reviewed per share equity values in the selected transactions as a multiple of next 12 months GAAP EPS, cash EPS and cash EPS with cost savings and as a multiple of book value per share and tangible book value per share. Cash EPS was calculated as GAAP EPS plus projected annualized amortization of intangible expenses, effected at a tax rate of 35%. UBS then compared the multiples derived from the selected transactions with corresponding data implied in the merger for SouthTrust based on the exchange ratio provided for in the merger and the closing price of Wachovia common stock on June 17, 2004. This analysis indicated the following median implied multiples in the selected transactions, as compared to corresponding multiples implied for SouthTrust in the merger based on the exchange ratio provided for in the merger and the closing price of Wachovia common stock on June 17, 2004:

	Median Implied Multiples in Selected Transactions	Implied Multiples for SouthTrust Based on the Exchange Ratio and Closing Price of Wachovia Common Stock on June 17, 2004
Per Share Equity Value as Multiples of :		
Next 12 Months GAAP EPS	17.5x	17.5x
Next 12 Months Cash EPS	16.4x	17.4x
Next 12 Months Cash EPS with Synergies	13.8x	13.3x
Book Value Per Share	3.06x	3.04x
Tangible Book Value Per Share	4.00x	3.75x

UBS also compared the premiums implied in the selected transactions based on the closing price of the common stock of the target companies for the five trading days prior to public announcement of the selected transaction with the premium implied in the merger based on the exchange ratio provided for in the merger and the closing prices of Wachovia common stock and SouthTrust common stock on June 17, 2004. This analysis indicated the following**:**

Median Implied Premium in Selected Transactions	Premium Implied in the Merger Based on Exchange Ratio and Closing Prices of Wachovia Common Stock and SouthTrust Common Stock on June 17, 2004

33.4%	20.3%

Historical Ratio Analysis

UBS reviewed the ratios implied by the closing prices of Wachovia common stock and SouthTrust common stock on June 17, 2004 and the ratios implied by the average daily closing prices of Wachovia common stock and SouthTrust common stock for the 30 trading days, 60 trading days, one calendar year and three calendar years preceding June 17, 2004. UBS also reviewed the premiums implied by the exchange ratio provided for in the merger relative to the ratios implied for each of these periods. This analysis indicated an implied ratio reference

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range of 0.697x to 0.740x, as compared to the exchange ratio of 0.89x provided for in the merger, and the following implied premiums, as indicated below:

Period	Implied Ratio	Implied Premium
June 17, 2004	0.740x	20.3%
30 Trading Days	0.706x	26.1%
60 Trading Days	0.702x	26.7%
One Calendar Year	0.697x	27.7%
Three Calendar Years	0.720x	23.6%

Pro Forma Impact Analysis

UBS analyzed the potential pro forma effect of the merger on Wachovia s estimated GAAP EPS and cash EPS in calendar years 2005 through 2007. Estimated GAAP EPS for Wachovia and SouthTrust were based on I/B/E/S estimates for Wachovia and SouthTrust for calendar year 2005 and I/B/E/S long-term EPS growth rates for calendar years 2006 and 2007 of 10.0% for Wachovia and 11.0% for SouthTrust. Estimated cash EPS was calculated as estimated GAAP EPS plus projected annualized amortization of intangible expenses per share, effected at a tax rate of 35% (or, in the case of Wachovia, 38.5%). GAAP EPS and cash EPS excluded merger and restructuring-related expenses. For purposes of this analysis, UBS utilized the following assumptions based on internal financial information and estimates of Wachovia s management:

- closing of the merger on November 1, 2004;
- the availability to Wachovia of incremental capital resulting from the merger and related balance sheet restructuring expected by Wachovia s management at or following the closing of the merger;
- cost savings equal to 36% of SouthTrust s core cash non-interest expenses;
- the sale of certain assets and adjustments to funding costs and pre-tax yield on SouthTrust s securities portfolio;
- core deposit intangibles equal to 3.0% of SouthTrust s core deposits, amortized over a 10-year period using the sum-of-the-years digits method; and
- a restructuring charge of $1.1 billion.

Based on the exchange ratio provided for in the merger, this analysis indicated that the merger could be dilutive to Wachovia s estimated GAAP EPS in calendar years 2005 and 2006 and estimated cash EPS in calendar year 2005 and accretive to Wachovia s estimated GAAP EPS in calendar year 2007 and estimated cash EPS in calendar years 2006 and 2007. UBS also noted that, pro forma for the merger, the book value per share for Wachovia could increase and the tangible book value per share for Wachovia could decrease. Actual results may vary from projected results and the variations may be material.

Other Factors

In rendering its opinion, UBS also reviewed and considered other factors, including:

- the historical price performance and ratio of price to next 12 months EPS from June 17, 2003 to June 17, 2004 for Wachovia common stock relative to the common stock of the selected publicly held companies described above under the heading Analyses of Selected Public Companies Wachovia and the historical price performance and ratio of prices to next to 12 months EPS from June 17, 2003 to June 17, 2004 for SouthTrust common stock relative to the common stock of the publicly held companies described above under the heading Analyses of Selected Public Companies SouthTrust ;

- publicly available research analysts reports for Wachovia and SouthTrust, including per share price targets reflected in these reports, research analysts buy-sell recommendations for Wachovia and SouthTrust relative to those for the selected publicly held companies described above under the heading Analyses of Selected Public Companies and research analysts historical EPS estimates for Wachovia and SouthTrust; and

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estimated cost savings for the selected transactions described above under the heading Analysis of Selected Precedent Transactions relative to cost savings and other synergies anticipated by Wachovia s management to result from the merger, and the cost savings that had been estimated by Wachovia s management to result from the former Wachovia s transaction with First Union Corporation at the time of such transaction relative to the actual cost savings realized in such transaction.

Miscellaneous

Under the terms of its engagement, Wachovia has agreed to pay UBS an aggregate fee of $15 million for its financial advisory services, including its opinion, in connection with the merger. In addition, Wachovia has agreed to reimburse UBS for its reasonable expenses, including reasonable fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

Wachovia selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and is familiar with Wachovia and its business. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

UBS and its affiliates in the past have provided, and currently are providing, services to Wachovia unrelated to the proposed merger, for which services UBS and its affiliates have received and expect to receive compensation. In the ordinary course of business, UBS, its successors and affiliates may hold or trade securities of Wachovia and SouthTrust for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in those securities.

Opinion of SouthTrust s Financial Advisor

SouthTrust retained Merrill Lynch to act as its financial advisor in connection with the merger. On June 10, 2004, June 18, 2004, and June 19, 2004, SouthTrust s board of directors held meetings, in which Merrill Lynch participated, to evaluate the proposed merger. At the meeting on June 19, 2004, Merrill Lynch rendered its oral opinion that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the exchange ratio was fair, from a financial point of view, to SouthTrust shareholders. This opinion was subsequently confirmed in writing on June 20, 2004.

The full text of the Merrill Lynch opinion dated June 20, 2004, that describes, among other things, the assumptions made, matters considered, and qualifications and limitations on the review undertaken by Merrill Lynch, is attached as Appendix C to this document and is incorporated in this document by reference. Merrill Lynch s opinion does not speak as of any date other than the date of that opinion. The opinion of Merrill Lynch will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger, including changes in the operations and prospects of Wachovia or SouthTrust, general market and economic conditions and other factors that may influence the value of Wachovia or SouthTrust and/or their respective shares of common stock. SouthTrust does not currently expect that it will request an updated opinion from Merrill Lynch. SouthTrust shareholders are urged to, and should, read Merrill Lynch s opinion carefully and in its entirety.

Merrill Lynch s opinion is directed to SouthTrust s board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio to SouthTrust shareholders, which exchange ratio was determined through negotiations between Wachovia and SouthTrust. The opinion does not address any other aspect of the merger or any related transaction, nor does it constitute a recommendation to any shareholder as to how to vote at the meeting. The summary of the fairness opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Merrill Lynch, among other things:

- reviewed publicly available business and financial information relating to Wachovia and SouthTrust that Merrill Lynch deemed to be relevant;

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- reviewed certain information, including financial forecasts, relating to the respective businesses, earnings, assets, liabilities and prospects of Wachovia and SouthTrust furnished to Merrill Lynch by SouthTrust s and Wachovia s senior management, as well as the amount and timing of the cost savings, revenue enhancements and related expenses expected to result from the merger furnished to Merrill Lynch by Wachovia s senior management;

- conducted discussions with members of senior management and representatives of Wachovia and SouthTrust concerning the matters described in the bullet points set forth above, as well as their respective businesses and prospects before and after giving effect to the merger and the expected cost savings, revenue enhancements and related expenses;

- reviewed the current and historical market prices and certain valuation multiples for Wachovia common stock and SouthTrust common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- reviewed the respective publicly reported financial condition and results of operations of Wachovia and SouthTrust and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

- compared the proposed financial terms of the merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

- participated in certain discussions among representatives of Wachovia and SouthTrust and their respective financial and legal advisors with respect to the merger;

- reviewed the potential pro forma impact of the merger on the combined financial statements of Wachovia and SouthTrust;

- reviewed the merger agreement provided to Merrill Lynch; and

- reviewed other financial studies and analyses and took into account other matters that Merrill Lynch deemed necessary, including Merrill Lynch s assessment of general economic, market and monetary conditions.

