

WACHOVIA CORP NEW  
Form 424B5  
February 08, 2007  
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**The information in this preliminary prospectus supplement is not complete and may be changed.**

**SUBJECT TO COMPLETION, DATED FEBRUARY 7, 2007**

**(To prospectus dated May 13, 2005)**

**PROSPECTUS SUPPLEMENT**

**Filed Pursuant to Rule 424(b)(5)**

**Registration No. 333-123311**

**\$•**

**Wachovia Corporation**  
**Enhanced Growth Securities**  
**Linked to the Performance**  
**of a Basket of International Indices**  
**due August 10, 2010**

***Offering Upside and Downside Outperformance***

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Issuer:	Wachovia Corporation
Principal Amount:	Each security will have a principal amount of \$10. Each security will be offered at an initial public offering price of \$10. The securities are not principal protected.
Maturity Date:	August 10, 2010
Interest:	Wachovia will not pay you interest during the term of the securities.
Market Measure:	The return on the securities is linked to the performance of a basket of indices initially equally weighted as follows: FTSE <sup>TM</sup> 100 Index (20%), the Nikkei 225 <sup>®</sup> Index (20%), the S&P <sup>TM</sup> /ASX 200 Index (20%), the MSCI Taiwan Index <sup>SM</sup> (20%) and the Dow Jones EURO STOXX <sup>SM</sup> 50 Index (20%). We refer to the basket of indices at their respective weightings as the Basket .
Payment at Maturity:	At maturity, for each security you own, if the final Basket value is greater than the initial Basket value, you will receive a cash payment equal to the principal amount of the security <i>plus</i> an amount equal to between 130 and 135% of the Basket upside performance (to be determined on the pricing date). If the final Basket value is less than the initial Basket value, you will receive a cash payment equal to the principal amount of the security <i>minus</i> an

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amount equal to 50% of the Basket downside performance. If the final Basket value equals the initial Basket value, you will receive a cash payment equal to the principal amount of the security. *If the final Basket value is less than the initial Basket value, the amount you receive at maturity will be less than the principal amount of the securities in proportion to one-half the decline in the value of the Basket from the initial Basket value relative to the final Basket value.*

Listing: The securities will not be listed or displayed on any securities exchange, the Nasdaq Global Market or any electronic communications network.

Pricing Date: , 2007

Expected Settlement Date: , 2007

CUSIP Number:

For a detailed description of the terms of the securities, see Summary Information beginning on page S-1 and Specific Terms of the Securities beginning on page S-15.

**Investing in the securities involves risks. See Risk Factors beginning on page S-10.**

	Per Security	Total
Public Offering Price		
Underwriting Discount and Commission		
Proceeds to Wachovia Corporation		

The securities solely represent senior, unsecured debt obligations of Wachovia and are not the obligation of, or guaranteed by, any other entity. The securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

Wachovia may use this prospectus supplement in the initial sale of the securities. In addition, Wachovia Capital Markets, LLC or any other broker-dealer affiliate of Wachovia may use this prospectus supplement in a market-making or other transaction in any security after its initial sale. *Unless Wachovia or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus supplement is being used in a market-making transaction.*

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## Wachovia Securities

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The date of this prospectus supplement is , 2007.

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**Unless otherwise indicated, you may rely on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriter has authorized anyone to provide information different from that contained in this prospectus supplement and the accompanying prospectus. When you make a decision about whether to invest in the securities, you should not rely upon any information other than the information in this prospectus supplement and the accompanying prospectus. Neither the delivery of this prospectus supplement nor sale of the securities means that information contained in this prospectus supplement or the accompanying prospectus is correct after their respective dates. This prospectus supplement and the accompanying prospectus are not an offer to sell or solicitation of an offer to buy the securities in any circumstances under which the offer or solicitation is unlawful.**

**Table of Contents****SUMMARY INFORMATION**

This summary includes questions and answers that highlight selected information from this prospectus supplement and the accompanying prospectus to help you understand the Enhanced Growth Securities Linked to the Performance of a Basket of International Indices due August 10, 2010, which we refer to as the securities. You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the securities, the indices to which the performance of the securities is linked, and the tax and other considerations that are important to you in making a decision about whether to invest in the securities. You should carefully review the section Risk Factors in this prospectus supplement and the accompanying prospectus, which highlights certain risks associated with an investment in the securities, to determine whether an investment in the securities is appropriate for you.

*Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to Wachovia, we, us and our or similar references mean Wachovia Corporation and its subsidiaries. Wachovia Capital Markets, LLC is an indirect, wholly owned subsidiary of Wachovia Corporation. Wachovia Corporation conducts its investment banking, capital markets and retail brokerage activities through its various broker-dealer, bank and non-bank subsidiaries, including Wachovia Capital Markets, LLC, under the trade name Wachovia Securities. Any reference to Wachovia Securities in this prospectus supplement does not, however, refer to Wachovia Securities, LLC, a member of the New York Stock Exchange and the Securities Investor Protection Corporation, to Wachovia Securities Financial Network, LLC, a member of the National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation, or to broker-dealer affiliates of Wachovia Corporation and Wachovia Capital Markets, LLC. Unless otherwise mentioned or unless the context requires otherwise, all references to WBNA mean Wachovia Bank, National Association. All references to this prospectus supplement mean the pricing supplement contemplated in the accompanying prospectus.*

**What are the securities?**

The securities offered by this prospectus supplement will be issued by Wachovia Corporation and will mature on August 10, 2010. The return on the securities will be linked to the performance of a basket of five indices. We refer to each of the indices as a component index and we refer to the component indices at their respective weightings collectively as the Basket. The securities will bear no interest and no other payments will be made until maturity.

The initial fractional amount of each component index included in the Basket will be determined by an exchange ratio calculated so that each component index is initially equally weighted in the Basket based on the closing level of each component index on , 2007 the trading day immediately following the pricing date. Each component index will initially represent one-fifth (20%) of the Basket. The exchange ratio of each component index is fixed and will not change during the term of the securities. The component indices and their respective Bloomberg symbols are set forth below:

FTSE<sup>SM</sup> 100 Index ( UKX )

Nikkei 225<sup>®</sup> Index ( NKY )

S&P<sup>TM</sup>/ASX 200 Index ( AS51 )

MSCI Taiwan Index<sup>SM</sup> ( TWY )

Dow Jones EURO STOXX<sup>SM</sup> 50 Index ( SX5E )

As discussed in the accompanying prospectus, the securities are debt securities and are part of a series of debt securities entitled Medium-Term Notes, Series G that Wachovia Corporation may issue from time to time. The securities will rank equally with all other unsecured and unsubordinated debt of Wachovia Corporation. For more details, see Specific Terms of the Securities beginning on page S-15.

Each security will have a principal amount of \$10. Each security will be offered at an initial public offering price of \$10. You may transfer only whole securities. Wachovia Corporation will issue the securities in the form of a global certificate, which will be held by The Depository Trust

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Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the securities.

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**Table of Contents****Are the securities principal protected?**

The securities are not principal protected; however, the securities guarantee a return of at least 50% of the principal amount of the securities at maturity. *If the final Basket value is less than the initial Basket value, the maturity payment amount will be less than the principal amount of the securities in proportion to one-half the decline in the value of the Basket from the initial Basket value to the final Basket value. Accordingly, if the value of the Basket declines in this manner you will lose some of your principal.*

**What will I receive upon maturity of the securities?**

At maturity, for each security you own, you will receive a cash payment equal to the maturity payment amount. If the final Basket value is greater than the initial Basket value, the maturity payment amount will equal the principal amount of the security plus an amount equal to between 130 and 135% of the Basket upside performance (to be determined on the pricing date). If the final Basket value is less than the initial Basket value, the maturity payment amount will equal the principal amount of the security minus an amount equal to 50% of the Basket downside performance. If the final Basket value equals the initial Basket value, you will receive a cash payment equal to the principal amount of the security. *If the final Basket value is less than the initial Basket value, the amount you receive at maturity will be less than the principal amount of the securities in proportion to one-half the decline in the value of the Basket from the initial Basket value to the final Basket value.*

The initial Basket value is \$10.

The final Basket value will be determined by the calculation agent on the valuation date and will equal the sum of the products of (i) the exchange ratio of each component index and (ii) the closing level of the respective component index on the valuation date.

The Basket upside performance will be determined by the calculation agent on the valuation date and will equal the product of (i) the principal amount of the security and (ii) the final Basket value minus the initial Basket value, divided by the initial basket value.

The Basket downside performance will be determined by the calculation agent on the valuation date and will equal the product of (i) the principal amount of the security and (ii) the initial Basket value minus the final Basket value, divided by the initial basket value.

The table below provides the following information for each component index in the Basket: the name of the component index, the exchange ratio for the component index, the closing level of the component index on the pricing date, the component index's initial percentage weight and its initial dollar value of the Basket.

Component Index	Exchange Ratio	Closing Level on Pricing Date	Percentage of Initial Basket Weight	Initial Dollar Value
FTSE <sup>SM</sup> 100 Index			20%	\$ 2.00
Nikkei 225 <sup>®</sup> Index			20%	\$ 2.00
S&P <sup>TM</sup> /ASX 200 Index			20%	\$ 2.00
MSCI Taiwan Index <sup>SM</sup>			20%	\$ 2.00
Dow Jones EURO STOXX <sup>SM</sup> 50 Index			20%	\$ 2.00
<i>Total</i>			<i>100%</i>	<i>\$ 10.00</i>

**Determination of the Exchange Ratio**

The exchange ratio for each component index is the number used to convert the closing level of that component index into its value in the Basket based on its percentage weight and equals (i) the initial dollar value of each component index divided by (ii) the closing level of that respective component index on , 2007, the trading day immediately following the pricing date. The initial dollar value of each component index will be equal to the percentage of the initial basket weight, in each case 1/5th, or 20%, times \$10, the principal amount per security. The exchange ratio for each component index will remain constant for the term of the securities.

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The valuation date means the fifth trading day prior to the maturity date. However, if that day occurs on a day that is a disrupted day or is not a trading day with respect to a component index, the valuation date for such component index will be postponed until the next succeeding trading day that is not a disrupted day; provided that in no event will the valuation date with respect to a component index be postponed by more than five trading days. If the valuation date with respect to a component index is postponed to the last possible day but that day is a disrupted day or is not a trading day, that date will nevertheless be the valuation date with respect to that component index. *If the valuation date with respect to a component index is postponed, then the maturity date of the securities will be postponed by an equal number of trading days.*

The closing level of a component index on any trading day will equal the official closing level of that component index or any successor component index (as defined under Specific Terms of the Securities Discontinuation of the Component Indices; Adjustments to the Component Indices below) published by the component index sponsor at the regular weekday close of trading on that trading day. In certain circumstances, the closing level will be based on the alternate calculation of the component indices described under Specific Terms of the Securities Discontinuation of the Component Indices; Adjustments to the Component Indices below.

A trading day means any day on which each exchange and related exchange is scheduled to be open for its respective regular trading sessions.

A disrupted day means any trading day on which a relevant exchange or related exchange fails to open for trading during its regular trading session or on which a market disruption event has occurred.

*If the final Basket value is less than the initial Basket value, the amount you will receive at maturity will be less than the principal amount of the securities in proportion to one-half the decline in the value of the Basket from the initial Basket value to the final Basket value.*

**Hypothetical Examples**

Set forth below are three hypothetical examples of the calculation of the maturity payment amount.