In rendering its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to Merrill Lynch, or that was discussed with, or reviewed by or for Merrill Lynch, or that was publicly available. Merrill Lynch also did not assume any responsibility for independently verifying this information or undertake an independent evaluation or appraisal of the assets or liabilities of Wachovia or SouthTrust, and Merrill Lynch was not furnished any evaluation or appraisal on these matters.

Merrill Lynch is not an expert in the evaluation of allowances for loan losses or other reasons for contingencies, and neither made an independent evaluation of the adequacy of the allowances for loan losses or other reasons for contingencies of Wachovia or SouthTrust, nor reviewed any individual credit files of Wachovia or SouthTrust nor been requested to conduct such a review. As a result, Merrill Lynch has assumed that the aggregate allowances for loan losses for both Wachovia and SouthTrust are adequate to cover such losses and will be adequate on a pro forma basis for the combined company. In addition, Merrill Lynch did not assume any obligation to conduct, and Merrill Lynch did not conduct, any physical inspection of the properties or facilities of Wachovia or SouthTrust.

With respect to the financial and operating information, including, without limitation, financial forecasts, valuations of contingencies and projections regarding under-performing or non-performing assets, net charge-offs, adequacy of reserves, future economic conditions and information on the cost savings, revenue enhancements and related expenses expected to result from the merger, in each case furnished to or discussed with Merrill Lynch by Wachovia or SouthTrust, Merrill Lynch assumed that the information was reasonably prepared and reflects the best currently available estimates and judgments of the senior management of

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Wachovia and SouthTrust as to the future financial and operating performance of Wachovia, SouthTrust or the combined company, as the case may be, and the expected cost savings, revenue enhancements and related expenses. Merrill Lynch s opinion is based upon market, economic and other conditions as in effect on, and on the information made available to Merrill Lynch as of, the date of its opinion.

For purposes of rendering its opinion, Merrill Lynch assumed that, in all respects material to its analysis:

- the merger will be completed substantially in accordance with the terms set forth in the merger agreement;
- the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;
- Wachovia and SouthTrust will perform all of the covenants and agreements required to be performed by them under the merger agreement and any related documents;
- all conditions to completing the merger will be satisfied without any waivers;
- in the course of obtaining any necessary regulatory or other consents or approvals (contractual or otherwise) for the merger, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of Wachovia, SouthTrust or the combined company, or on the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger; and
- the merger will be accounted for as a purchase under United States generally accepted accounting principles, which we refer to in this document as GAAP, and that it will qualify as a tax-free reorganization for United States federal income tax purposes.

Merrill Lynch s opinion is not an expression of an opinion as to the prices at which shares of Wachovia common stock or shares of SouthTrust common stock will trade following the announcement of the merger, or the prices at which the shares of common stock of the combined company will trade following the completion of the merger.

Analyses of Merrill Lynch

In performing its analyses, Merrill Lynch made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Merrill Lynch, Wachovia and SouthTrust. Any estimates contained in the analyses performed by Merrill Lynch are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which those businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. The Merrill Lynch opinion was among several factors taken into consideration by SouthTrust s board in making its determination to adopt the plan of merger contained in the merger agreement. In addition, SouthTrust s board did not rely on any single analysis in making its determination. Consequently, the analyses described below should not be viewed as determinative of the decision of SouthTrust s board or management with respect to the fairness of the exchange ratio.

At the June 19, 2004 meeting of SouthTrust s board of directors, Merrill Lynch made a presentation of certain financial analyses of the merger. The summary that follows is not a complete description of the analyses underlying the Merrill Lynch opinion or the presentation made by Merrill Lynch to SouthTrust s board but summarizes the material analyses performed and presented in connection with its opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description.

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In arriving at its opinion, Merrill Lynch did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Merrill Lynch believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Calculation of Transaction Value

Merrill Lynch reviewed the terms of the merger agreement. They noted that the exchange ratio of 0.89 shares of Wachovia common stock for each share of SouthTrust common stock had an implied offer value of $41.83 per share of SouthTrust common stock based upon the closing price of Wachovia common stock of $47.00 on Friday, June 18, 2004 (the last trading day preceding the SouthTrust board meeting on Saturday, June 19, 2004). Merrill Lynch also noted that the transaction had an implied aggregate offer value of approximately $14.3 billion based on the closing price of Wachovia common stock on Friday, June 18, 2004.

Implied Transaction Pricing Multiples and Comparable Merger and Acquisition Transactions

Merrill Lynch calculated the implied offer value as a multiple of SouthTrust s book value and tangible book value at March 31, 2004, and as a multiple of SouthTrust s estimated earnings (based on consensus Thomson One Analytics earnings estimates as of June 18, 2004) for 2004 of $2.27 per share and for 2005 of $2.51 per share. Merrill Lynch also compared the implied tangible book premium (defined as the implied offer value less SouthTrust s tangible book value at March 31, 2004) to the total deposits of SouthTrust at March 31, 2004. Merrill Lynch also calculated the implied offer value to SouthTrust of $41.83 per share as of June 18, 2004 as a premium to SouthTrust s closing price per share of common stock on that date and 30 days preceding the announcement of the merger. Thomson One Analytics is a recognized data service that monitors and publishes compilations of earnings estimates by selected research analysts regarding companies of interest to institutional investors.

Merrill Lynch also compared the foregoing calculations to similar calculations for all merger and acquisition transactions in the banking industry that have been announced since January 1, 1999, and that were valued greater than $2 billion. The following transactions were reviewed by Merrill Lynch:

Acquirer	**Target**
SunTrust Banks, Inc.	National Commerce Financial Corporation
Royal Bank of Scotland Group, Plc	Charter One Financial, Inc.
National City Corporation	Provident Financial Group Inc.
J.P. Morgan Chase & Company	Bank One Corporation
Bank of America Corporation	FleetBoston Financial Corporation
BB&T Corporation	First Virginia Banks Inc.
First Union Corporation	Wachovia Corporation
Royal Bank of Canada	Centura Banks Inc.
Fifth Third Bancorp	Old Kent Financial corporation
Firstar Corporation	U.S. Bancorp
FleetBoston Financial Corporation	Summit Bancorp
Wells Fargo & Company	First Security Corporation

Fifth Third Bancorp	CNB Bancshares Inc.
AmSouth Bancorporation	First American Corporation
Firstar Corporation	Mercantile BanCorporation
Fleet Financial Group Inc.	BankBoston Corporation
Regions Financial Corporation	Union Planters Corporation

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For these selected merger and acquisition transactions, Merrill Lynch used publicly available financial information, including company investor presentations and information obtained from SNL Financial s online databases to determine:

- the multiples of the transaction price per share to both the book value per share and the tangible book value per share using the acquired companies most recent financial reports at the time of announcement of the transactions;
- the multiples of the transaction price per share to the mean forward consensus earnings estimates per share at the time of announcement;
- the implied tangible book premium to total deposits; and
- the premium per share paid by the acquiror compared to the share price of the target company prevailing one day prior to and 30 days prior to the announcement of those transactions.

The average values of these premiums and multiples were then compared to those calculated for the merger. Merrill Lynch considered these selected merger and acquisition transactions to be reasonably similar, but not identical, to the merger. A complete analysis involves complex considerations and judgments concerning differences in the selected merger and acquisition transactions and other factors that could affect the premiums paid in such comparable transactions to which the merger is being compared. Mathematical analysis (such as determining the average) is not by itself a meaningful method of using selected merger and acquisition transaction data. SNL Financial is a recognized data service that collects, standardizes and disseminates relevant corporate, financial, market and mergers and acquisitions data for companies in the industries it covers.

The following table compares the foregoing calculations for the merger and the average of the foregoing calculations for the selected merger and acquisition transactions.

	Wachovia/ SouthTrust	Comparable Merger and Acquisition Transactions
Implied Transaction Value as a Multiple of:		
Stated Book Value	3.2x	2.7x
Stated Tangible Book Value	3.8	3.4
2004E Street EPS(1)	18.4	16.4
2005E Street EPS(1)	16.7	
Implied Tangible Book Premium to Total Deposits	29.1%	29.4%
Implied Transaction Value as a Premium to:		
Closing Price June 18, 2004	20.2%	28.8%
Closing Price 30 Days Prior to Announcement	32.0	31.2

(1) Based on Thomson One Analytics estimates as of June 18, 2004.

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Implied Market Premium Based on Average Stock Prices

Merrill Lynch performed an exchange ratio analysis comparing the closing prices for SouthTrust common stock and Wachovia common stock on June 18, 2004, and the average daily closing price of SouthTrust common stock and Wachovia common stock over the following periods preceding June 18, 2004. Merrill Lynch compared the implied premium offered for SouthTrust common stock based on an 0.89 exchange ratio of Wachovia common stock for each of these periods. This analysis yielded the following implied premiums:

	Wachovia Price	Implied Value to SouthTrust	SouthTrust Price	Implied Premium to SouthTrust Price
Closing Price June 18, 2004	$ 47.00	$ 41.83	$ 34.80	20.2%
5 Day Trading Average	46.99	41.82	34.17	22.4
10 Day Trading Average	47.26	42.06	34.12	23.3
20 Day Trading Average	47.18	41.99	33.64	24.8
30 Day Trading Average	46.62	41.50	32.99	25.8

Comparable Companies Analysis

Merrill Lynch analyzed the public market statistics of certain comparable companies and examined various trading statistics and information. As part of this comparable companies analysis, Merrill Lynch examined public market data, including the following market multiples:

- the multiple of market price per share to mean estimated 2004 earnings per share;
- the multiple of market price per share to mean estimated 2004 cash earnings per share;
- the multiple of market price per share to mean estimated 2005 earnings per share;
- the multiple of market price per share to book value per share; and
- the multiple of market price per share to tangible book value per share.

In addition, Merrill Lynch also compared certain balance sheet ratios of Wachovia and SouthTrust at March 31, 2004, and certain profitability ratios of Wachovia and SouthTrust for the quarter ended March 31, 2004, to the mean of such ratios for the comparable companies. The estimated 2004 and 2005 earnings per share were obtained from Thomson One Analytics and the remaining information was obtained from publicly available financial information at or for the quarter ended March 31, 2004, and SNL Financial s online database. The stock price data used for this analysis was the closing price for the selected companies on June 18, 2004.

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In choosing companies comparable to SouthTrust to analyze, Merrill Lynch selected regional banks with a market capitalization of between $4 billion and $24 billion. The regional banks included: AmSouth Bancorporation; BB&T Corporation; Compass Bancshares, Inc.; First Horizon National Corporation; Huntington Bancshares Incorporated; M&T Bank Corporation; Marshall & Ilsley Corporation; Regions Financial Corporation; SunTrust Banks, Inc.; UnionBanCal Corporation; and Zions Bancorporation. This analysis yielded the following results:

	SouthTrust	Peer Group Mean
Balance Sheet		
Total Assets (1)	$ 53,446	$ 56,187
Total Loans (1)(2)	37,004	37,427
Total Equity (1)	4,576	5,108
Market Valuation	11,821	10,406
Asset Quality		
NPA/Assets	0.42%	0.40%
NPLs/Loans	0.48	0.52
Reserves/NPLs	288.61	287.45
Reserves/NPAs *(includes NPAs held for sale)*	226.75	234.61
Capitalization		
Equity/Assets	8.54%	8.75%
Tangible Equity/Assets	7.13	6.65
Tier 1 Ratio	7.88	8.86
Total Capital Ratio	10.77	12.36
Profitability		
Return on Assets	1.40%	1.39%
Return on Equity	16.32	16.31
Return on Tangible Equity	19.88	21.46
Net Interest Margin	3.46	3.72
Efficiency Ratio	48.29	59.59
Fees/Revenues	28.50	42.30
Trading Multiples		
Price/2004E EPS	15.33x	13.28x
Price/2004E Cash EPS	15.06	12.69
Price/2005E EPS	13.86	12.09
Price/Book	2.55	2.21
Price/Tangible Book	3.10	2.94

Note: Dollars are in millions. Balance sheet data as of March 31, 2004. Data represented is for the three months ended March 31, 2004. Market data as of June 18, 2004.

(1) Balance sheet data is pro forma for FloridaFirst acquisition.

(2) Includes loans held for sale.

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In choosing companies comparable to Wachovia to analyze, Merrill Lynch selected super-regional and regional banks with a market capitalization of between $20 billion and $172 billion. The banks included: Bank of America Corporation; BB&T Corporation; Fifth Third Bancorp; National City Corporation; SunTrust Banks, Inc.; U.S. Bancorp; and Wells Fargo & Company. This analysis yielded the following results:

	Wachovia	Peer Group Mean
Balance Sheet		
Total Assets	$ 410,991	$ 264,730
Total Loans (1)	179,098	157,671
Total Equity	33,337	20,815
Market Valuation	61,664	60,117
Asset Quality		
NPA/Assets	0.28%	0.41%
NPLs/Loans	0.62	0.56
Reserves/NPLs	240.29	268.02
Reserves/NPAs *(includes NPAs held for sale)*	218.54	227.76
Capitalization		
Equity/Assets	8.11%	9.01%
Tangible Equity/Assets	5.26	6.81
Tier 1 Ratio	8.54	8.95
Total Capital Ratio	11.67	12.58
Profitability		
Return on Assets	1.32%	1.71%
Return on Equity	16.16	19.30
Return on Tangible Equity	26.08	25.75
Net Interest Margin	3.54	3.90
Efficiency Ratio	61.68	51.90
Fees/Revenues	49.06	42.71
Trading Multiples		
Price/2004E EPS	12.02x	13.17x
Price/2004E Cash EPS	11.08	12.51
Price/2005E EPS	10.93	12.05
Price/Book	1.85	2.49
Price/Tangible Book	2.94	3.37

Note: Dollars are in millions. Balance sheet data as of March 31, 2004. Data represented is for the three months ended March 31, 2004. Market data as of June 18, 2004.

(1) Includes loans held for sale.

Merrill Lynch selected these companies because their businesses and operating profiles are reasonably similar to those of Wachovia and SouthTrust. No comparable company identified above is identical to Wachovia or SouthTrust. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect public trading values of such comparable companies. Mathematical analysis (such as determining the mean) is not by itself a meaningful method of using selected company data.

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Discounted Dividend Analysis

SouthTrust. Merrill Lynch performed a discounted dividend analysis to estimate a range of the present values per share of SouthTrust common stock, assuming consensus earnings estimates (based on consensus Thomson One Analytics earnings estimates as of June 18, 2004) for SouthTrust of $2.27 in 2004 and $2.51 in 2005. After 2005, earnings were estimated to increase annually at 11%. The cash flows were modeled assuming that SouthTrust continues to operate as an independent entity. The valuation range was determined by adding (i) the present value of SouthTrust s earnings available for dividends, net of earnings necessary to maintain SouthTrust s tangible common equity to tangible assets ratio of 7.13% (based on its ratio at March 31, 2004), through December 31, 2009 and (ii) the present value of the terminal value of SouthTrust common stock. In calculating the terminal value of SouthTrust common stock, Merrill Lynch applied multiples ranging from 11.5x to 13.5x to 2010 forecasted cash earnings. The dividend stream and the terminal value were then discounted back to June 30, 2004 using discount rates ranging from 11.0% to 13.0%, which are rates Merrill Lynch viewed as the appropriate range for a company with SouthTrust s risk characteristics.

Based on the above assumptions, Merrill Lynch determined that the present value of the SouthTrust common stock ranged from $30.86 to $38.39.

Wachovia. Merrill Lynch performed a discounted dividend analysis to estimate a range of the present values per share of Wachovia common stock, assuming consensus earnings estimates (based on consensus Thomson One Analytics earnings estimates as of June 18, 2004) for Wachovia of $3.91 in 2004 and $4.30 in 2005. After 2005, earnings were estimated to increase annually at 10%. The range of values was determined by adding (i) the present value of Wachovia s earnings available for dividends, net of earnings necessary to maintain Wachovia s tangible common equity to tangible assets ratio of 5.25% (based on its ratio at March 31, 2004), through December 31, 2009 and (ii) the present value of the terminal value of Wachovia common stock. In calculating the terminal value of Wachovia common stock, Merrill Lynch applied multiples ranging from 10.0x to 12.0x to 2010 forecasted cash earnings. The dividend stream and the terminal value were then discounted back to June 30, 2004 using discount rates ranging from 11.0% to 13.0%, which are rates Merrill Lynch viewed as appropriate for a company with Wachovia s risk characteristics.

Based on the above assumptions, Merrill Lynch determined that the present value of Wachovia common stock ranged from $50.02 to $62.03.

Pro Forma Discounted Dividend Analysis

Merrill Lynch performed a pro forma discounted dividend analysis to estimate a range of the present values per share of Wachovia common stock reflecting the impact of the merger with SouthTrust, assuming consensus earnings estimates (based on consensus Thomson One Analytics earnings estimates as of June 18, 2004) for Wachovia of $3.91 in 2004 and $4.30 in 2005 and for SouthTrust of $2.27 in 2004 and $2.51 in 2005. After 2005, earnings for Wachovia were estimated to increase annually at 10% and earnings for SouthTrust were estimated to increase annually at 11%. In calculating the impact of the merger on the pro forma earnings of the combined company, the following assumptions were also made:

- the consideration paid to the SouthTrust shareholders in the merger would be equal to 0.89 shares of Wachovia common stock for each share of SouthTrust common stock;

pre-tax synergies of $414 million per year (36% of SouthTrust s estimated 2004 non-interest expenses) with 60% phased in during 2005 and 100% phased in during 2006;

a restructuring charge equal to 169% of fully-phased in synergies ($700 million pre-tax);

core deposit intangibles of 3% of SouthTrust s core deposits amortized over 10 years using sum-of-the-years digits;

deposit divestitures of $850 million, assuming a deposit premium of 14% on the divestitures and lost income equal to 1.35% of the deposits after tax; and

a tax rate of 38.5%.