Initial Basket value: \$10

**Example 1**

The hypothetical final Basket value is 50% of the initial Basket value, in which case the maturity payment amount is equal to the principal amount of the security *minus* an amount equal to 50% of the Basket downside performance:

Hypothetical final Basket value: \$5.00

Basket downside performance:

$$= \$10.00 \times \left( \frac{\$10.00 - \$5.00}{\$10.00} \right) = \$5.00$$

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Maturity payment amount (per security):

$$= \$10.00 \left( \$5.00 \times 50\% \right)$$

$$= \$10.00 - \$2.50 = \$7.50$$

*Since the hypothetical final Basket value is less than the initial Basket value, you would lose some of your principal based on one-half of the percentage change in the value of the Basket. Although the hypothetical final Basket value has declined by 50%, your total cash payment at maturity would be \$7.50 per security, representing a 25% total loss of the principal amount of your securities.*

**Example 2**

The hypothetical final Basket value is 108% of the initial Basket value, in which case the maturity payment amount is equal to the principal amount of the security *plus* a hypothetical amount equal to 132.50% of the Basket upside performance:

Hypothetical final Basket value: \$10.80

Basket upside performance:

$$= \$10.00 \times \left( \frac{\$10.80 - \$10.00}{\$10.00} \right) = \$0.80$$

Maturity payment amount (per security):

$$= \$10.00 + \left( \$0.80 \times 132.50\% \right)$$

$$= \$10.00 + \$1.06 = \$11.06$$

*Since the hypothetical final Basket value is greater than the initial Basket value, the maturity payment amount would be greater than the principal amount of your security. Although the hypothetical final Basket value has increased by 8%, your total cash payment at maturity would be \$11.06 per security, representing a 10.6% return above the principal amount of your securities.*

**Example 3**

The hypothetical final Basket value is 130% of the initial Basket value, in which case the maturity payment amount is equal to the principal amount of the security *plus* a hypothetical amount equal to 132.50% of the Basket upside performance:

Hypothetical final Basket value: \$13.00

Basket upside performance:

$$= \$10.00 \times \left( \frac{\$13.00 - \$10.00}{\$10.00} \right) = \$3.00$$



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Maturity payment amount (per security):

$$= \$10.00 + \left( \$ 3.00 \times 132.50\% \right)$$

$$= \$10.00 + \$ 3.98 = \$13.98$$

Since the hypothetical final Basket value is greater than the initial Basket value, the maturity payment amount would be greater than the principal amount of your security. *Although the hypothetical final Basket value has increased by 30%*, your total cash payment at maturity would be \$13.98 per security, representing a 39.8% return above the principal amount of your securities.

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**Table of Contents****HYPOTHETICAL RETURNS**

The following table illustrates, for the initial Basket value and a range of hypothetical final Basket values, the hypothetical dollar return on the securities as well as the hypothetical percentage return on the securities.

The figures below are for purposes of illustration only. The actual maturity payment amount will depend on the actual final Basket value as determined by the calculation agent as described in this prospectus supplement.

**Hypothetical final**

Basket value(1)	Hypothetical maturity payment amount per security	Hypothetical percentage change in value of the Basket(1)	Hypothetical percentage change in value of the securities
\$ 5.00	\$ 7.50	-50.00%	-25.00%
5.50	7.75	-45.00	-22.50
6.00	8.00	-40.00	-20.00
6.50	8.25	-35.00	-17.50
7.00	8.50	-30.00	-15.00
7.50	8.75	-25.00	-12.50
8.00	9.00	-20.00	-10.00
8.50	9.25	-15.00	-7.50
9.00	9.50	-10.00	-5.00
9.50	9.75	-5.00	-2.50
<b>10.00(2)</b>	<b>10.00</b>	<b>0.00</b>	<b>0.00</b>
10.50	10.66	5.00	6.62
11.00	11.33	10.00	13.25
11.50	11.99	15.00	19.88
12.00	12.65	20.00	26.50
12.50	13.31	25.00	33.13
13.00	13.98	30.00	39.75
13.50	14.64	35.00	46.38
14.00	15.30	40.00	53.00
14.50	15.96	45.00	59.63
15.00	16.63	50.00	66.25
15.50	17.29	55.00	72.88
16.00	17.95	60.00	79.50
16.50	18.61	65.00	86.13
17.00	19.28	70.00	92.75
17.50	19.94	75.00	99.38
18.00	20.60	80.00	106.00
18.50	21.26	85.00	112.63
19.00	21.93	90.00	119.25

(1) Because each component index reflects the price return of the stocks underlying each such component index, the change in value of the Basket does not reflect dividends paid on the stocks underlying each of the component indices over the term of the securities.

(2) This is also the initial Basket value.

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The following graph sets forth the return at maturity for a range of final Basket values.

### **Return Profile of Enhanced Growth Securities vs. Basket**

\* Assumes a maturity payment amount equal to 132.50% of the Basket upside performance

#### **Who should or should not consider an investment in the securities?**

We have designed the securities for investors who are willing to hold their securities until maturity and who want to participate in the appreciation of the Basket (measured by the percentage change in the value of the Basket based on the final Basket value relative to the initial Basket value) over the term of the securities at a rate equal to between 130 and 135% (to be determined on the pricing date). The securities are designed for investors who are also willing to make an investment that is exposed to one-half of the full downside performance risk of the Basket.

The securities are not designed for, and may not be a suitable investment for, investors who are unable or unwilling to hold the securities to maturity, who require an investment that yields a regular return, who seek full principal protection for their investment and who are unwilling to make an investment exposed to any downside performance risk of the Basket. This may not be a suitable investment for investors who prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings.

#### **What will I receive if I sell the securities prior to maturity?**

The market value of the securities may fluctuate during the term of the securities. Several factors and their interrelationship will influence the market value of the securities, including the level of the Basket, dividend yields of the stocks underlying the component indices, the time remaining to maturity of the securities, interest rates, applicable currency exchange rates and the volatility of the component indices. Depending on the impact of these factors, you may receive less than \$10 per security from any sale of your securities before the maturity

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date of the securities and less than what you would have received had you held the securities until maturity. For more details, see Risk Factors. Many factors affect the market value of the securities .

### **Who publishes the component indices and what do the component indices measure?**

The FTSE™ 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The FTSE™ 100 Index was developed with a base value of 1,000 as of January 3, 1984. The FTSE 100 Index is published and maintained by FTSE International Limited ( FTSE ).

The Nikkei 225® Index is currently based on 225 common stocks that are traded on the Tokyo Stock Exchange ( TSE ), and represents a broad cross-section of Japanese industry. All 225 of the underlying stock are listed on the First Section of the TSE, which are the most actively traded stocks on the TSE.

The S&P™/ASX 200 Index is Australia's premier large capitalization tradeable equity index, and is Australia's institutional benchmark. The S&P™ /ASX 200 is composed of the ASX 100 stocks plus an additional 100 stocks selected by the S&P Australian Index Committee (the ASX Committee ). As of December 31, 2005, the S&P™ /ASX 200 represented approximately 78% of the total market capitalization of the Australian market.

The MSCI Taiwan Index<sup>SM</sup> is a free float adjusted market capitalization index that is designed to measure equity market performance in Taiwan. It is calculated daily in U.S. dollars and published in real time in Taiwan Dollars every 15 seconds during market trading hours. As of July 24, 2006, the index contained 103 securities with a total market capitalization of approximately \$239.5 billion.

The Dow Jones EURO STOXX<sup>SM</sup> 50 Index is composed of 50 component stocks of market sector leaders from within the Dow Jones EURO STOXX<sup>SM</sup> Index, which includes stocks selected from the Eurozone. The component stocks have a high degree of liquidity and represent the largest companies across all market sectors defined by the Dow Jones Global Classification Standard. As of May 24, 2006, the eight countries that are represented in the EURO STOXX<sup>SM</sup> 50 Index account for the following approximate percentages: France, 34.74%; Germany, 23.31%; Spain, 13.17%; Italy, 11.87%; The Netherlands, 10.34%; Finland, 3.73%; Belgium, 2.00%; and Ireland, 13.4%.

The FTSE<sup>SM</sup> 100 Index, Nikkei 225® Index, S&P™/ASX 200 Index, the MSCI Taiwan Index<sup>SM</sup> and the Dow Jones EURO STOXX<sup>SM</sup> 50 Index are determined, calculated and maintained by FTSE, Nihon Keizai Shimbun, Inc., S&P Australian Index Committee, MSCI and STOXX Limited, respectively (each, a component index sponsor and collectively the component index sponsors ), without regard to the securities. The component index sponsors are not involved in the offer of the securities and have no obligation to consider your interests as a holder of the securities.

You should be aware that an investment in the securities does not entitle you to any ownership interest in the stocks of the companies included in the component indices. For a detailed discussion of the component indices, see The Basket beginning on page S-20.

### **How has the Basket performed historically?**

You can find a table with the high, low and closing levels of each component index during each calendar quarter from calendar year 2003 to the present in the section entitled The Basket in this prospectus supplement. We obtained the historical information from Bloomberg Financial Markets without independent verification. You should not take the past performance of the component indices as an indication of how the Basket will perform in the future.

In addition, you can find a table with the hypothetical high, low and closing value of the Basket, during each calendar quarter from 2003 to the present in the section entitled The Basket beginning on page S-20. We have provided this hypothetical historical information to help you evaluate how the Basket would have performed in the recent past, however the hypothetical past performance of the Basket is not indicative of how the Basket will perform in the future.

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### **What about taxes?**

The treatment of the securities for United States federal income tax purposes is uncertain. By purchasing a security, you and Wachovia hereby agree, in the absence of a change in law, an administrative determination or a judicial ruling to the contrary, to characterize such security for all tax purposes as a pre-paid cash-settled derivative contract linked to the value of the Basket. Under this characterization of the securities, you generally should recognize capital gain or loss upon the sale or maturity of your securities in an amount equal to the difference between the amount you receive at such time and the amount you paid for the securities.

In the opinion of our counsel, Sullivan & Cromwell LLP, it would be reasonable to treat the securities in the manner described above, but it would also be a reasonable interpretation of current law for the securities to be treated as a single debt instrument subject to the special tax rules governing contingent payment debt instruments. **Because of this uncertainty, we urge you to consult your tax advisor as to the tax consequences of your investment in the securities.**

For a further discussion, see [Supplemental Tax Considerations](#) beginning on page S-35.

### **Will the securities be listed on a stock exchange?**

The securities will not be listed or displayed on any securities exchange, the Nasdaq Global Market or any electronic communications network. There can be no assurance that a liquid trading market will develop for the securities. Accordingly, if you sell your securities prior to maturity, you may have to sell them at a substantial loss. You should review the section entitled [Risk Factors](#) There may not be an active trading market for the securities in this prospectus supplement.

### **Are there any risks associated with my investment?**

Yes, an investment in the securities is subject to significant risks, including the risk of loss of some of your principal. We urge you to read the detailed explanation of risks in [Risk Factors](#) beginning on page S-10.

### **How to reach us**

You may reach us by calling 1-888-215-4145 or 1-212-214-6282 and asking for the Investment Solutions Group.

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**RISK FACTORS**

*An investment in the securities is subject to the risks described below, as well as the risks described under Risk Factors Risks Related to Indexed Notes in the accompanying prospectus. Your securities are a riskier investment than ordinary debt securities. Also, your securities are not equivalent to investing directly in the component common stocks, i.e., the common stocks underlying the Component Indices to which your securities are linked. You should carefully consider whether the securities are suited to your particular circumstances.*

**Your investment may result in a loss of some of your principal**

We will not repay you a fixed amount of principal on the securities at maturity. The payment at maturity on the securities will depend on the percentage change in the value of the Basket based on the final Basket value relative to the initial Basket value. Because the value of the Basket is subject to market fluctuations, the amount of cash you receive at maturity may be more or less than the principal amount of the securities. If the final Basket value is less than the initial Basket value, the maturity payment amount will be less than the principal amount of each security. Accordingly, if the value of the Basket declines in this manner, you will lose some of your principal.

**You will not receive interest payments on the securities**

You will not receive any periodic interest payments on the securities or any interest payment at maturity. Your payment at maturity will depend on the percentage change in the value of the Basket based on the final Basket value relative to the initial Basket value.

**Your yield may be lower than the yield on a standard debt security of comparable maturity**

The yield that you will receive on your securities, which could be negative, may be less than the return you could earn on other investments. Even if your yield is positive, your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of Wachovia with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. Unlike conventional senior non-callable debt securities, the securities do not guarantee the return of a principal amount at maturity. In addition, no interest will be paid during the term of your securities.

**Owning the securities is not the same as owning the stocks underlying the component indices**

The return on your securities will not reflect the return you would realize if you actually owned and held the stocks underlying the component indices for a similar period. First, because the maturity payment amount will be determined based on the performance of the Basket, which consists of four initially equally weighted price-return indices, the return on the securities will not take into account the value of any dividends that may be paid on the stocks underlying the component indices. Second, as a holder of the securities, you will not be entitled to receive any dividend payments or other distributions on the stocks underlying the component indices, nor will you have voting rights or any other rights that holders of the stocks underlying the component indices may have. Even if the value of the Basket increases above the initial Basket value during the term of the securities, the market value of the securities may not increase by the same amount. It is also possible for the value of the Basket to increase while the market value of the securities declines.

**There may not be an active trading market for the securities**

The securities will not be listed or displayed on any securities exchange, the Nasdaq Global Market or any electronic communications network. There can be no assurance that a liquid trading market will develop for the securities. The development of a trading market for the securities will depend on our financial performance and other factors such as the increase, if any, in the value of the Basket. Even if a secondary market for the securities develops, it may not provide significant liquidity and transaction costs in any secondary market could be high. As a result, the difference between bid and asked prices for your security in any secondary market could be substantial. If you sell your securities before maturity, you may have to do so at a discount from the initial public offering price, and, as a result, you may suffer substantial losses.