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The range of values was determined by adding (i) the present value of pro forma Wachovia s earnings available for dividends, net of earnings necessary to maintain pro forma Wachovia s tangible common equity to tangible assets ratio of 5.25% (based on its stand-alone ratio at March 31, 2004) through December 31, 2009 and (ii) the present value of the terminal value of pro forma Wachovia common stock. In calculating the terminal value of pro forma Wachovia s common stock, Merrill Lynch applied multiples ranging from 10.0x to 12.0x to 2010 forecasted cash earnings. The dividend stream and the terminal value were then discounted back to June 30, 2004 using discount rates ranging from 11.0% to 13.0%, which rates Merrill Lynch viewed as appropriate for a company with Wachovia s pro forma risk characteristics.

Based on the above assumptions, Merrill Lynch determined that the present value of Wachovia common stock, pro forma for the merger ranged from $51.27 to $63.14.

Merger Consequences Analysis

Merrill Lynch performed an illustrative pro forma analysis of the financial impact of the merger on Wachovia, assuming consensus earnings estimates (based on consensus Thomson One Analytics earnings estimates as of June 18, 2004) for Wachovia of $3.91 in 2004 and $4.30 in 2005 and for SouthTrust of $2.27 in 2004 and $2.51 in 2005. After 2005, earnings for Wachovia were estimated to increase annually at 10% and earnings for SouthTrust were estimated to increase annually at 11%.

In calculating the impact of the merger on the pro forma income statement and balance sheet of the combined company, the following assumptions were made:

- the consideration paid to the SouthTrust shareholders in the merger would be 0.89 shares of Wachovia common stock for each share of SouthTrust common stock;
- pre-tax synergies of $414 million (36% of SouthTrust s estimated 2004 non-interest expenses) with 60% phased in in during 2005 and 100% phased in during 2006;
- a restructuring charge equal to 169% of fully-phased in synergies ($700 million pre-tax);
- core deposit intangibles of 3% of SouthTrust s core deposits amortized over 10 years using sum-of-the-years digits;
- deposit divestitures of $850 million, assuming a deposit premium of 14% on the divestitures and lost income equal to 1.35% of the deposits after tax;
- a tax rate of 38.5%; and
- Wachovia will target a 6.0% pro forma leverage ratio in each respective year (estimated to result in $1.7 billion of excess (*i.e.*, above the targeted level) capital upon completion of the merger) and capital in excess of such ratio would be used to repurchase shares of Wachovia common stock.

Based on these assumptions, the merger would be dilutive to Wachovia s cash earnings per share (combined net income applicable to common shareholders before merger-related and restructuring expenses, intangible amortization, and preferred dividends), by $0.10 in 2005 and accretive to Wachovia s cash earnings per share by $0.01 in 2006 and $0.07 in 2007. Also, based on these assumptions, the merger would be dilutive to Wachovia s operating earnings per share (combined net income applicable to common shareholders before merger-related and restructuring expenses and preferred dividends), by $0.15 in 2005 and $0.04 in 2006 and accretive to Wachovia s operating earnings per share by $0.02 in 2007.

Miscellaneous

The SouthTrust board of directors selected Merrill Lynch as its financial advisor because of its reputation as an internationally recognized investment banking and advisory firm with substantial experience in transactions similar to the merger and because Merrill Lynch is familiar with SouthTrust and its business. As part of its

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investment banking and financial advisory business, Merrill Lynch is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In the ordinary course of its business, Merrill Lynch and its affiliates may actively trade the debt and equity securities of Wachovia and its affiliates and SouthTrust and its affiliates for their own account and/or the accounts of their respective customers, and, accordingly, may at any time hold long or short positions in these securities. As of August 20, 2004, Merrill Lynch held through its retail brokerage accounts [•] shares of Wachovia common stock and [•] shares of SouthTrust common stock. Merrill Lynch does not hold any of these shares as principal, which means that the voting and disposition power generally is held by the retail owner of the shares. In the past two years, Merrill Lynch has provided to Wachovia financial advisory, investment banking and other services unrelated to the proposed merger, and has provided to SouthTrust financial advisory, investment banking and other services unrelated to the proposed merger and in each case Merrill Lynch has received fees for these services. Merrill Lynch may provide these types of services to Wachovia and/or SouthTrust in the future and receive fees for those services.

Pursuant to a letter agreement between SouthTrust and Merrill Lynch, dated as of June 20, 2004, SouthTrust agreed to pay Merrill Lynch an aggregate fee of $17.5 million for its financial advisory services, including its opinion, in connection with the merger. SouthTrust also agreed to indemnify Merrill Lynch and its affiliates from and against certain liabilities and expenses, which may include certain liabilities under federal securities laws, in connection with its engagement.

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THE MERGER AGREEMENT

The following discussion describes the material provisions of the merger agreement and the stock option agreement. We urge you to read the merger agreement, which is attached as Appendix A and incorporated by reference in this document, and the stock option agreement, which is attached as Appendix B and incorporated by reference in this document, carefully and in their entirety.

Structure

Subject to the terms and conditions of the merger agreement, and in accordance with North Carolina and Delaware law, at the completion of the merger, SouthTrust will merge into Wachovia. Wachovia will be the surviving corporation and will continue its corporate existence under the laws of North Carolina. When the merger is completed, the separate corporate existence of SouthTrust will terminate. Wachovia s articles of incorporation will be the articles of incorporation of the combined company, and Wachovia s by-laws will be the by-laws of the combined company. See Comparison of Shareholder Rights beginning on page [•]. After completion of the merger, former SouthTrust shareholders will own approximately 19% of the outstanding common stock of the combined company and current Wachovia shareholders will own approximately 81% of the outstanding common stock of the combined company.

Wachovia Board Composition

When the merger is completed, three current members of SouthTrust s board of directors will be appointed to Wachovia s board of directors. In addition, in the merger agreement, Wachovia agreed to nominate at its next annual shareholders meeting two of those directors to serve a three-year term and one of those directors to serve a two-year term. The members of Wachovia s board of directors at completion of the merger will serve as directors until their respective successors are duly elected and qualified in accordance with Wachovia s articles of incorporation, Wachovia s by-laws and applicable law. Non-employee members of SouthTrust s board of directors who are added to Wachovia s board of directors will receive customary fees from Wachovia for being a director in accordance with Wachovia s current policy. Wachovia s current policy provides for a quarterly retainer of $15,000 for non-employee directors. If more than six board or committee meetings are held in an annual period, directors receive an additional $2,000 for each board meeting attended and $1,500 for each committee meeting attended. The chair of each committee receives a quarterly fee of $2,500, except for the chair of the Audit & Compliance Committee who receives a quarterly fee of $5,000. In addition, under Wachovia s Deferred Compensation Plan for Non-Employee Directors, each non-employee director is credited with a quarterly amount equal to $25,000 in the director s common stock equivalent deferred account.

The current Chairman and Chief Executive Officer of SouthTrust, Wallace D. Malone, Jr., will be appointed to Wachovia s board of directors and will serve as Wachovia s Vice Chairman. The two other current SouthTrust board members who will be appointed to Wachovia s board have not yet been determined.

Wachovia s current Chairman, President and Chief Executive Officer, G. Kennedy Thompson, will continue to be a member of Wachovia s board of directors, as well as its Chairman, President and Chief Executive Officer.

Conversion of Stock; Treatment of Options

Wachovia Common Stock. Each share of Wachovia common and preferred stock outstanding at the time of the merger will remain outstanding and those shares will be unaffected by the merger.

SouthTrust Common Stock. Upon completion of the merger, each share of SouthTrust common stock outstanding will be converted into 0.89 shares of Wachovia common stock, with the appropriate number of attached stock purchase rights under Wachovia s shareholder rights plan. See Shareholder Protection Rights Plan beginning on page [•]. This exchange ratio is subject to customary and proportionate adjustments in the event of stock splits, reverse stock splits or similar events before the merger is completed.

Wachovia Stock Options. Each employee option to acquire Wachovia common stock that is outstanding and unexercised immediately prior to completion of the merger will continue on the same terms and conditions in effect immediately prior to the completion of the merger.

SouthTrust Stock Options. Each employee and director option to acquire SouthTrust common stock outstanding and unexercised immediately prior to completion of the merger will be converted into an option to purchase Wachovia common stock, with the following adjustments:

- the number of shares of Wachovia common stock subject to the new option will equal the product of the number of shares of SouthTrust common stock subject to the original option and the exchange ratio (rounded to the nearest whole share); and

- the exercise price per share of Wachovia common stock subject to the new option will equal the exercise price under the original option divided by the exchange ratio (rounded to the nearest cent).