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Wachovia Capital Markets, LLC and other broker-dealer affiliates of Wachovia currently intend to make a market for the securities, although they are not required to do so and may stop any such market-making activities at anytime. As market makers, trading of the securities may cause Wachovia Capital Markets, LLC or any other broker-dealer affiliates of Wachovia to have long or short positions in the securities. The supply and demand for the securities, including inventory positions of market makers, may affect the secondary market for the securities.

### **Many factors affect the market value of the securities**

The market value of the securities will be affected by factors that interrelate in complex ways. It is important for you to understand that the effect of one factor may offset the increase in the market value of the securities caused by another factor and that the effect of one factor may compound the decrease in the market value of the securities caused by another factor. For example, a change in the volatility of the component indices may offset some or all of any increase in the market value of the securities attributable to another factor, such as an increase in the value of the Basket. In addition, a change in interest rates may offset other factors that would otherwise change the value of the Basket, and therefore, may change the market value of the securities. We expect that the market value of the securities will depend substantially on the then current value of the Basket and, in particular, the value of the Basket relative to the initial Basket value. If you choose to sell your securities when the value of the Basket exceeds the initial Basket value, you may receive substantially less than the amount that would be payable at maturity based on this value because of the expectation that the Basket value will continue to fluctuate until the final Basket value is determined. We believe that other factors that may also influence the value of the securities include:

The volatility (frequency and magnitude of changes in the level) of the component indices and, in particular, market expectations regarding the volatility of the component indices;

interest rates in the U.S. market and in the European, Australian and Asian markets;

exchange rates between the U.S. dollar and European, Australian and Asian currencies;

the dividend yields of the stocks underlying the component indices;

our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market;

changes that affect the component indices, such as additions, deletions or substitutions;

the time remaining to maturity; and

geopolitical, economic, financial, political, regulatory or judicial events as well as other conditions may affect the stocks included in the component indices.

### **The maturity payment amount for the securities will not be adjusted for changes in the currency exchange rates that might adversely affect the component indices**

The securities are subject to currency exchange rate risk. The component stocks included in the component indices are traded in currencies other than U.S. dollars and the currencies of the countries represented by the component indices, which we refer to as the underlying currencies, have been subject to significant fluctuations against the U.S. dollar in recent years, and may be subject to significant fluctuations in the future. The securities, however, are denominated in U.S. dollars and the maturity payment amount will not be adjusted for changes in the exchange rate between the U.S. dollar and each of the underlying currencies. As a result, fluctuations in the currency exchange rates between the underlying currencies and the U.S. dollar may adversely affect the market value of the securities as well as the maturity payment amount. See Specific Terms of the Securities Payment at Maturity on page S-15.





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**An investment in the securities is subject to risks associated with non-U.S. securities markets in general and emerging markets in particular**

The component stocks included in the component indices have been issued by foreign companies. An investment in securities linked to the value of foreign equity securities involves particular risks. Foreign securities markets may be more volatile than U.S. securities markets and market developments may affect foreign markets differently from U.S. securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross shareholdings in foreign companies, may affect trading prices and volumes in those markets.

Also, there is generally less publicly available information about foreign companies than there is about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies may be subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. Securities prices in foreign countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the foreign securities markets, include the possibility of recent or future changes in the foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other foreign laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular foreign economy may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. You will also be exposed to currency exchange rate risks as described above.

**Wachovia and its affiliates have no affiliation with the component index sponsors and are not responsible for their public disclosure of information**

Wachovia and its affiliates are not affiliated with the component index sponsors in any way (except for licensing arrangements discussed below under "The Basket") and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to the calculation of the component indices. If the component index sponsors discontinue or suspend the calculation of a component index, it may become difficult to determine the market value of the securities or the maturity payment amount. The calculation agent may designate a successor index selected in its sole discretion. If the calculation agent determines in its sole discretion that no successor index comparable to the component index exists, the amount you receive at maturity will be determined by the calculation agent in its sole discretion. See "Specific Terms of the Securities Market Disruption Event" on page S-18 and "Specific Terms of the Securities Discontinuation of the Component Indices; Adjustments to the Component Indices" on page S-17. The component index sponsors are not involved in the offer of the securities in any way and have no obligation to consider your interest as an owner of securities in taking any actions that might affect the value of your securities.

Each security is an unsecured debt obligation of Wachovia only and is not an obligation of the component index sponsors. None of the money you pay for your securities will go to the component index sponsors. Since the component index sponsors are not involved in the offering of the securities in any way, they have no obligation to consider your interest as an owner of securities in taking any actions that might affect the value of your securities. The component index sponsors may take actions that will adversely affect the market value of the securities.

We have derived the information about the component index sponsors and the component indices in this prospectus supplement from publicly available information, without independent verification. Neither we nor any of our affiliates assumes any responsibility for the adequacy or accuracy of the information about the component indices or the component index sponsors contained in this prospectus supplement. You, as an investor in the securities, should make your own investigation into the component indices and the component index sponsors.

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### **The Basket is not a recognized market index and may not accurately reflect global market performance**

The Basket is not a recognized market index. The Basket was created solely for purposes of the offering of the securities and will be calculated solely during the term of the securities. The Basket does not reflect the performance of the securities markets on which the component stocks underlying each component index trade.

### **Historical levels of the component indices should not be taken as an indication of the future levels of the component indices during the term of the securities**

The trading prices of the stocks underlying the component indices will determine the level of the component indices at any given time. The stocks underlying the component indices have performed differently in the past and are expected to perform differently in the future. As a result, it is impossible to predict whether the levels of the component indices will rise or fall. Trading prices of the stocks underlying the component indices will be influenced by complex and interrelated political, economic, financial and other factors that can affect the issuers of stocks underlying the component indices.

### **Purchases and sales by us and our affiliates may affect the return on the securities**

As described below under **Use of Proceeds and Hedging** on page S-39, we or one or more of our affiliates may hedge our obligations under the securities by purchasing stocks underlying the component indices, futures or options on the component indices or on stocks underlying the component indices, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the trading prices of stocks underlying the component indices or the levels of the component indices, and we may adjust these hedges by, among other things, purchasing or selling stocks underlying the component indices, futures, options, or exchange-traded funds or other derivative instruments with returns linked to the levels of the component indices or the stocks underlying the component indices at any time. Although they are not expected to, any of these hedging activities may adversely affect the trading prices of stocks underlying the component indices and/or the levels of the component indices and, therefore, the market value of the securities. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the securities declines.

### **The inclusion of commissions and projected profits from hedging in the original issue price is likely to adversely affect secondary market prices**

Assuming no change in market conditions or any other relevant factors, the price, if any, at which Wachovia is willing to purchase the securities in secondary market transactions will likely be lower than the initial public offering price, since the initial public offering price included, and secondary market prices are likely to exclude, commissions paid with respect to the securities, as well as the projected profit included in the cost of hedging our obligations under the securities. In addition, any such prices may differ from values determined by pricing models used by Wachovia, as a result of dealer discounts, mark-ups or other transactions.

### **Additional potential conflicts of interest could arise**

Our subsidiary, WBNA, is our agent for the purposes of calculating the final Basket value and the maturity payment amount. Under certain circumstances, WBNA's role as our subsidiary and its responsibilities as calculation agent for the securities could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the value of the Basket can be calculated on a particular trading day, or in connection with judgments that it would be required to make in the event of a discontinuation of one or more of the Component Indices. See the sections entitled **Specific Terms of the Securities - Discontinuation of the Component Indices; Adjustments to the Component Indices** on page S-17 and **Specific Terms of the Securities - Market Disruption Event** on page S-18. WBNA is required to carry out its duties as calculation agent in good faith and using its reasonable judgment.

Wachovia or its affiliates may presently or from time to time engage in business with one or more of the issuers of component common stocks included in the Component Indices. This business may include extending loans to, or making equity investments in, such companies or providing advisory services to such companies, including merger and acquisition advisory services. In the course of business, Wachovia or its affiliates may

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acquire non-public information relating to these companies and, in addition, one or more affiliates of Wachovia may publish research reports about these companies. Wachovia does not make any representation to any purchasers of the securities regarding any matters whatsoever relating to the issuers of component common stocks included in the Component Indices. Any prospective purchaser of the securities should undertake an independent investigation of these companies as in its judgment is appropriate to make an informed decision regarding an investment in the securities. The composition of the issuers of component stocks included in the Component Indices does not reflect any investment or sell recommendations of Wachovia or its affiliates.

### **The calculation agent may postpone the valuation date and, therefore, determination of the final Basket value and the maturity date if a market disruption event occurs on the valuation date**

The valuation date and, therefore, determination of the final Basket value may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on the valuation date with respect to a component index. If a postponement occurs, the calculation agent will use the closing level of the affected component index on the next succeeding trading day on which no market disruption event occurs or is continuing for purposes of calculating the final Basket value. As a result, the maturity date for the securities would be postponed. You will not be entitled to compensation from us or the calculation agent for any loss suffered as a result of the occurrence of a market disruption event, any resulting delay in payment or any change in the level of any component index after the valuation date. See **Specific Terms of the Securities Market Disruption Event** beginning on page S-18.

### **Tax consequences are uncertain**

You should consider the tax consequences of investing in the securities, significant aspects of which are uncertain. See **Supplemental Tax Considerations** on page S-34.

### **Certain considerations for insurance companies and employee benefit plans**

A fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call **ERISA**, or the Internal Revenue Code of 1986, as amended, and that is considering purchasing the securities with the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the securities could become a **prohibited transaction** under ERISA, the Internal Revenue Code or any substantially similar prohibition. These prohibitions are discussed in further detail under **Employee Retirement Income Security Act** on page S-37.

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**SPECIFIC TERMS OF THE SECURITIES**

*Please note that in this section entitled **Specific Terms of the Securities**, references to **holders** mean those who own securities registered in their own names, on the books that we or the trustee maintain for this purpose, and not indirect holders who own beneficial interests in securities registered in street name or in securities issued in book-entry form through The Depository Trust Company. Please review the special considerations that apply to indirect holders in the accompanying prospectus, under **Legal Ownership**.*

The securities are part of a series of debt securities, entitled **Medium-Term Notes, Series G**, that we may issue under the indenture from time to time as described in the accompanying prospectus. The securities are also **Indexed Notes** and **Senior Notes**, each as described in the accompanying prospectus.

This prospectus supplement summarizes specific financial and other terms that apply to the securities. Terms that apply generally to all **Medium-Term Notes, Series G**, are described in **Description of the Notes We May Offer** in the accompanying prospectus. The terms described here supplement those described in the accompanying prospectus and, if the terms described there are inconsistent with those described here, the terms described here are controlling.

We describe the terms of the securities in more detail below.

**No Interest**

There will be no interest payments, periodic or otherwise, on the securities.

**Denominations**

Wachovia will issue the securities in principal amounts of \$10 per security and integral multiples thereof.

**Offering Price**

Each security will be offered at an initial public offering price of \$10.

**Payment at Maturity**

At maturity, for each security you own, you will receive a cash payment equal to the **maturity payment amount**. If the final **Basket value** is greater than the initial **Basket value**, the maturity payment amount will equal the principal amount of the security plus an amount equal to between 130 and 135% of the **Basket upside performance** (to be determined on the pricing date). If the final **Basket value** is less than the initial **Basket value**, the maturity payment amount will equal the principal amount of the security minus an amount equal to 50% of the **Basket downside performance**. If the final **Basket value** equals the initial **Basket value**, you will receive a cash payment equal to the principal amount of the security. *If the final **Basket value** is less than the initial **Basket value**, the amount you receive at maturity will be less than the principal amount of the securities in proportion to one-half the decline in the value of the **Basket** from the initial **Basket value** to the final **Basket value**.*

The **initial **Basket value**** is \$10.

The **final **Basket value**** will be determined by the calculation agent on the valuation date and will equal the sum of the products of (i) the exchange ratio of each component index and (ii) the closing level of the respective component index on the valuation date.

The **Basket upside performance** will be determined by the calculation agent on the valuation date and will equal the product of (i) the principal amount of the security and (ii) the final **Basket value** minus the initial **Basket value**, divided by the initial **basket value**.

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The Basket downside performance will be determined by the calculation agent on the valuation date and will equal the product of (i) the principal amount of the security and (ii) the initial Basket value minus the final Basket value, divided by the initial basket value.

The table below provides the following information for each component index in the Basket: the name of the component index, the exchange ratio for the component index, the closing level of the component index on , 2007, the component index's initial percentage weight and its initial dollar value of the Basket.

Component Index	Exchange Ratio	Closing Level on the Pricing Date	Percentage of Initial Basket Weight	Initial Dollar Value
FTSE <sup>SM</sup> 100 Index			20%	\$ 2.00
Nikkei 225 <sup>®</sup> Index			20%	\$ 2.00
S&P <sup>TM</sup> /ASX 200 Index			20%	\$ 2.00
MSCI Taiwan Index <sup>SM</sup>			20%	\$ 2.00
Dow Jones EURO STOXX <sup>SM</sup> 50 Index			20%	\$ 2.00
<i>Total</i>			<i>100%</i>	<i>\$ 10.00</i>

**Determination of the Exchange Ratio**

The exchange ratio for each component index is the number used to convert the closing level of that component index into its value in the Basket based on its percentage weight and equals (i) the initial dollar value of each component index divided by (ii) the closing level of that respective component index on , 2007, the trading day immediately following the pricing date. The initial dollar value of each component index will be equal to the percentage of the initial basket weight, in each case 1/5th, or 20%, times \$10, the principal amount per security. The exchange ratio for each component index will remain constant for the term of the securities.

The valuation date means the fifth trading day prior to the maturity date. However, if that day occurs on a day that is a disrupted day or is not a trading day with respect to a component index, the valuation date for such component index will be postponed until the next succeeding trading day that is not a disrupted day; provided that in no event will the valuation date with respect to a component index be postponed by more than five trading days. If the valuation date with respect to a component index is postponed to the last possible day but that day is a disrupted day or is not a trading day, that date will nevertheless be the valuation date with respect to that component index. *If the valuation date with respect to a component index is postponed, then the maturity date of the securities will be postponed by an equal number of trading days.*

The closing level of a component index on any trading day will equal the closing level of that component index or any successor component index (as defined under Specific Terms of the Securities Discontinuation of the Component Indices; Adjustments to the Component Indices below) published by the component index sponsor at the regular weekday close of trading on that trading day. In certain circumstances, the closing level will be based on the alternate calculation of the component indices described under Specific Terms of the Securities Discontinuation of the Component Indices; Adjustments to the Component Indices below.

A trading day means any day on which each exchange and related exchange is scheduled to be open for its respective regular trading sessions.

A disrupted day means any trading day on which a relevant exchange or related exchange fails to open for trading during its regular trading session or on which a market disruption event has occurred.

***If the final Basket value is less than the initial Basket value, the amount you will receive at maturity will be less than the principal amount of the securities in proportion to one-half the decline in the value of the Basket from the initial Basket value to the final Basket value.***

If any payment is due on the securities on a day which is not a day on which commercial banks settle payments in New York City, then such payment may be made on the next day that is a day on which commercial

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banks settle payments in New York City, in the same amount and with the same effect as if paid on the original due date.

WBNA, our subsidiary, will serve as the calculation agent. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and, absent a determination of a manifest error, will be conclusive for all purposes and binding on Wachovia and the holders and beneficial owners of the securities. Wachovia may at any time change the calculation agent without notice to holders of securities.

U.S. Bank National Association will serve as the U.S. registrar and the domestic paying agent.

### **Discontinuation of the Component Indices; Adjustments to the Component Indices**

If a component index sponsor discontinues publication of its component index and that component index sponsor or another entity publishes a successor or substitute component index that the calculation agent determines, in its sole discretion, to be comparable to the affected component index (a successor component index), then, upon the calculation agent's notification of any determination to the trustee and Wachovia, the calculation agent will substitute the successor component index as calculated by the component index sponsor or any other entity for the affected component index and calculate the final Basket value as described above under **Payment at Maturity**. Upon any selection by the calculation agent of a successor component index, Wachovia will cause notice to be given to holders of the securities.

If any component index sponsor discontinues publication of its component index and:

the calculation agent does not select a successor component index, or

the successor component index is no longer published on any of the relevant trading days, the calculation agent will compute a substitute level for the affected component index in accordance with the procedures last used to calculate the level of the affected component index before any discontinuation but using only those securities that composed the affected component index prior to such discontinuation. If a successor component index is selected or the calculation agent calculates a level as a substitute for the component index as described below, the successor component index or level will be used as a substitute for the affected component index for all purposes going forward, including for purposes of determining whether a market disruption event exists, even if the component index sponsor elects to begin republishing its component index, unless the calculation agent in its sole discretion decides to use the republished index.

If any component index sponsor discontinues publication of its component index before the valuation date and the calculation agent determines that no successor component index is available at that time, then on each trading day until the earlier to occur of:

the determination of the final Basket value, or

a determination by the calculation agent that a successor component index is available, the calculation agent will determine the level that would be used in computing the maturity payment amount as described in the preceding paragraph as if that day were a trading day. The calculation agent will cause notice of each level to be published not less often than once each month in *The Wall Street Journal* or another newspaper of general circulation, and arrange for information with respect to these levels to be made available by telephone.

Notwithstanding these alternative arrangements, discontinuation of the publication of a component index would be expected to adversely affect the value of, liquidity of and trading in the securities.

If at any time the method of calculating the level of any component index or the level of any successor component index, changes in any material respect, or if a component index or successor component index is in any other way modified so that the component index or successor component index does not, in the opinion of the calculation agent, fairly represent the level of the component index had those changes or modifications not



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been made, then, from and after that time, the calculation agent will, at the close of business in New York City, New York, on each date that the closing level of the component index is to be calculated, make any adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a calculation of a level of a stock index comparable to the component index or such successor index, as the case may be, as if those changes or modifications had not been made, and calculate the closing level with reference to the component index or such successor component index, as so adjusted. Accordingly, if the method of calculating the component index or a successor component index is modified and has a diluting or concentrative effect on the level of the component index or successor component index, e.g., due to a split, then the calculation agent shall adjust the component index or successor component index in order to arrive at a level of the component index or successor component index as if it had not been modified, e.g. as if a split had not occurred.

Neither the calculation agent nor Wachovia will have any responsibility for good faith errors or omissions in calculating or disseminating information regarding a component index or any successor component index or as to modifications, adjustments or calculations by any component index sponsor or any successor component index sponsor in order to arrive at the level of the component index or any successor component index.

## **Market Disruption Event**

A market disruption event with respect to any component index, as determined by the calculation agent in its sole discretion, means a relevant exchange or any related exchange fails to open for trading during its regular trading session or the occurrence or existence of any of the following events:

a trading disruption, if the calculation agent determines it is material, at any time during the one hour period that ends at the close of trading for a relevant exchange or related exchange; or

an exchange disruption, if the calculation agent determines it is material, at any time during the one hour period that ends at the close of trading for a relevant exchange or related exchange; or

an early closure.

For the purposes of determining whether a market disruption event with respect to any component index exists at any time, if a market disruption event occurs in respect of a security included in a component index at any time, then the relevant percentage contribution of that security to the level of the component index will be based on a comparison of (i) the portion of the level of the component index attributable to that security and (ii) the overall level of the component index, in each case immediately before the occurrence of such market disruption event.

The following events will not be market disruption events:

a limitation on the hours or number of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market; or

a decision to permanently discontinue trading in the option or futures contracts relating to a component index or any of the component stocks included in a component index.

A trading disruption means any suspension of or limitation imposed on trading by the relevant exchange or related exchange or otherwise, whether by reason of movements in price exceeding limits permitted by the relevant exchange or related exchange or otherwise, (i) relating to securities that compose 20 percent or more of the level of any component index or (ii) in options contracts or futures contracts relating to any component index on any relevant related exchange.

An exchange disruption means any event (other than a scheduled early closure) that disrupts or impairs (as determined by the calculation agent in its sole discretion) the ability of market participants in general to (i) effect transactions in or obtain market values on any relevant exchange or related exchange in securities that compose 20 percent or more of the level of any component index or (ii) effect transactions in options contracts or futures contracts relating to any component index on any relevant related exchange.





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An **early closure** means the closure on any exchange business day of any relevant exchange relating to securities that compose 20 percent or more of the level of any component index or any related exchange prior to its normally scheduled closing time unless such earlier closing time is announced by such exchange or related exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such exchange or related exchange on such exchange business day and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such exchange business day.

An **exchange** means the primary organized exchange or quotation system for trading any securities included in any component index and any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in any securities underlying any component index has temporarily relocated (provided that the calculation agent has determined that there is comparable liquidity relative to the securities underlying any component index on such substitute exchange or quotation system as on the original exchange).

An **exchange business day** means any trading day on which each exchange and related exchange is open for business during its regular trading session, notwithstanding any such exchange or related exchange closing prior to its scheduled weekday closing time, without regard to after hours or other trading outside its regular trading session hours.

A **related exchange** means each exchange or quotation system on which futures or options contracts relating to any component index are traded, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to that component index has temporarily relocated (provided that the calculation agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such a component index on such temporary substitute exchange or quotation system as on the original related exchange).

## **Events of Default and Acceleration**

In case an event of default with respect to any securities has occurred and is continuing, the amount payable to a beneficial owner of a security upon any acceleration permitted by the securities, with respect to each \$10 principal amount of each security, will be equal to the maturity payment amount, calculated as though the date of early repayment were the maturity date of the securities. If a bankruptcy proceeding is commenced in respect of Wachovia, the claim of the beneficial owner of a security may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the security plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the securities.

In case of default in payment of the securities, whether at their maturity or upon acceleration, the securities will not bear a default interest rate.

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The basket is an equally weighted basket of indices consisting of the FTSE<sup>SM</sup> 100 Index (Bloomberg symbol UKX ), the Nikkei 225 Index (Bloomberg symbol NKS ), the S&P/ASX 200 Index (Bloomberg symbol AS51 ), the MSCI Taiwan Index<sup>SM</sup> (Bloomberg symbol TWY ) and the DJ EuroStoxx<sup>SM</sup> 50 Index (Bloomberg symbol SX5E ).

We have obtained all information regarding the component indices contained in this prospectus supplement, including their make-up, method of calculation and changes in their components, from publicly available information. That information reflects the policies of, and is subject to change by, the component index sponsors. The component index sponsors have no obligation to continue to publish, and may discontinue publication of any component index at any time. We make no representation or warranty as to the accuracy or completeness of such information.

**The FTSE<sup>TM</sup> 100 Index**

The FTSE<sup>TM</sup> 100 Index is a capitalization-weighted index and consists of the 100 most highly capitalized companies traded on the London Stock Exchange (the Exchange ). The FTSE 100 Index was developed with a base value of 1,000 as of January 3, 1984 and is maintained by FTSE International Limited. To qualify for inclusion in the FTSE<sup>TM</sup> 100 Index, companies must have a full listing on the Exchange with a Sterling or Euro denominated price, subject to eligibility screens. The FTSE Europe/Middle East/Africa Regional ( EMEA ) Committee meets quarterly, on the Wednesday after the first Friday in March, June, September and December, to review the constituents of the FTSE<sup>TM</sup> 100 Index. A constant number of constituents are maintained for the FTSE<sup>TM</sup> 100 Index.

**Computation of the FTSE<sup>TM</sup> 100 Index**

For the purposes of computing the FTSE<sup>TM</sup> 100 Index, the number of shares in issue for each constituent security is expressed to the nearest share and, to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis. Changes are made quarterly after the close of business on the third Friday of March, June, September and December. However, if a corporate action is applied to a FTSE<sup>TM</sup> 100 Index constituent which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action, and if accumulated changes in the number of shares in issue add up to 10% or more, or when an accumulated share change represents US\$2 billion of a company's total market capitalization, such changes are implemented between quarters. A minimum of 4 days notice is given to users of the FTSE<sup>TM</sup> 100 Index. WM/Reuters Spot Rates are used to convert the market capitalization into U.S. dollars. The US\$2 billion threshold may be adjusted annually in December by the FTSE Equity Indices Committee, and such adjustment would be applied for the first time at the next review in March of the following year.

The FTSE<sup>TM</sup> 100 Index is calculated in real-time and published every 15 seconds during the FTSE<sup>TM</sup> 100 Index opening hours, using real time prices. The FTSE<sup>TM</sup> 100 Index return is calculated based on the closing levels of the FTSE<sup>TM</sup> 100 Index, as reported by Bloomberg L.P. The FTSE<sup>TM</sup> 100 Index is calculated by: (i) multiplying the per share price of each stock included in the FTSE<sup>TM</sup> 100 Index by the number of outstanding shares; (ii) calculating the sum of all these products (such sum, the FTSE Aggregate Market Value ) as of the starting date of the FTSE<sup>TM</sup> 100 Index; (iii) dividing the FTSE Aggregate Market Value by a divisor which represents the FTSE Aggregate Market Value on the base date of the FTSE<sup>TM</sup> 100 Index and which can be adjusted to allow changes in the issued share capital of individual underlying stocks including the deletion and addition of stocks, the substitution of stocks, stock dividends and stock splits to be made without distorting the FTSE<sup>TM</sup> 100 Index; and (iv) multiplying the result by 1000.