Each converted option will vest at the time of the merger. The duration and other terms of each new option will be substantially the same as the original SouthTrust option. Options that are incentive stock options under the federal tax code will be adjusted in the manner prescribed by the federal tax code.

Wachovia will take the corporate actions that are necessary to reserve a sufficient number of shares of its common stock for issuance upon exercise of the new options. In addition, it will file appropriate registration statements with the SEC to register the shares of its common stock underlying the new options.

Fixed Exchange Ratio Considerations. Because the exchange ratio is fixed and because the market price of Wachovia common stock will fluctuate, the market value of the Wachovia common stock that SouthTrust shareholders will receive in the merger may increase or decrease both before and after the merger. Taking this into account, the boards of Wachovia and SouthTrust each determined that a fixed exchange ratio was preferable. The material reasons for this decision are described below.

The boards of Wachovia and SouthTrust considered that fixed exchange ratios, with no collars , have become customary in the financial services industry. Such exchange ratios fix the percentage ownership of the parties in the combined firm at the time the merger agreement is adopted by the boards and symmetrically allocate the risks associated with movements in the price of the issuer s stock. The use of a fixed exchange ratio is intended to capture the relative contribution of each company based on fundamental financial factors. In this respect, fixed exchange ratios reflect the intention to share risk and rewards generally presumed in stock-for-stock merger transactions such as our proposed merger.

The boards also concluded that a fixed exchange ratio is appropriate in view of the long-term strategic purposes of the merger, including the goal to combine our companies into a platform that creates an opportunity for continued strong earnings growth. While a fixed exchange ratio exposes the recipient shareholders to a decline in nominal value if the price of the issuer s stock falls in the period between announcement and closing, it also recognizes that Wachovia s ultimate value will not be determined by movements in each party s stock price between announcement and closing, but by Wachovia s performance over time. The boards concluded that concerns about short-term market fluctuations generally should not outweigh judgments about longer-term value.

Finally, the boards recognized that an exchange ratio that does not fluctuate with the prices of our common stocks provides relative certainty about the number of shares that will be issued in the merger and greater assurance that the merger will be completed. In the boards judgments, short-term movements in market prices

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are often unrelated to the fundamental financial and strategic factors supporting the combination. In the context of a collar or adjustable exchange ratio, however, such movements can create uncertainty with respect to the completion of a transaction if the issuer is forced to issue more shares to compensate for short-term changes in nominal value. In fact, the existence of a collar or adjustable exchange ratio can aggravate an initial decline in an issuer s stock price because it could require the company to issue additional shares. The avoidance of the uncertainty created by a collar or adjustable exchange ratio was another important factor in the boards decisions to agree to a fixed ratio.

Exchange of Certificates; Fractional Shares

Exchange Procedures. At completion of the merger, Wachovia will deposit with an exchange agent, which will be Wachovia Bank, National Association, or another bank or trust company reasonably acceptable to each of Wachovia and SouthTrust, (1) certificates or, at Wachovia s option, evidence of shares in book entry form, representing the shares of Wachovia common stock to be issued under the merger agreement and (2) sufficient cash to be paid instead of any fractional shares of Wachovia common stock to be issued under the merger agreement.

Wachovia will then mail a transmittal letter to SouthTrust shareholders. The transmittal letter will contain instructions about the surrender of SouthTrust common stock certificates for Wachovia common stock certificates and any cash to be paid instead of fractional shares of common stock.

SouthTrust common stock certificates should not be returned with the enclosed proxy card. They should not be forwarded to the exchange agent unless and until you receive a transmittal letter following completion of the merger.

SouthTrust common stock certificates presented for transfer after completion of the merger will be canceled and exchanged for certificates representing the applicable number of shares of Wachovia common stock. Any SouthTrust shareholder requesting that Wachovia common stock certificates be issued in a name other than that in which the certificate being surrendered is registered will have to pay to the exchange agent in advance any transfer taxes that may be owed.

After the merger, there will be no transfers of shares of SouthTrust common stock on the stock transfer books of SouthTrust or the surviving corporation.

All shares of Wachovia common stock into which shares of SouthTrust common stock are converted on the merger completion date will be deemed issued as of that date. After that date, former SouthTrust shareholders of record will be entitled to vote, at any meeting of Wachovia shareholders having a record date on or after the merger completion date, the number of whole shares of Wachovia common stock into which their shares of SouthTrust common stock have been converted, regardless of whether they have surrendered their SouthTrust stock certificates. Wachovia dividends having a record date on or after the merger completion date will include dividends on Wachovia common stock issued to SouthTrust shareholders in the merger. However, no dividend or other distribution payable to the holders of record of Wachovia common stock after the merger completion date will be distributed to the holder of any SouthTrust common stock certificates until that holder physically surrenders all of his or her SouthTrust common stock certificates as described above. Promptly after surrender, Wachovia s common stock certificates to which that holder is entitled, all undelivered dividends and other distributions, and payment for any fractional share interests, if applicable, will be delivered to that holder, in each case without interest.

No Fractional Shares Will Be Issued. Wachovia will not issue fractional shares of Wachovia common stock in the merger. There will be no dividends or voting rights with respect to any fractional common shares. For each fractional share of common stock that would otherwise be issued, Wachovia will pay cash in an amount equal to the fraction of a whole share that would otherwise have been issued, multiplied by the closing sale price of

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Wachovia common stock on the NYSE for the last NYSE trading day immediately preceding the date the merger is completed. No interest will be paid or accrued on the cash.

None of Wachovia, SouthTrust or any other person will be liable to any former holder of SouthTrust common stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

Lost, Stolen or Destroyed SouthTrust Common Stock Certificates. If you have lost a certificate representing SouthTrust common stock, or it has been stolen or destroyed, Wachovia will issue to you the common stock payable under the merger agreement if you post bond in a customary amount to protect against any claim that may be made against Wachovia about ownership of the lost, stolen or destroyed certificate.

No Transfer by Wachovia Shareholders Required. Wachovia shareholders will not be required to exchange certificates representing their shares of Wachovia common stock or otherwise take any action after completion of the merger. Wachovia shareholders do not need to submit share certificates for Wachovia common stock to Wachovia, SouthTrust, the exchange agent or to any other person in connection with the merger.

For a description of Wachovia common stock and a description of the differences between the rights of SouthTrust shareholders and Wachovia shareholders, see Description of Wachovia Capital Stock beginning on page [•] and Comparison of Shareholder Rights beginning on page [•].

Effective Time

The effective time of the merger will be the time set forth in the legal documents that we will file with the Secretaries of State of the States of North Carolina and Delaware on the date the merger is completed. We plan to complete the merger on the third business day after the satisfaction or waiver, where waiver is legally permissible, of the last remaining condition to the merger unless we agree to another date or time. See Conditions to Completion of the Merger beginning on page [•].

We anticipate that we will complete the merger during the fiscal quarter ending December 31, 2004. However, completion could be delayed if there is a delay in obtaining the necessary regulatory approvals or for other reasons. There can be no assurances as to if or when these approvals will be obtained or as to whether or when the merger will be completed. If we do not complete the merger by March 31, 2005, either party may terminate the merger agreement without penalty unless the failure to complete the merger by this date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations under the merger agreement. See Conditions to Completion of the Merger beginning on page [•] and Regulatory Approvals Required for the Merger beginning on page [•]. In some cases, the stock option SouthTrust has granted to Wachovia may continue after termination of the merger agreement. The option is described under Stock Option Agreement beginning on page [•].

Representations and Warranties

The merger agreement contains representations and warranties of Wachovia and SouthTrust, to each other, as to, among other things:

the corporate organization and existence of each party and its subsidiaries and the valid ownership of its significant subsidiaries;

the capitalization of each party;

the authority of each party and its subsidiaries to enter into the merger agreement and make it valid and binding;

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- the fact that the merger agreement and the stock option agreements do not breach:
  - the articles of incorporation and by-laws of each party,
  - applicable law, and
  - agreements, instruments or obligations of each party;
- governmental approvals;
- regulatory investigations and orders;
- each party s status as a financial holding company under the Bank Holding Company Act of 1956;
- each party s financial statements and filings with the SEC;
- the absence of material changes in each party s business since December 31, 2003;
- the absence of undisclosed material legal proceedings and injunctions;
- the filing and accuracy of each party s tax returns, and the tax treatment of the merger;
- each party s employee benefit plans and related matters;
- each party s compliance with applicable law;
- the validity of, and the absence of material defaults under, each party s material contracts;
- the accuracy of each party s books and records;
- the inapplicability to the merger and the stock option agreement of state anti-takeover laws and the anti-takeover provisions in each party s respective articles of incorporation and by-laws and, in the case of SouthTrust, its shareholder rights plan;
- each party s relationships with financial advisors;
- each party s compliance with the Sarbanes-Oxley Act of 2002;
- labor matters; and

environmental matters.