**Historical Closing Levels of the FTSE<sup>SM</sup> 100 Index**

Since its inception, the FTSE<sup>SM</sup> 100 Index has experienced significant fluctuations. Any historical upward or downward trend in the closing level of the FTSE<sup>SM</sup> 100 Index during any period shown below is not an

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indication that the closing level of the FTSE<sup>SM</sup> 100 Index is more or less likely to increase or decrease at any time during the term of the securities. The historical levels of the FTSE<sup>SM</sup> 100 Index do not give an indication of future performance of the FTSE<sup>SM</sup> 100 Index. We cannot make any assurance that the future performance of the FTSE<sup>SM</sup> 100 Index or the trading prices of the underlying common stocks will result in holders of the securities receiving a positive total return on their investment.

We obtained the closing levels of the FTSE<sup>SM</sup> 100 Index listed below from Bloomberg Financial Markets without independent verification. The actual level of the FTSE<sup>SM</sup> 100 Index at or near maturity of the securities may bear little relation to the historical levels shown below.

The following table sets forth the published high and low closing levels of the FTSE<sup>SM</sup> 100 Index and the level of the FTSE<sup>SM</sup> 100 Index at the end of each quarter from January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing level of the FTSE<sup>SM</sup> 100 Index was 6,317.90. This historical data on the FTSE<sup>SM</sup> 100 Index is not indicative of the future levels of the FTSE<sup>SM</sup> 100 Index or what the market value of the securities may be. Any historical upward or downward trend in the level of the FTSE<sup>SM</sup> 100 Index during any period set forth below is not any indication that the level of the FTSE<sup>SM</sup> 100 Index is more or less likely to increase or decrease at any time during the term of the securities.

**Quarterly High, Low and Closing Levels of the FTSE<sup>SM</sup> 100 Index**

Quarter-Start Date	Quarter-End Date	High Closing Level of the Component Index	Low Closing Level of the Component Index	Quarter- End Closing Level of the Component Index
01/01/2003	03/31/2003	4,009.50	3,287.00	3,613.30
04/01/2003	06/30/2003	4,207.00	3,684.80	4,031.20
07/01/2003	09/30/2003	4,314.70	3,963.90	4,091.30
10/01/2003	12/31/2003	4,476.90	4,169.20	4,476.90
01/01/2004	03/31/2004	4,559.10	4,309.40	4,385.70
04/01/2004	06/30/2004	4,575.70	4,395.20	4,464.10
07/01/2004	09/30/2004	4,608.40	4,287.00	4,570.80
10/01/2004	12/31/2004	4,820.10	4,564.50	4,814.30
01/01/2005	03/31/2005	5,060.80	4,783.60	4,894.40
04/01/2005	06/30/2005	5,114.40	4,789.40	5,113.20
07/01/2005	09/30/2005	5,494.80	5,158.30	5,477.70
10/01/2005	12/31/2005	5,638.30	5,142.10	5,618.80
01/01/2006	03/31/2006	6,036.30	5,618.80	5,964.60
04/01/2006	06/30/2006	6,132.70	5,506.80	5,833.40
07/01/2006	09/30/2006	5,986.60	5,681.70	5,960.80
10/01/2006	12/31/2006	6,260.00	5,937.10	6,220.80
01/01/2007	02/05/2007	6,319.00	6,160.70	6,317.90

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### **The Nikkei 225® Index**

The Nikkei 225® Index measures the composite price performance of selected Japanese common stocks and is calculated, published and disseminated by Nihon Keizai Shimbun, Inc. ( NKS ). The Nikkei 225® Index is currently based on 225 underlying common stocks trading on the Tokyo Stock Exchange, and represents a broad cross-section of Japanese industry. All 225 of the underlying stock are listed on the First Section of the TSE, which are the most actively traded stocks on the TSE.

### **Computation of the Nikkei 225® Index**

The Nikkei 225® Index is a modified, price-weighted index. Each stock's weight in the Nikkei 225® Index is based on its price per share rather than the total market capitalization of the issuer. NKS calculates the Nikkei 225® Index by multiplying the per share price of each stock underlying the Nikkei 225® Index by the corresponding weighting factor for that stock, calculating the sum of all these products and then dividing that sum by a divisor. The divisor, which in 1950 was retroactively set to the May 17, 1949 level of 225, was 24.293 as of October 2, 2006 when it was last updated, and is subject to periodic adjustments, as described below. The weighting factor for each underlying stock is computed by dividing 50 Japanese yen by the par value of that stock, so that the share price of underlying stock when multiplied by its weighting factor corresponds to a share price based on a uniform par value of 50 Japanese yen. Each weighting factor represents the number of shares of the related stock underlying the Nikkei 225® Index that are included in one trading unit of the Nikkei 225® Index. The stock prices used in the calculation of the Nikkei 225® Index are those reported by a primary market for the stock underlying the Nikkei 225® Index, which is currently the TSE. The level of the Nikkei 225® Index is calculated once per minute during TSE trading hours.

In order to maintain continuity in the level of the Nikkei 225® Index in the event of certain changes affecting the common stocks underlying the Nikkei 225® Index, such as the addition or deletion of common stocks, substitution of common stocks, stock dividends, stock splits or distributions of assets to stockholders, the divisor used in calculating the Nikkei 225® Index is adjusted in a manner designed to prevent any change or discontinuity in the level of the Nikkei 225® Index. The divisor remains at the new value until a further adjustment is necessary as a result of another change. As a result of each change affecting any stock underlying the Nikkei 225® Index, the divisor is adjusted in such a way that the sum of all share prices immediately after the change multiplied by the applicable weighting factor and divided by the new divisor will equal the level of the Nikkei 225® Index immediately prior to the change.

### **Modifications to the Common Stocks Underlying the Nikkei 225® Index**

As previously mentioned, all 225 of the underlying common stocks that compose the Nikkei 225® Index are listed on the First Section of the TSE. Domestic stocks admitted to the TSE are assigned either to the First Section, Second Section or Mothers Section. Stocks listed in the First Section are among the most actively traded stocks on the TSE. At the end of each business year, the TSE examines each First Section stock to determine whether it continues to meet the criteria for inclusion in the First Section and each Second Section stock to determine whether it may qualify for inclusion in the First Section.

Common stocks underlying the Nikkei 225® Index may be deleted or added by NKS. However, to maintain continuity in the Nikkei 225® Index, the policy of NKS is generally not to alter the composition of the common stocks underlying the Nikkei 225® Index except when a stock underlying the Nikkei 225® Index is deleted in accordance with the following criteria:

Any stock underlying the Nikkei 225® Index becoming ineligible for listing in the First Section of the TSE due to any of the following reasons will be deleted from the common stocks underlying the Nikkei 225® Index: bankruptcy of the issuer; merger of the issuer into, or acquisition of the issuer by, another company; delisting of the stock because of excess debt of the issuer or because of any other reason; transfer of an underlying stock to the Seiri Post (the Liquidation Post); transfer of the underlying stock to the Second Section of the TSE; and, in

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some cases, transfer of an underlying stock to the Kanri Post (the Post for stocks under supervision and, therefore, candidates for deletion). In addition, those underlying common stocks with relatively low liquidity based on trading volume and price fluctuation over the past five years may be deleted by NKS. Upon deletion of a stock underlying the Nikkei 225® Index, NKS will select, in accordance with certain criteria established by it, a replacement for the deleted stock. Until such replacement, the Nikkei 225® Index will be calculated with the common stocks underlying the Nikkei 225® Index less the deleted stock.

A list of the issuers of the common stocks underlying the Nikkei 225® Index is available from the NKS Economic Electronic Databank System and from NKS directly. NKS may delete, add or substitute any stock underlying the Nikkei 225® Index.

### **The Tokyo Stock Exchange**

The TSE is one of the world's largest securities exchanges in terms of market capitalization. Trading hours for TSE-listed stocks are currently from 9:00 a.m. to 11:00 a.m. and from 12:30 p.m. to 3:00 p.m. (the second session), Tokyo time, Monday through Friday.

Due to time zone differences, on any normal trading day the TSE will close before the opening of business in New York City on the same calendar day. Therefore, the closing level of the Nikkei 225® Index on any particular business day will generally be available in the United States by the opening of business on that business day.

The TSE has adopted certain measures, including daily price floors and ceilings on individual stocks, intended to prevent any extreme short-term price fluctuations resulting from order imbalances. In general, any stock listed on the TSE cannot be traded at a price lower than the applicable price floor or higher than the applicable price ceiling. These price floors and ceilings are expressed in absolute Japanese yen, rather than percentage limits based on the closing price of the stock on the previous trading day. In addition, when there is a major order imbalance in a listed stock, the TSE posts a special bid quote or a special offer quote for that stock at a specified higher or lower price level than the stock's last sale price in order to solicit counter-orders and balance supply and demand for the stock. Prospective investors should also be aware that the TSE may suspend the trading of individual stocks in certain limited and extraordinary circumstances, including, for example, unusual trading activity in that stock. As a result, changes in the Nikkei 225® Index may be limited by price limitations, special quotes or by suspension of trading in stocks underlying the Nikkei 225® Index, and these limitations may, in turn, adversely affect the value of the securities.

### **Historical Closing Levels of the Nikkei 225 Index®**

Since its inception, the Nikkei 225® Index has experienced significant fluctuations. Any historical upward or downward trend in the closing level of the Nikkei 225® Index during any period shown below is not an indication that the closing level of the Nikkei 225® Index is more or less likely to increase or decrease at any time during the term of the securities. The historical levels of the Nikkei 225® Index do not give an indication of future performance of the Nikkei 225® Index. We cannot make any assurance that the future performance of the Nikkei 225® Index or the trading prices of the underlying common stocks will result in holders of the securities receiving a positive total return on their investment.

We obtained the closing levels of the Nikkei 225® Index listed below from Bloomberg Financial Markets without independent verification. The actual level of the Nikkei 225® Index at or near maturity of the securities may bear little relation to the historical levels shown below.

The following table sets forth the published high and low closing levels of the Nikkei 225® Index and the level of the Nikkei 225® Index at the end of each quarter January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing level of the Nikkei 225® Index was 17,344.80. This historical data on the Nikkei 225® Index is not indicative of the future levels of the Nikkei 225® Index or what the market value of the securities may be. Any historical upward or downward trend in the level of the Nikkei 225® Index during any period set forth below is not any indication that the level of the Nikkei 225® Index is more or less likely to increase or decrease at any time during the term of the securities.

**Table of Contents****Quarterly High, Low and Closing Levels of the Nikkei 225® Index**

<b>Quarter-Start Date</b>	<b>Quarter-End Date</b>	<b>High Closing Level of the Component</b>	<b>Low Closing Level of the Component</b>	<b>Quarter- End Closing Level of the Component</b>
		<b>Index</b>	<b>Index</b>	<b>Index</b>
01/01/2003	03/31/2003	8,790.92	7,862.43	7,972.71
04/01/2003	06/30/2003	9,137.14	7,607.88	9,083.11
07/01/2003	09/30/2003	11,033.32	9,265.56	10,219.05
10/01/2003	12/31/2003	11,161.71	9,614.60	10,676.64
01/01/2004	03/31/2004	11,770.65	10,365.40	11,715.39
04/01/2004	06/30/2004	12,163.89	10,505.05	11,858.87
07/01/2004	09/30/2004	11,896.01	10,687.81	10,823.57
10/01/2004	12/31/2004	11,488.76	10,659.15	11,488.76
01/01/2005	03/31/2005	11,966.69	11,238.37	11,668.95
04/01/2005	06/30/2005	11,874.75	10,825.39	11,584.01
07/01/2005	09/30/2005	13,617.24	11,565.99	13,574.30
10/01/2005	12/31/2005	16,344.20	13,106.18	16,111.43
01/01/2006	03/31/2006	17,059.66	15,341.18	17,059.66
04/01/2006	06/30/2006	17,563.37	14,218.60	15,505.18
07/01/2006	09/30/2006	16,385.96	14,437.24	16,127.58
10/01/2006	12/31/2006	17,225.83	15,725.94	17,225.83
01/01/2007	02/05/2007	17,547.11	16,838.17	17,344.80

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We have entered into a non-exclusive license agreement with NKS, which allows us and our affiliates, in exchange for a fee, to use the Nikkei 225® Index in connection with the issuance of certain securities, including the securities. We are not affiliated with NKS; the only relationship between NKS and us is the licensing of the use of the Nikkei 225® Index and trademarks relating to the Nikkei 225® Index.