Conduct of Business Pending The Merger

SouthTrust has agreed that, except as expressly contemplated by the merger agreement or as disclosed prior to the signing of the merger agreement, it will not, and will not agree to, without Wachovia s consent:

- conduct its business other than in the ordinary and usual course;
- fail to use reasonable best efforts to preserve intact its business organizations, assets and other rights, and its existing relations with customers and other parties;
- take any action reasonably likely to impair materially its ability to perform its obligations under the merger agreement or the stock option agreement or complete the transactions described in those documents;
- enter into any new material line of business or change its material banking and operating policies;
- adjust, split, combine, redeem, reclassify, purchase or otherwise acquire any of its own stock;
- declare or pay any dividend or distribution on any shares of its stock, other than:
  - regular quarterly dividends on its common stock at the same rate paid by it in the fiscal quarter immediately preceding signing of the merger agreement, except that if the merger is not completed before the record date for the dividend on Wachovia common stock for the fourth quarter of 2004,

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which is expected to be November 30, 2004, it may increase such dividend for the fourth quarter and until the merger is completed to the amount per share equal to Wachovia s then-current dividend per share multiplied by the exchange ratio,

dividends paid by any of its wholly owned subsidiaries to it or any of its wholly owned subsidiaries, and

the distribution of rights pursuant to its shareholder rights plan;

with limited exceptions, permit any additional shares of stock to become subject to new grants of rights to acquire stock;

except for issuances pursuant to the stock option agreement, issue, sell, or dispose of or encumber, or authorize or propose the creation of, any additional shares of capital stock;

sell, transfer, mortgage, encumber or otherwise dispose of any assets, deposits, business or properties, except in a nonmaterial transaction in the ordinary course of business consistent with past practice;

acquire the assets, business, deposits or properties of any other entity except in various specified transactions in the ordinary course of business consistent with past practice;

knowingly take, or knowingly omit to take, any action that is reasonably likely to impede the merger from qualifying as a tax-free reorganization under federal tax laws, or any action that is reasonably likely to result in any of the conditions to the merger not being satisfied in a timely manner, except as may be required by applicable law or regulation;

amend its articles of incorporation or by-laws;

change its accounting principles, practices or methods, except as required by GAAP;

enter into, amend, modify or renew any employment agreements or grant salary increases or employee benefit increases except as required by applicable law, to satisfy previously existing and disclosed contractual obligations or for certain changes that are in the ordinary course of business; or

enter into, establish, adopt or amend any employee benefit plans, except as required by applicable law, to satisfy previously existing and disclosed contractual obligations or for any amendments that do not increase benefits or administrative costs.

Wachovia has agreed, except as expressly contemplated by the merger agreement or as disclosed prior to signing the merger agreement, that it will not, and will not agree to, without SouthTrust s consent, knowingly take, or knowingly omit to take, any action that is reasonably likely to impede the merger from qualifying as a tax-free reorganization under federal tax laws or any action that is reasonably likely to result in any of the conditions to the merger not being satisfied in a timely manner, except as may be required by applicable law or regulation.

The merger agreement permits Wachovia to make acquisitions and dispositions if such transactions do not present a material risk that the completion of the merger will be materially delayed or that any required regulatory approvals will be materially more difficult to obtain. However, SouthTrust may terminate the merger agreement for a period of 10 days (but expiring immediately after the SouthTrust special shareholder meeting) after a public announcement that Wachovia has agreed to or become the subject of an acquisition transaction that would result in a change in control of Wachovia. If SouthTrust terminates the merger agreement pursuant to this termination right, Wachovia will reimburse SouthTrust for its expenses incurred in the merger and pay it a cash termination fee of $100 million.

In addition, Wachovia may repurchase shares of its common stock and shares of SouthTrust common stock in accordance with applicable legal guidelines. The actual amount of shares repurchased will depend on various factors, including: market conditions; legal limitations and considerations affecting the amount and timing of

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repurchase activity; the company s capital position; internal capital generation; and alternative potential investment opportunities. Federal law prohibits Wachovia and SouthTrust from purchasing shares of either company s common stock from the date this joint proxy statement-prospectus is first mailed to shareholders until completion of both special meetings of shareholders. From January 1, 2004 to [•], 2004, Wachovia repurchased [•] shares of Wachovia common stock, and [•] of such repurchases have occurred since June 21, 2004, the day we announced our merger. From January 1, 2004 to [•], 2004, SouthTrust repurchased [•] shares of SouthTrust common stock, and none of such repurchases have occurred since June 21, 2004, the day we announced our merger. All such repurchases were conducted in accordance with applicable laws, including Rule 10b-18 of the Exchange Act.

Acquisition Proposals by Third Parties

SouthTrust has agreed that it will not initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal. SouthTrust also agreed not to waive or amend any provision of its shareholder rights plan in respect of an acquisition proposal.

However, if SouthTrust receives an unsolicited acquisition proposal and SouthTrust s board concludes in good faith that it constitutes a superior proposal, SouthTrust may furnish nonpublic information and participate in negotiations or discussions to the extent that its board concludes in good faith (and based on the advice of counsel) that failure to take those actions would more likely than not violate its fiduciary duties. Before providing any nonpublic information, SouthTrust must enter into a confidentiality agreement with the third party no less favorable to it than the confidentiality agreement with Wachovia. While SouthTrust has the right to enter into negotiations regarding a superior proposal under the foregoing circumstances, the merger agreement does not allow SouthTrust to terminate the merger agreement solely because it has received a superior proposal or entered into such negotiations.

For purposes of the merger agreement, the terms acquisition proposal and superior proposal have the following meanings:

The term acquisition proposal means, other than the transactions contemplated by the merger agreement:

- a tender or exchange offer to acquire more than 15% of the voting power in SouthTrust or any of its significant subsidiaries;
- a proposal for a merger, consolidation or other business combination involving SouthTrust or any of its significant subsidiaries; or
- any other proposal to acquire more than 15% of the voting power in, or more than 15% of the business, assets or deposits of, SouthTrust or any of its significant subsidiaries.

The term superior proposal means a written acquisition proposal (substituting 25% for 15% in the first and third bullet points above) which the SouthTrust board concludes in good faith to be more favorable from a financial point of view to its shareholders than the Wachovia merger after:

- receiving the advice of its financial advisors;

taking into account the likelihood of completion of the proposed transaction; and

taking into account legal, financial, regulatory and other aspects of such proposal.

SouthTrust has agreed to cease immediately any activities, negotiations or discussions conducted before the date of the merger agreement with any other persons with respect to acquisition proposals and to use reasonable best efforts to enforce any confidentiality or similar agreement relating to such acquisition proposals. SouthTrust has also agreed to notify Wachovia within one business day of receiving any acquisition proposal and the substance of the proposal.

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In addition, both Wachovia and SouthTrust have agreed to use all reasonable best efforts to obtain from our respective shareholders approval of the plan of merger contained in the merger agreement. However, if SouthTrust s board determines in good faith that to continue to recommend the merger agreement to its shareholders would more likely than not violate its fiduciary duties, it may submit the plan of merger without recommendation and communicate the basis for its lack of recommendation to its shareholders. SouthTrust agreed that before taking such action with respect to an acquisition proposal, it will give Wachovia at least 10 business days to respond to the proposal and will consider any amendment or modification to the merger agreement proposed by Wachovia.

Other Agreements

In addition to the agreements we have described above, we have also agreed in the merger agreement to take several other actions, such as:

- we agreed to use all reasonable best efforts to complete the merger;
- we agreed that Wachovia will execute supplemental indentures and other instruments required to assume SouthTrust s outstanding debt, guarantees, and other securities;
- we agreed, subject to applicable law, to cooperate with each other and to prepare promptly and file all necessary documentation to obtain all required permits, consents, approvals and authorizations of third parties and governmental entities, including this joint proxy statement-prospectus and the registration statement for the Wachovia common stock to be issued in the merger;
- we agreed that SouthTrust will cause each of its affiliate shareholders to deliver to Wachovia and SouthTrust a written agreement restricting the ability of such person to sell or otherwise dispose of any Wachovia common stock or SouthTrust common stock held by that person;
- we agreed to provide each other with information concerning our business and to give each other access to our books, records, properties and personnel and to cause our subsidiaries to do the same;
- we agreed to keep any nonpublic information confidential;
- we agreed to cooperate on shareholder and employee communications and press releases;
- we agreed to convene meetings of our shareholders as soon as practicable to consider and vote on the plan of merger;
- we agreed not to take any actions that would cause the transactions contemplated by the merger agreement to be subject to any takeover laws or takeover provisions of our articles of incorporation or by-laws;
- we agreed that SouthTrust will take all actions necessary to ensure that the transactions contemplated by the merger agreement will not result in the ability of any person to exercise any rights under SouthTrust s shareholder rights plan or enable such rights to become distributable, unredeemable or exercisable;

we agreed to give notice to the other party of any fact, event or circumstance that is reasonably likely to result in any material adverse effect or that would constitute a material breach of any of our representations, warranties, covenants or agreements in the merger agreement;

we agreed that, upon completion of the merger, Wachovia will indemnify and hold harmless all past and present officers, directors and employees of SouthTrust to the same extent they are indemnified or have the right to advancement of expenses under SouthTrust s articles, by-laws and indemnification agreements and to the fullest extent permitted by law;

we agreed that Wachovia will use reasonable best efforts to provide directors and officers liability insurance for a period of six years after completion of the merger to the present and former directors and officers of SouthTrust;

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we agreed that Wachovia will continue providing benefits coverage to employees of SouthTrust that is substantially similar, in the aggregate, to the benefits coverage currently provided by SouthTrust until the benefits transition date when such employees become participants in replacement benefit arrangements;

we agreed that following the benefits transition date, Wachovia will provide employees from SouthTrust who become employees of Wachovia with employee benefit coverage substantially identical to those provided to similarly situated Wachovia employees;

we agreed that SouthTrust will make modifications to its loan, litigation and real estate valuation policies that we may mutually agree upon; and

we agreed to consult each other with respect to the character, amount and timing of restructuring charges to be taken by each of us in connection with the transactions contemplated by the merger agreement, and to take such charges in accordance with GAAP.