NKS is under no obligation to continue the calculation and dissemination of the Nikkei 225® Index. The securities are not sponsored, endorsed, sold or promoted by NKS. No inference should be drawn from the information contained in this prospectus supplement that NKS makes any representation or warranty, implied or express, to us, any holder of the securities or any member of the public regarding the advisability of investing in securities generally or in the securities in particular or the ability of the Nikkei 225® Index to track general stock market performance.

NKS determines, composes and calculates the Nikkei 225® Index without regard to the securities. NKS has no obligation to take into account your interest, or that of anyone else having an interest, in the securities in determining, composing or calculating the Nikkei 225® Index. NKS is not responsible for, and has not participated in the determination of, the terms, prices or amount of the securities and will not be responsible for, or participate in, any determination or calculation regarding the principal amount of the securities payable at maturity. NKS has no obligation or liability in connection with the administration, marketing or trading of the securities.

NKS disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Nikkei 225® Index or the manner in which the Nikkei 225® Index is applied in determining the initial Index level or the final Index level or any amount payable upon maturity of the securities.

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### **The S&P<sup>TM</sup>/ASX 200 Index**

The S&P<sup>TM</sup>/ASX 200 Index, which we refer to as the ASX 200 Index, is Australia's premier large capitalization tradeable equity index, and is Australia's institutional benchmark. The ASX 200 Index was introduced in April 2000 and is maintained by the S&P Australian Index Committee (the ASX Committee), a team of representatives from both Standard and Poor's and the Australian Stock Exchange.

### **Composition and Maintenance**

The ASX 200 is composed of the ASX 100 stocks plus an additional 100 stocks selected by the ASX Committee. As of June 30, 2006, the ASX 200 represented approximately 78% of the total market capitalization of the Australian market. The index essentially covers large-cap and mid-cap stocks evaluated for liquidity and size.

The ASX 200 Index weights companies according to the Global Industry Classification Standard (GICS<sup>®</sup>)<sup>SM</sup>, which creates uniform ground rules for replicable, custom-tailored, industry-focused portfolios. It also enables meaningful comparisons of sectors and industries across regions. Sector indices are available for the ASX 200 Index.

The ASX Committee reviews constituents quarterly to ensure adequate market capitalization and liquidity. Both market capitalization and liquidity are assessed using the previous six months worth of data. Quarterly review changes take effect on the third Friday of December, March, June and September. The weighting of constituents in the ASX 200 Index is determined by the free float assigned to each stock by the ASX Committee. Each index constituent's free float is reviewed as part of the March quarterly review.

Only stocks listed on the ASX are considered for inclusion in the ASX 200 Index. Stocks are assessed based on the average of their previous six-month day-end free float adjusted market capitalization. Only stocks that are actively and regularly traded are considered for inclusion in the ASX 200 Index. A stock's liquidity is measured relative to its size peers. A minimum free float threshold of 30% exists for a stock to warrant inclusion in the ASX 200 Index.

### **The ASX 200 Index Calculation**

The ASX 200 Index has a base value of 3000. Calculation for the ASX 200 Index is based on stock prices taken from the ASX. The official daily index closing values for price and accumulation indices, are calculated after the market closes and are based on the last traded price for each constituent.

### **Historical Closing Levels of the ASX 200 Index**

Since its inception, the ASX 200 Index has experienced significant fluctuations. Any historical upward or downward trend in the closing level of the ASX 200 Index during any period shown below is not an indication that the closing level of the ASX 200 Index is more or less likely to increase or decrease at any time during the term of the securities. The historical levels of the ASX 200 Index do not give an indication of future performance of the ASX 200 Index. We cannot make any assurance that the future performance of the ASX 200 Index or the trading prices of the underlying common stocks will result in holders of the securities receiving a positive total return on their investment.

We obtained the closing levels of the ASX 200 Index listed below from Bloomberg Financial Markets without independent verification. The actual level of the ASX 200 Index at or near maturity of the securities may bear little relation to the historical levels shown below.

The following table sets forth the published high and low closing levels of the ASX 200 Index and the level of the ASX 200 Index at the end of each quarter from January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing level of the ASX 200 Index was 5,822.10. This historical data on the ASX 200 Index is not indicative of the future levels of the ASX 200 Index or what the market value of the securities may be. Any historical upward or downward trend in the level of the ASX

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200 Index during any period set forth below is not any indication that the level of the ASX 200 Index is more or less likely to increase or decrease at any time during the term of the securities.

**Quarterly High, Low and Closing Levels of the ASX 200 Index**

<b>Quarter-Start Date</b>	<b>Quarter-End Date</b>	<b>High Closing Level of the Component Index</b>	<b>Low Closing Level of the Component Index</b>	<b>Quarter- End Closing Level of the Component Index</b>
01/01/2003	03/31/2003	3,077.00	2,700.40	2,885.20
04/01/2003	06/30/2003	3,112.30	2,882.20	3,025.80
07/01/2003	09/30/2003	3,235.30	3,028.40	3,169.50
10/01/2003	12/31/2003	3,303.70	3,159.20	3,299.80
01/01/2004	03/31/2004	3,438.40	3,262.00	3,415.30
04/01/2004	06/30/2004	3,554.50	3,345.50	3,532.90
07/01/2004	09/30/2004	3,665.00	3,468.30	3,665.00
10/01/2004	12/31/2004	4,054.90	3,659.60	4,050.60
01/01/2005	03/31/2005	4,266.40	4,029.90	4,109.90
04/01/2005	06/30/2005	4,312.20	3,947.10	4,277.50
07/01/2005	09/30/2005	4,671.70	4,229.20	4,641.20
10/01/2005	12/31/2005	4,772.50	4,357.20	4,763.40
01/01/2006	03/31/2006	5,129.70	4,776.00	5,129.70
04/01/2006	06/30/2006	5,364.50	4,838.90	5,073.90
07/01/2006	09/30/2006	5,154.10	4,900.10	5,154.10
10/01/2006	12/31/2006	5,669.90	5,142.70	5,669.90
01/01/2007	02/05/2007	5,831.50	5,502.00	5,822.10

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**The MSCI Taiwan Index<sup>SM</sup>**

The MSCI Taiwan Index<sup>SM</sup> is a free float adjusted market capitalization index that is designed to measure equity market performance in Taiwan. It is calculated daily in U.S. dollars and published in real time in Taiwan Dollars every 15 seconds during market trading hours. As of July 24, 2006, the index contained 103 securities with a total market capitalization of \$239.547 billion.

**Computation of the MSCI Taiwan Index<sup>SM</sup>**

The MSCI Taiwan Index<sup>SM</sup> is computed generally by multiplying the previous day's index level by the free float adjusted market capitalization level of each share in the MSCI Taiwan Index<sup>SM</sup> on the prior day divided by the free float adjusted market capitalization level of each share in the MSCI Taiwan Index<sup>SM</sup> on the current day. The MSCI Taiwan Index<sup>SM</sup> is calculated in Taiwanese Dollars on a real time basis and disseminated every 15 seconds during market trading hours. It is also calculated in MSCI Local and US dollars on an end of day basis.

**Composition and Maintenance of the MSCI Taiwan Index<sup>SM</sup>**

MSCI targets an 85% free float adjusted market representation level within each industry group in Taiwan. The security selection process within each industry group is based on analysis of the following: each company's business activities and the diversification that its securities would bring to the index. All other things being equal, MSCI targets for inclusion the most sizable securities in an industry group. Securities that do not meet the minimum size guidelines are not considered for inclusion. Though the following limits are subject to revision, presently, a security will be eligible for inclusion in the MSCI Taiwan Index<sup>SM</sup> if it achieves a free float adjusted market capitalization of U.S. \$400 million and will be eligible for deletion if such capitalization falls below U.S. \$200 million as of the yearly review. If, however, the free float adjusted market capitalization level falls significantly below the free float adjusted market capitalization level for deletions prior to a yearly review, for example during a quarterly review, then the security may be deleted prior to such yearly review.

MSCI targets for inclusion the most liquid securities in an industry group. MSCI does not define absolute minimum or maximum liquidity levels for stock inclusion or exclusion from the MSCI Taiwan Index<sup>SM</sup> but considers each stock's relative standing within Taiwan and between cycles.

Only securities of companies with an estimated overall or security free float greater than 15% are generally considered for inclusion in the MSCI Taiwan Index<sup>SM</sup>. For securities not subject to foreign ownership limitations, the free float of a security is estimated as the total number of shares outstanding less shareholdings classified as strategic and/or non-free float. For securities subject to foreign ownership limitations, the estimated free float available to foreign investors is equal to the lesser of (a) the total number of shares outstanding less shareholdings classified as strategic or non-free float and (b) foreign ownership limitation adjusted for non-free float stakes held by foreign investors.

MSCI free float adjusts the market capitalization of each security using an adjustment factor referred to as the Foreign Inclusion Factor ( FIF ). Securities not subject to foreign ownership limitations have a FIF equal to (a) the estimated free float, rounded up to the closest 5%, if the securities have a free float greater than 15% or (b) the estimated free float, rounded to the closest 1%, if the securities have a free float less than 15%. For securities subject to foreign ownership limitations, the FIF is equal to the lesser of (a) the estimated free float available to foreign investors (i) rounded up to the closest 5%, if the free float is greater than 15% or (ii) rounded to the closest 1%, if the free float is less than 15% and (b) foreign ownership limitation rounded to the closest

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1%. The free float adjusted market capitalization of a security is calculated as the product of the FIF and the security's full market capitalization.

There are three broad categories of MSCI Taiwan Index<sup>SM</sup> maintenance: an annual full country index review that reassesses the various dimensions of the equity universe in Taiwan; quarterly index reviews, aimed at promptly reflecting other significant market events; and ongoing event-related changes, such as mergers and acquisitions, which are generally implemented in the index rapidly as they occur.

During a quarterly index review, securities may be added to or deleted from the MSCI Taiwan Index<sup>SM</sup> for a variety of reasons, including the following:

Additions or deletions of securities, due to one or more industry groups having become significantly over- or under-represented as a result of mergers, acquisitions, restructuring and other major market events affecting that industry group.

Additions or deletions resulting from changes in industry classification, significant increases or decreases in free float and relaxation/removal or decreases of foreign ownership limits not implemented immediately.

Additions of large companies that did not meet the minimum size criterion for early inclusion at the time of their initial public offering or secondary offering.

Replacement of companies which are not longer suitable industry representatives.

Deletion of securities whose issuing company and/or security free float has fallen to less than 15% and which do not meet certain criteria.

Deletion of securities that have become very small or illiquid.

Replacement of securities (additions or deletions) resulting from the review of price source for constituents with both domestic and foreign board quotations.

### **Historical Closing Level of the MSCI Taiwan Index<sup>SM</sup>**

Since its inception, the MSCI Taiwan Index<sup>SM</sup> has experienced significant fluctuations. Any historical upward or downward trend in the closing level of the MSCI Taiwan Index<sup>SM</sup> during any period shown below is not an indication that the closing level of the MSCI Taiwan Index<sup>SM</sup> is more or less likely to increase or decrease at any time during the term of the securities. The historical levels of the MSCI Taiwan Index<sup>SM</sup> do not give an indication of future performance of the MSCI Taiwan Index<sup>SM</sup>. We cannot make any assurance that the future performance of the MSCI Taiwan Index<sup>SM</sup> or the trading prices of the underlying common stocks will result in holders of the securities receiving a positive total return on their investment.

We obtained the closing levels of the MSCI Taiwan Index<sup>SM</sup> listed below from Bloomberg Financial Markets without independent verification. The actual level of the MSCI Taiwan Index<sup>SM</sup> at or near maturity of the securities may bear little relation to the historical levels shown below.

The following table sets forth the published high and low closing levels of the MSCI Taiwan Index<sup>SM</sup> and the level of the MSCI Taiwan Index<sup>SM</sup> at the end of each quarter January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing level of the MSCI Taiwan Index<sup>SM</sup> was 315.91. This historical data on the MSCI Taiwan Index<sup>SM</sup> is not indicative of the future levels of the MSCI Taiwan Index<sup>SM</sup> or what the market value of the securities may be. Any historical upward or downward trend in the level of the MSCI Taiwan Index<sup>SM</sup> during any period set forth below is not any indication that the level of the MSCI Taiwan Index<sup>SM</sup> is more or less likely to increase or decrease at any time during the term of the securities



**Table of Contents****Quarterly High, Low and Closing Levels of the MSCI Taiwan Index<sup>SM</sup>**

Quarter-Start Date	Quarter-End Date	High Closing Level	Low Closing Level	Quarter-
		of the Component	of the Component	End Closing
		Index	Index	Level of the Component
01/01/2003	03/31/2003	216.15	181.33	184.08
04/01/2003	06/30/2003	219.73	177.59	210.88
07/01/2003	09/30/2003	258.49	217.56	250.04
10/01/2003	12/31/2003	273.90	248.82	259.11
01/01/2004	03/31/2004	300.55	261.11	277.02
04/01/2004	06/30/2004	292.39	233.12	248.25
07/01/2004	09/30/2004	249.84	224.29	243.79
10/01/2004	12/31/2004	257.67	234.90	257.67
01/01/2005	03/31/2005	261.15	240.29	247.50
04/01/2005	06/30/2005	266.97	235.89	260.81
07/01/2005	09/30/2005	271.34	247.38	256.41
10/01/2005	12/31/2005	277.65	235.23	275.81
01/01/2006	03/31/2006	285.78	267.98	279.69
04/01/2006	06/30/2006	316.10	262.49	279.49
07/01/2006	09/30/2006	289.53	258.49	286.23
10/01/2006	12/31/2006	318.25	284.67	318.25
01/01/2007	02/05/2007	323.31	309.7	315.91

**License Agreement**

This financial product is not sponsored, endorsed, sold or promoted by MSCI, any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI parties"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by Wachovia Corporation. These securities have not been passed on by any of the MSCI parties as to their legality or suitability with respect to any person or entity and none of the MSCI parties makes any warranties or bears any liability with respect to these securities. Without limiting the generality of the foregoing, none of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of these securities or any other person or entity regarding the advisability of investing in financial products generally or in these securities particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to these securities or the issuer or owner of these securities or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuers or owners of these securities or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of these securities or in the determination or calculation of the equation by or the consideration into which these securities are redeemable. None of the MSCI parties has any obligation or liability to the issuer or owners of these securities or any other person or entity in connection with the administration, marketing or offering of these securities.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or completeness of any MSCI index or any data included therein or the results to be obtained by the issuer of these securities, owners of this financial product, or any other person or entity, from the use of any MSCI index or any data included therein and none of the MSCI parties shall have any liability to any person or entity for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind and the MSCI parties hereby expressly disclaim all warranties (including, without limitation and for purposes of example only, all warranties of title, sequence, availability, originality, accuracy, completeness, timeliness, non-infringement,





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merchantability and fitness for a particular purpose and all implied warranties arising from trade usage, course of dealing and course of performance) with respect to each MSCI index and all data included therein. Without limiting the generality of any of the foregoing, in no event shall any of the MSCI parties have any liability to any person or entity for any damages, whether direct, indirect, special, incidental, punitive, consequential (including, without limitation, loss of use, loss of profits or revenues or other economic loss), and whether in tort (including, without limitation, strict liability and negligence) contract or otherwise, even if it might have anticipated, or was advised of, the possibility of such damages.

No purchaser, seller or holder of these securities, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

**The Dow Jones EURO STOXX<sup>SM</sup> 50 Index**

The Dow Jones EURO STOXX<sup>SM</sup> 50 Index, which we refer to as the EURO STOXX<sup>SM</sup> 50 Index, is calculated, maintained and published by STOXX Limited. We make no representation or warranty as to the accuracy or completeness of this information.

The EURO STOXX<sup>SM</sup> 50 Index was created by STOXX Limited, a joint venture between Deutsche Börse AG, Dow Jones & Company and SWX Swiss Exchange. Publication of the EURO STOXX<sup>SM</sup> 50 Index began on February 26, 1998, based on an initial Index value of 1,000 at December 31, 1991. The EURO STOXX<sup>SM</sup> 50 Index is published in The Wall Street Journal and disseminated on the STOXX Limited website: <http://www.STOXX.com>.

The EURO STOXX<sup>SM</sup> 50 Index is composed of 50 component stocks of market sector leaders from within the Dow Jones EURO STOXX<sup>SM</sup> Index, which includes stocks selected from the Eurozone. The component stocks have a high degree of liquidity and represent the largest companies across all market sectors defined by the Dow Jones Global Classification Standard. As of September 30, 2006, the eight countries that are represented in the EURO STOXX<sup>SM</sup> 50 Index account for the following approximate percentages: (1) France, 34.4%; (2) Germany, 23.0%; (3) Spain, 13.9%; (4) The Netherlands, 13.0%; (5) Italy, 11.6%; (6) Finland, 3.2%; and (7) Ireland, 1.0%.

The composition of the EURO STOXX<sup>SM</sup> 50 Index is reviewed annually, based on the closing stock data on the last trading day in August. The component stocks are announced on the first trading day in September. Changes to the component stocks are implemented on the third Friday in September and are effective the following trading day. Changes in the composition of the EURO STOXX<sup>SM</sup> 50 Index are made to ensure that the EURO STOXX<sup>SM</sup> 50 Index is accurate and follows the changes in the stock markets as closely as possible.

**Computation of the Dow Jones EURO STOXX<sup>SM</sup> 50 (Price) Index**

The EURO STOXX<sup>SM</sup> 50 Index is calculated with the Laspeyres formula, which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The formula for calculating the EURO STOXX<sup>SM</sup> 50 Index value can be expressed as follows:

$$\text{Index} = \left( \frac{\text{free float market capitalization of the index}}{\text{adjusted base date market capitalization of the index}} \right) \times 1,000$$

The free float market capitalization of the Index is equal to the sum of the products of (i) the price of each component stock, (ii) the free-float factor for the corresponding component company, (iii) the number of shares of the corresponding component company and (iv) the cross rate of the corresponding component company, as of the time the index is being calculated.

The adjusted base date market capitalization of the Index is equal to the product of (i) the adjustment factor for the base date market capitalization and (ii) the sum of the products of (x) the closing price of the component stock on the base date, (y) the number of shares of the component company represented by the

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component stock in (x) on the base date, and (z) the cross rate of the component company represented by the component stock in (x) on the base date.

The EURO STOXX<sup>SM</sup> 50 Index is also subject to a divisor, which is adjusted to maintain the continuity of the EURO STOXX<sup>SM</sup> 50 Index values across changes due to corporate actions.

**Historical Closing Levels of the EURO STOXX<sup>SM</sup> 50 Index**

Since its inception, the EURO STOXX<sup>SM</sup> 50 Index has experienced significant fluctuations. Any historical upward or downward trend in the closing level of the EURO STOXX<sup>SM</sup> 50 Index during any period shown below is not an indication that the closing level of the EURO STOXX<sup>SM</sup> 50 Index is more or less likely to increase or decrease at any time during the term of the securities. The historical levels of the EURO STOXX<sup>SM</sup> 50 Index do not give an indication of future performance of the EURO STOXX<sup>SM</sup> 50 Index. We cannot make any assurance that the future performance of the EURO STOXX<sup>SM</sup> 50 Index or the trading prices of the underlying common stocks will result in holders of the securities receiving a positive total return on their investment.

We obtained the closing levels of the EURO STOXX<sup>SM</sup> 50 Index listed below from Bloomberg Financial Markets without independent verification. The actual level of the EURO STOXX<sup>SM</sup> 50 Index at or near maturity of the securities may bear little relation to the historical levels shown below.

The following table sets forth the published high and low closing levels of the EURO STOXX<sup>SM</sup> 50 Index and the level of the EURO STOXX<sup>SM</sup> 50 Index at the end of each quarter from January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing level of the EURO STOXX<sup>SM</sup> 50 Index was 4,227.47. This historical data on the EURO STOXX<sup>SM</sup> 50 Index is not indicative of the future levels of the EURO STOXX<sup>SM</sup> 50 Index or what the market value of the securities may be. Any historical upward or downward trend in the level of the EURO STOXX<sup>SM</sup> 50 Index during any period set forth below is not any indication that the level of the EURO STOXX<sup>SM</sup> 50 Index is more or less likely to increase or decrease at any time during the term of the securities.

**Quarterly High, Low and Closing Levels of the EURO STOXX<sup>SM</sup> 50 Index**

Quarter-Start Date	Quarter-End Date	High Closing Level of the Component Index	Low Closing Level of the Component Index	Quarter- End Closing Level of the Component Index
01/01/2003	03/31/2003	2,529.86	1,849.64	2,036.86
04/01/2003	06/30/2003	2,527.44	2,067.23	2,419.51
07/01/2003	09/30/2003	2,641.55	2,366.86	2,395.87
10/01/2003	12/31/2003	2,760.66	2,434.63	2,760.66
01/01/2004	03/31/2004	2,959.71	2,702.05	2,787.49
04/01/2004	06/30/2004	2,905.88	2,659.85	2,811.08
07/01/2004	09/30/2004	2,806.62	2,580.04	2,726.30
10/01/2004	12/31/2004	2,955.11	2,734.37	2,951.24
01/01/2005	03/31/2005	3,114.54	2,924.01	3,055.73
04/01/2005	06/30/2005	3,190.80	2,930.10	3,181.54
07/01/2005	09/30/2005	3,429.42	3,170.06	3,428.51
10/01/2005	12/31/2005	3,616.33	3,241.14	3,578.93
01/01/2006	03/31/2006	3,874.61	3,532.68	3,853.74
04/01/2006	06/21/2006	3,890.94	3,408.02	3,648.92
07/01/2006	09/30/2006	3,899.41	3,492.11	3,899.41

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10/01/2006	12/31/2006	4,140.66	3,880.14	4,119.94
01/01/2007	02/05/2007	4,228.39	4,090.88	4,227.47

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### **License Agreement**

The license agreement between STOXX Limited and Wachovia provides that the following language must be set forth in this prospectus supplement:

The Dow Jones Euro STOXX<sup>SM</sup> 50 is the intellectual property of (including registered trademarks) of Stoxx Limited, Zurich, Switzerland and/or Dow Jones & Company, Inc., a Delaware corporation, New York, USA, (the Licensors ), which is used under license. The securities based on the index are in no way sponsored, endorsed, sold or promoted by the Licensors and neither of the Licensors shall have any liability with respect thereto.

### **Historical Closing Values of the Basket**

The Basket is not a recognized market index. The Basket was created solely for purposes of the offering of the securities and will be calculated solely during the term of the securities. The Basket does not reflect the performance of all major securities markets, and may not reflect actual global market performance. The historical closing values of the Basket, as calculated solely for the purposes of the offering of the securities, fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing values of the Basket during any period shown below is not an indication that the annual percentage change in the value of the Basket is more likely to be positive or negative during the term of the securities. The historical values do not give an indication of future values of the Basket. We cannot make any assurance that the future values of the Basket, the future values of the component indices or the trading prices of the component stocks underlying the component indices will result in holders of the securities receiving a maturity payment amount greater than the principal amount of their securities on the maturity date. We do not make any representation to you as to the performance of the Basket or the component indices. We obtained the closing values of the component indices used to calculate the historical values of the Basket from Bloomberg Financial Services, without independent verification. The actual values of the component indices and the Basket at or near the valuation date may bear little relation to the historical values shown below.

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The following table sets forth our hypothetical calculation of the closing high and low values of the Basket as though it had been in existence since January 1, 2003 with starting values of \$10 and exchange ratios for the component indices underlying the Basket determined as of that date, as well as the value of the Basket at the end of each quarter from January 1, 2003 through December 31, 2006 and the period from January 1, 2007 through February 5, 2007. On February 5, 2007, the closing value of the Basket was 18.00. Past movements of the Basket are not indicative of future values.

**Quarterly High, Low and Closing Values of the Basket**

<b>Quarter-Start Date</b>	<b>Quarter-End Date</b>	<b>High Closing Level of the Basket</b>	<b>Low Closing Level of the Basket</b>	<b>Quarter- End Closing Level of the Basket</b>
01/01/2003	03/31/2003	10.41	8.82	9.26
04/01/2003	06/30/2003	10.73	9.33	10.43
07/01/2003	09/30/2003	11.82	10.48	11.21
10/01/2003	12/31/2003	12.00	11.30	12.00
01/01/2004	03/31/2004	12.87	12.00	12.49
04/01/2004	06/30/2004	12.92	11.60	12.36
07/01/2004	03/31/2004	12.34	11.56	12.14
10/01/2004	12/31/2004	13.01	12.06	13.01
01/01/2005	03/31/2005	13.48	12.76	13.11
04/01/2005	06/30/2005	13.63	12.60	13.56
07/01/2005	03/31/2005	14.61	13.53	14.61
10/01/2005	12/31/2005	15.81	13.84	15.69
01/01/2006	03/31/2006	16.60	15.48	16.60
04/01/2006	06/30/2006	17.24	14.96	15.96
07/01/2006	09/30/2006	16.50	15.20	16.50
10/01/2006	12/31/2006	17.76	16.48	17.76
01/01/2007	02/05/2007	18.05	17.46	18.00

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Although the Basket is not a recognized market index, the following graph depicts the historical performance of the Basket as it would have occurred from January 1, 2003 to February 5, 2007 as though the Basket had been in existence since January 1, 2003 with a starting level of \$10 and exchange ratios for the component indices determined as of that date. Any historical upward or downward trend in the level of the Basket during any period shown below is not an indication that the level of the Basket is more or less likely to increase or decrease at any time during the term of the securities. The historical values of the Basket do not give any indication of the future performance of the Basket and Wachovia cannot make any assurance regarding the future performance of the Basket.