Conditions to Completion of the Merger

Wachovia s and SouthTrust s obligations to complete the merger are subject to the satisfaction or written waiver, where permissible, of a number of conditions, including the following:

the plan of merger must be approved by the holders of a majority of the outstanding shares of common stock of each company;

the Wachovia common stock that is to be issued in the merger must be approved for listing on the NYSE (including shares to be issued following exercise of the SouthTrust employee and director stock options assumed by Wachovia) and the registration statement filed with the SEC with this document must be effective;

the required regulatory approvals must be obtained without any conditions that could have a material adverse effect on the combined company and any waiting periods required by law must expire;

there must be no government action or other legal restraint or prohibition preventing completion of the merger;

Wachovia must receive an opinion of Sullivan & Cromwell LLP and SouthTrust must receive an opinion of Bradley Arant Rose & White LLP, each dated as of the date the merger is completed, that, on the basis of facts, representations and assumptions set forth in each of these opinions, the merger will be treated as a tax-free reorganization under federal tax laws, Wachovia and SouthTrust will be parties to the reorganization, and no gain or loss will be recognized by SouthTrust shareholders who receive shares of Wachovia stock in exchange for all of their SouthTrust common stock, except with respect to any cash received instead of fractional interests; and

the representations and warranties of the other party to the merger agreement must be true and correct, except as would not or would not reasonably be expected to have a material adverse effect, as defined in the merger agreement, and the other party to the merger agreement must have performed in all material respects all obligations required to be performed by it under the merger agreement.

No assurance can be provided as to if, or when, the required regulatory approvals necessary to consummate the merger will be obtained, or whether all of the other conditions to the merger will be satisfied or waived by the party permitted to do so. As discussed below, if the merger is not completed on or before March 31, 2005, either Wachovia or SouthTrust may terminate the merger agreement, unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements set forth in the merger agreement.

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Termination of the Merger Agreement

The merger agreement may be terminated at any time before or after the plan of merger is approved by Wachovia and SouthTrust shareholders:

- by our mutual consent;
- by either of us if any governmental entity that must grant a regulatory approval has denied approval of the merger by final and nonappealable action, but not by a party whose action or inaction caused such denial;
- by either of us if the merger is not completed on or before March 31, 2005, but not by a party whose action or inaction caused such delay;
- by either of us if the other party is in a continuing breach of a representation, warranty or covenant contained in the merger agreement, after 60 days written notice to the breaching party, as long as that breach would also allow the non-breaching party not to complete the merger;
- by either of us if the other party s board of directors submits the plan of merger to its shareholders without a recommendation for approval or with special and materially adverse qualifications on the approval, or if the other party s board otherwise withdraws or materially and adversely modifies its recommendation for approval or discloses an intention to do so;
- by Wachovia (but not by SouthTrust) if SouthTrust s board recommends an acquisition proposal other than the merger, or if SouthTrust s board negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the merger and those negotiations continue for at least three business days, except that negotiations will not include the request and receipt of information from any person that submits an acquisition proposal, or discussions regarding such information for the sole purpose of ascertaining the terms of the acquisition proposal and determining whether SouthTrust s board will in fact engage in or authorize negotiations; or
- by SouthTrust for a period of 10 days (but expiring immediately after the SouthTrust special shareholder meeting) after a public announcement that Wachovia has agreed to or become the subject of an acquisition transaction. If SouthTrust terminates the merger agreement pursuant to this provision, Wachovia will reimburse SouthTrust for its reasonable expenses incurred in the merger and pay it a cash termination fee of $100 million.

For purposes of the merger agreement, an acquisition transaction means, with respect to Wachovia,

- the merger or consolidation of Wachovia with another person or reorganization or recapitalization of Wachovia which results in Wachovia shareholders immediately prior to the transaction not owning immediately after the transaction more than 50% of the total voting power of the surviving entity; or
- the acquisition by a person or a group of (i) more than 50% of Wachovia s voting securities, (ii) the right to elect more than 50% of Wachovia s board, or (iii) all or substantially all of Wachovia s assets.

The failure of either SouthTrust or Wachovia to obtain the shareholder vote required for the merger will not by itself give either company the right to terminate the merger agreement. As long as no other termination event has occurred, both companies will remain obligated to continue to use their reasonable best efforts to complete the merger until March 31, 2005, which, depending on the timing of the failed meeting, could include calling additional shareholders meetings. During this period SouthTrust cannot undertake any other mergers or business combination transactions without the consent of Wachovia. Furthermore, any decision by the SouthTrust board of directors to withdraw or adversely modify its recommendation of the merger, or recommend an acquisition proposal other than the merger, or negotiate or authorize negotiations with a third party regarding an acquisition proposal other than the merger will not give SouthTrust the right to terminate the merger agreement. The boards

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of directors of both companies considered, and believed it was appropriate to make, the foregoing commitments for the limited period of time involved, especially in light of the relatively short term of the commitments and the relatively lengthy regulatory and integration processes involved in such transactions. Moreover, similar provisions have been used in many recent banking mergers involving consideration over $10 billion.

Waiver and Amendment of the Merger Agreement

At any time before completion of the merger, either of us may, to the extent legally allowed, waive in writing compliance by the other with any provision contained in the merger agreement. Subject to compliance with applicable law, we may amend the merger agreement by a written agreement at any time before or after Wachovia shareholders or SouthTrust shareholders approve the plan of merger, except that after the Wachovia shareholders or SouthTrust shareholders have given their approval, there may not be any amendment of the merger agreement that would require the plan of merger to be resubmitted to the Wachovia shareholders or SouthTrust shareholders.

Wachovia may also change the structure of the merger, as long as any change does not change the amount or type of consideration to be received by SouthTrust shareholders and the holders of employee or director options to purchase SouthTrust common stock, does not adversely affect the timing of completion of the merger, does not adversely affect the tax consequences of the merger to SouthTrust shareholders and does not cause any of the conditions to complete the merger to be incapable of being satisfied.

Regulatory Approvals Required for the Merger

We have agreed to use all reasonable best efforts to obtain the regulatory approvals required for the merger. We refer to these approvals, along with the expiration of any statutory waiting periods related to these approvals, as the requisite regulatory approvals . These include approval from the Federal Reserve Board and various state regulatory authorities. We have either filed or intend to complete the filing promptly after the date of this joint proxy statement-prospectus of applications and notifications to obtain the requisite regulatory approvals. The merger cannot proceed in the absence of the requisite regulatory approvals. We cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any litigation challenging them. Likewise, we cannot assure you that the DOJ or a state attorney general will not attempt to challenge the merger on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

We are not aware of any other material governmental approvals or actions that are required prior to the parties completion of the merger other than those described below. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these additional approvals or actions will be obtained.

Federal Reserve Board. The merger is subject to approval by the Federal Reserve Board under the Bank Holding Company Act. Assuming the Federal Reserve Board approves the merger, the merger may not be consummated for 30 days, during which time the DOJ may challenge the merger on antitrust grounds and seek divestiture of certain assets and liabilities. With agreement of the Federal Reserve Board and the DOJ, this waiting period may be reduced to no fewer than 15 days. Wachovia filed, and the Federal Reserve Board accepted for filing, the application to acquire SouthTrust on July 12, 2004.

The Federal Reserve Board is prohibited from approving any transaction under the applicable statutes that would result in a monopoly, or that would be in furtherance of any combination or conspiracy to monopolize, or to attempt to monopolize, the business of banking in any part of the United States, or that may have the effect in any section of the United States of substantially lessening competition, or tending to create a monopoly, or resulting in a restraint of trade, unless the Federal Reserve Board finds that the anti-competitive effects of the transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served.

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Also, in reviewing a transaction under the Bank Holding Company Act, the Federal Reserve Board will consider the financial and managerial resources of our companies and their subsidiary banks and the convenience and needs of the communities to be served. As part of its consideration of these factors, we expect that the Federal Reserve Board will consider the regulatory status of Wachovia and SouthTrust, including legal and regulatory compliance matters, and the overall capital and safety and soundness standards established by the Federal Deposit Insurance Corporation Improvement Act of 1991, as amended, and the regulations issued under that statute. The review of these factors relates to both the decision on the application and the timing of that decision, as well as any conditions that might be imposed.

Under the Community Reinvestment Act of 1977, as amended, the Federal Reserve Board will take into account our records of performance in meeting the credit needs of the communities, including low- and moderate-income neighborhoods, served by our companies. Each of our banking subsidiaries has received either an outstanding or a satisfactory rating in its most recent Community Reinvestment Act examinations from its federal regulator with respect to this criterion.

The Federal Reserve Board will furnish notice and a copy of the application for approval of the merger to the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the appropriate state regulatory authorities. These agencies have 30 days to submit their views and recommendations to the Federal Reserve Board. The Federal Reserve Board is required to hold a public hearing in the event it receives a written recommendation of disapproval of the application from any of these agencies within this 30-day period. Furthermore, the Bank Holding Company Act and Federal Reserve Board regulations require published notice of, and the opportunity for public comment on, the application submitted by Wachovia for approval of the merger, and authorize the Federal Reserve Board to hold a public hearing or meeting if the Federal Reserve Board determines that a hearing or meeting would be appropriate. Any hearing or meeting or comments provided by third parties could prolong the period during which the application is under review by the Federal Reserve Board.

If the DOJ were to commence an antitrust action, that action would stay the effectiveness of Federal Reserve Board approval of the merger unless a court specifically orders otherwise. In reviewing the merger, the DOJ could analyze the merger s effect on competition differently than the Federal Reserve Board, and thus it is possible that the DOJ could reach a different conclusion than the Federal Reserve Board regarding the merger s effects on competition. In particular, the DOJ may focus on the impact of the merger on competition for loans and other financial services to small and middle market businesses. A determination by the DOJ not to object to the merger may not prevent the filing of antitrust actions by private persons or state attorneys general.

We anticipate that we will need to make divestitures of branches having $590 million in deposits, and related loans, in order to avoid a determination by the Federal Reserve Board or the DOJ that the merger would have a significant adverse effect on competition in the relevant markets. These estimates are based on Federal Reserve Board decisions in other cases and published deposit figures. Although there can be no assurances, we believe that the divestitures will not have a material negative effect on the combined company. Under Federal Reserve Board policy, the merger cannot be completed until there is an executed definitive agreement for the divestitures.

Other Regulatory Authorities. Applications or notifications have been or are being filed with various state and/or foreign regulatory authorities and self-regulatory organizations in connection with acquisitions or changes in control of subsidiaries of SouthTrust, including banks, broker-dealers and insurance subsidiaries, that may be deemed to result from the merger. In addition, the merger may be reviewed by the attorneys general in the various states in which Wachovia and SouthTrust own banking subsidiaries. These authorities may be empowered under the applicable state laws and regulations to investigate or disapprove the merger under the circumstances and based upon the review provided for in applicable state laws and regulations.

Antitrust. Because the merger involves activities that are not subject to review by the Federal Reserve Board under Section 4 of the Bank Holding Company Act, it is partially subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act. The HSR Act prohibits the completion of transactions such as the

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merger unless the parties notify the Federal Trade Commission, or FTC, and the DOJ in advance and a specified waiting period expires. Wachovia and SouthTrust filed pre-merger notification and report forms with the FTC and the Antitrust Division of the DOJ. A transaction or portion of a transaction that is notifiable under the HSR Act may not be consummated until the expiration of a 30 calendar-day waiting period, or the early termination of that waiting period, following the filing of pre-merger notification and report forms by the parties with the FTC and DOJ. On August 6, 2004, the FTC and DOJ notified Wachovia and SouthTrust that the waiting period referenced in the preceding sentence has terminated. At any time before or after the merger and the exchange of shares, the FTC or the DOJ could take whatever action under the antitrust laws it deems necessary or desirable in the public interest, including seeking to enjoin the merger or the exchange of shares, or seeking a divestiture of shares or assets.

Material Federal Income Tax Consequences

In the opinion of Sullivan & Cromwell LLP, counsel to Wachovia, and Bradley Arant Rose & White LLP, counsel to SouthTrust, the following section describes the anticipated material United States federal income tax consequences of the merger to holders of SouthTrust common stock. This discussion addresses only those SouthTrust shareholders that hold their SouthTrust common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, and does not address all the United States federal income tax consequences that may be relevant to particular SouthTrust shareholders in light of their individual circumstances or to SouthTrust shareholders that are subject to special rules, such as:

- financial institutions,
- investors in pass-through entities,
- insurance companies,
- tax-exempt organizations,
- dealers in securities or currencies,
- traders in securities that elect to use a mark to market method of accounting,
- persons that hold SouthTrust common stock as part of a straddle, hedge, constructive sale or conversion transaction,
- persons who are not citizens or residents of the United States, and
- shareholders who acquired their shares of SouthTrust common stock through the exercise of an employee stock option or otherwise as compensation.

The following is based upon the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to the income tax, are not addressed in this document. Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within our control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

In rendering their opinions, Sullivan & Cromwell LLP and Bradley Arant Rose & White LLP have relied upon representations of SouthTrust and Wachovia and upon customary assumptions, including the assumption that the merger will be consummated in accordance with the terms of the merger agreement. Neither of these tax opinions will be binding on the Internal Revenue Service. Neither Wachovia nor SouthTrust intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger.

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Tax Consequences of the Merger Generally. The merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. As a consequence:

- no gain or loss will be recognized by shareholders of SouthTrust who receive shares of Wachovia common stock in exchange for shares of SouthTrust common stock, except with respect to any cash received instead of fractional share interests in Wachovia common stock;

- the aggregate basis of the Wachovia common stock received in the merger will be the same as the aggregate basis of the SouthTrust common stock for which it is exchanged, less any basis attributable to fractional share interests in Wachovia common stock for which cash is received; and

- the holding period of Wachovia common stock received in exchange for shares of SouthTrust common stock will include the holding period of the SouthTrust common stock for which it is exchanged.

Cash Received Instead of a Fractional Share of Wachovia Common Stock. A shareholder of SouthTrust who receives cash instead of a fractional share of Wachovia common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by Wachovia. As a result, a SouthTrust shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

We urge you to consult with your own tax advisors about the particular tax consequences of the merger to you, including the effects of United States federal, state or local, or foreign and other tax laws.

Tax Opinions as Condition to Merger. We will not be obligated to complete the merger unless Wachovia receives a further opinion of Sullivan & Cromwell LLP and SouthTrust receives a further opinion of Bradley Arant Rose & White LLP, each in form and substance reasonably satisfactory to us, and dated as of the date of completion of the merger, concluding that (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, (ii) Wachovia and SouthTrust will each be a party to that reorganization within the meaning of Section 368(b) of the Code, and (iii) no gain or loss will be recognized by shareholders of SouthTrust who receive shares of Wachovia common stock in exchange for all their SouthTrust common stock, except with respect to any cash received in lieu of fractional shares. In rendering their opinions, counsel will require and rely upon factual representations contained in certificates of officers of Wachovia and SouthTrust.

Like other conditions to the merger, the merger agreement allows us to waive this condition. However, if the receipt of either of the legal opinions is waived, we will recirculate revised proxy materials and resolicit the vote of shareholders.

Backup Withholding and Information Reporting. Payments of cash to a holder of SouthTrust common stock instead of a fractional share of Wachovia common stock may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder s United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

Accounting Treatment

We will treat the merger as a purchase by Wachovia of SouthTrust under GAAP. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of completion of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after completion of the merger reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

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All unaudited pro forma financial information contained in this joint proxy statement-prospectus has been prepared using the purchase method to account for the merger. The final allocation of the purchase price will be determined after the merger is completed and after completion of a thorough analysis to determine the fair values of SouthTrust s tangible and identifiable intangible assets and liabilities. In addition, estimates related to restructuring and merger-related charges are subject to final decisions related to combining the companies. Accordingly, the final purchase accounting adjustments, restructuring and merger-related charges may be materially different from the unaudited pro forma adjustments presented in this document. Any decrease in the net fair value of the assets and liabilities of SouthTrust as compared to the information shown in this document will have the effect of increasing the amount of the purchase price allocable to goodwill.

Stock Exchange Listing

Wachovia has agreed to use all reasonable best efforts to list the Wachovia common stock to be issued in the merger on the NYSE (including shares to be issued following exercise of the SouthTrust employee and director stock options assumed by Wachovia). It is a condition to the completion of the merger that those shares be approved for listing on the NYSE, subject to official notice of issuance. Following the merger, Wachovia expects that its common stock will continue to trade on the NYSE under the symbol WB .

Expenses

The merger agreement provides that each of Wachovia and SouthTrust will pay its own expenses in connection with the merger and the transactions contemplated by the merger agr