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**Table of Contents****SUPPLEMENTAL TAX CONSIDERATIONS**

*The following is a general description of certain United States federal income tax considerations relating to the securities. The following does not purport to be a complete analysis of all tax considerations relating to the securities. Prospective purchasers of the securities should consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the United States of acquiring, holding and disposing of the securities and receiving payments under the securities. This summary is based upon the law as in effect on the date of this prospectus supplement and is subject to any change in law that may take effect after such date. This summary does not address all aspects of United States federal income taxation of the securities that may be relevant to you in light of your particular circumstances, nor does it address all of your tax consequences if you are a holder of securities who is subject to special treatment under the United States federal income tax laws.*

**Supplemental U.S. Tax Considerations**

The discussion below supplements the discussion under **United States Taxation** in the accompanying prospectus and is subject to the limitations and exceptions set forth therein. Except as otherwise noted under **United States Alien Holders** below, this discussion is only applicable to you if you are a United States holder (as defined in the accompanying prospectus).

The treatment of the securities for United States federal income tax purposes is uncertain. In the opinion of Sullivan & Cromwell LLP, it would be reasonable to treat the securities as pre-paid cash-settled derivative contracts linked to the value of the Basket and the terms of the securities require you and us (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat the securities for all tax purposes in accordance with such characterization. If the securities are so treated, you generally should recognize capital gain or loss upon the sale or maturity of your securities (which will be long-term capital gain or loss if you hold your securities for more than one year) in an amount equal to the difference between the amount you receive at such time and your tax basis in the securities. Capital gain of a noncorporate United States holder is generally taxed at a maximum rate of 15% where the holder has a holding period with respect to its securities of more than one year. In general, your tax basis in your securities will be equal to the price you paid for them. The deductibility of capital losses is subject to limitations.

*Alternative Treatments.* In light of the uncertainty as to the United States federal income tax treatment, it would be a reasonable interpretation of current law for the securities to be treated as a single debt instrument subject to the special tax rules governing contingent payment debt instruments. If the securities are so treated, you would be required to accrue interest income over the term of your securities based upon the yield at which we would issue a noncontingent fixed-rate debt instrument with other terms and conditions similar to your securities (the comparable yield). You would recognize gain or loss upon the sale or maturity of your securities in an amount equal to the difference, if any, between the amount you receive at such time and your adjusted basis in your securities. In general, your adjusted basis in your securities would be equal to the amount you paid for your securities, increased by the amount of interest you previously accrued with respect to your securities. Any gain you recognize upon the sale or maturity of your securities would be ordinary income and any loss recognized by you at such time would be ordinary loss to the extent of interest you included in income in the current or previous taxable years with respect to your securities, and thereafter would be capital loss.

If the securities are treated as a contingent debt instrument and you purchase your securities in the secondary market at a price that is at a discount from, or in excess of, the adjusted issue price of the securities, such excess or discount would not be subject to the generally applicable market discount or amortizable bond premium rules described in the accompanying prospectus but rather would be subject to special rules set forth in treasury regulations governing contingent debt instruments. Accordingly, if you purchase your securities in the secondary market, you should consult your tax advisor as to the possible application of such rules to you.

Because of the absence of authority regarding the appropriate tax characterization of your securities, it is possible that the Internal Revenue Service could seek to characterize your securities in a manner that results in tax consequences to you that are different from those described above. For example, the Internal Revenue



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Service could assert that your securities should be characterized in part as a derivative contract linked to the value of the Basket and in part as debt and that you should be required to accrue interest with respect to the debt portion. You should consult your tax advisor as to the tax consequences of any such characterization and possible alternative characterizations of your securities for U.S. federal income tax purposes.

*United States Alien Holders.* If the securities are treated as pre-paid cash-settled derivative contracts, as discussed above, and you are a United States alien holder (as defined in the accompanying prospectus), you will not be subject to United States withholding tax with respect to payments on your securities but you will be subject to generally applicable information reporting and backup withholding requirements with respect to payments on your securities unless you comply with certain certification and identification requirements as to your foreign status.

As discussed above, alternative characterizations of the securities for U.S. federal income tax purposes are possible. Should an alternative characterization of the securities, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the securities to become subject to withholding tax, we will withhold tax at the applicable statutory rate and we will not make payments of any Additional Amounts (as defined in the accompanying prospectus). Prospective United States alien holders of the securities should consult their own tax advisors in this regard.

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**Table of Contents****EMPLOYEE RETIREMENT INCOME SECURITY ACT**

A fiduciary of a pension, profit-sharing or other employee benefit plan (a plan) subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code (the Code).

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Internal Revenue Code (also plans), from engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Code (parties in interest) with respect to the plan or account. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) (non-ERISA arrangements) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws (similar laws).

The acquisition of the securities by a plan with respect to which Wachovia, Wachovia Capital Markets, LLC or certain of our affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless those securities are acquired pursuant to and in accordance with an applicable exemption. Section 408(b)(17) of the Code provides an exemption for the purchase and sale of securities and related lending transactions where neither Wachovia nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the plan involved in the transaction and the plan pays no more than adequate consideration in connection with the transaction (the service provider exemption). Moreover, the United States Department of Labor has issued five prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the securities. These exemptions are:

PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers;

PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts;

PTCE 91-38, an exemption for certain transactions involving bank collective investment funds;

PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and

PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers.

The securities may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include plan assets by reason of any plan's investment in the entity (a plan asset entity) or (3) any person investing plan assets of any plan, unless in each case the purchaser or holder is eligible for the exemptive relief available under one or more of the PTCEs listed above, the service provider exemption or another applicable similar exemption. Any purchaser or holder of the securities or any interest in the securities will be deemed to have represented by its purchase and holding of the securities that it either (1) is not a plan or a plan asset entity and is not purchasing those securities on behalf of or with plan assets of any plan or plan asset entity or (2) with respect to the purchase or holding, is eligible for the exemptive relief available under any of the PTCEs listed above, the service provider exemption or another applicable exemption. In addition, any purchaser or holder of

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the securities or any interest in the securities which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the securities that its purchase and holding will not violate the provisions of any similar law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the securities on behalf of or with plan assets of any plan, plan asset entity or non-ERISA arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the service provider exemption or any other applicable exemption, or the potential consequences of any purchase or holding under similar laws, as applicable.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan, and propose to invest in the securities, you should consult your legal counsel.

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**USE OF PROCEEDS AND HEDGING**

The net proceeds from the sale of the securities will be used as described under **Use of Proceeds** in the accompanying prospectus and to hedge market risks of Wachovia associated with its obligation to pay the maturity payment amount at the maturity of the securities.

The hedging activity discussed above may adversely affect the market value of the securities from time to time and the maturity payment amount you will receive on the securities at maturity. See **Risk Factors** **Purchases and sales by us or our affiliates may affect your return** and **Risk Factors** **Potential conflicts of interest could arise** for a discussion of these adverse effects.

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**SUPPLEMENTAL PLAN OF DISTRIBUTION**

Wachovia Capital Markets, LLC has agreed, subject to the terms and conditions of the distribution agreement and a terms agreement, to purchase from Wachovia as principal \$ aggregate principal amount of securities and will receive an underwriting discount and commission of %. Wachovia Capital Markets, LLC has engaged the services of each of Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC, as broker, to resell \$ and \$ , respectively, aggregate principal amount of the securities purchased by Wachovia Capital Markets, LLC and has agreed to reallow Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC % of the principal amount of each security sold through Wachovia Securities, LLC or Wachovia Securities Financial Network, LLC, respectively, as broker.

The distribution agreement provides that the obligations of Wachovia Capital Markets, LLC are subject to certain conditions and that Wachovia Capital Markets, LLC is obligated to purchase the securities. Wachovia Capital Markets, LLC has advised Wachovia that it proposes initially to offer all or part of the securities directly to the public at the offering price set forth on the cover page of this prospectus supplement. Included in the compensation paid at the time of the initial public offering of the securities, an additional administrative fee of % will be paid to dealers and agents in connection with the administration of orders for the securities. After the initial public offering, the public offering price may be changed and a concession to dealers may be offered. Wachovia Capital Markets, LLC is offering the securities subject to receipt and acceptance and subject to its right to reject any order in whole or in part.

In addition, additional agents under the distribution agreement, subject to the terms and conditions of the distribution agreement, may act as Wachovia's agents in the sale of \$ aggregate principal amount of the securities. The total commission payable on securities sold by the additional agents on an agency basis, pursuant to the distribution agreement, will be %. We refer to the additional agents, together with Wachovia Capital Markets, LLC, as the Agents .

Proceeds to be received by Wachovia in this offering will be net of the underwriting discount, commission and expenses payable by Wachovia.

The Agents, Wachovia Securities, LLC, Wachovia Securities Financial Network, LLC or any other broker-dealer affiliate of Wachovia may use this prospectus supplement and the accompanying prospectus for offers and sales related to market-making transactions in the securities. The Agents, Wachovia Securities, LLC, Wachovia Securities Financial Network, LLC or any other broker-dealer affiliate of Wachovia may act as principal or agent in these transactions, and the sales will be made at prices related to prevailing market prices at the time of sale.

Wachovia Capital Markets, LLC, Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC are affiliates of Wachovia. Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. ( NASD ) imposes certain requirements when an NASD member such as Wachovia Capital Markets, LLC, Wachovia Securities, LLC or Wachovia Securities Financial Network, LLC distributes an affiliated company's debt securities. Wachovia Capital Markets, LLC, Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC have advised Wachovia that this offering will comply with the applicable requirements of Rule 2720. No NASD member participating in this offering will confirm initial sales to accounts over which it exercises discretionary authority without the prior written approval of the customer.

We expect to deliver the securities against payment therefor in New York City on or about the expected settlement date specified on the cover page of this prospectus supplement, which will be the fifth business day following the date of this prospectus supplement and of the pricing of the securities. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade securities on the pricing date or the next succeeding business day will be required, by virtue of the fact that the securities initially will settle in five business days (T+5), to specify alternative settlement arrangements to prevent a failed settlement.

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No action has been or will be taken by Wachovia, the Agents, Wachovia Securities, LLC, Wachovia Securities Financial Network, LLC or any other broker-dealer affiliate of Wachovia that would permit a public offering of the securities or possession or distribution of this prospectus supplement or the accompanying prospectus in any jurisdiction, other than the United States, where action for that purpose is required. No offers, sales or deliveries of the securities, or distribution of this prospectus supplement or the accompanying prospectus, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on Wachovia, the Agents, Wachovia Securities, LLC, Wachovia Securities Financial Network, LLC or any other broker-dealer affiliate of Wachovia. In respect of specific jurisdictions, please note the following:

The securities, and the offer to sell such securities, do not constitute a public offering in Argentina. Consequently, no public offering approval has been requested or granted by the Comisión Nacional de Valores, nor has any listing authorization of the securities been requested on any stock market in Argentina.

The securities will not be offered or sold to any persons who are residents of the Bahamas within the meaning of the Exchange Control Regulations of 1956 issued by the Central Bank of the Bahamas.

The securities may not be offered or sold to the public in Brazil. Accordingly, the securities have not been submitted to the Comissão de Valores Mobiliários for approval. Documents relating to this offering may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

Neither the securities nor Wachovia Corporation are registered in the Securities Registry of the Superintendency of Securities and Insurance in Chile.

The securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This prospectus supplement and the accompanying prospectus may not be publicly distributed in Mexico.

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**RECENT DEVELOPMENTS**

**Fourth Quarter 2006 Results**

On January 23, 2007, Wachovia announced its results of operations for the quarter and the year ended December 31, 2006. Wachovia's earnings were \$2.3 billion in the fourth quarter of 2006 compared with earnings of \$1.7 billion in the fourth quarter of 2005. On a diluted per share basis, earnings were \$1.20 compared with \$1.09 a year ago.

Full year 2006 earnings were \$7.8 billion, or \$4.63 per diluted share, compared with \$6.6 billion, or \$4.19 per share, a year ago.

Tax-equivalent net interest income was \$4.6 billion in the fourth quarter of 2006 compared with \$3.6 billion in the fourth quarter of 2005. Fee and other income was \$4.0 billion in the fourth quarter of 2006 compared with \$3.0 billion in the fourth quarter of 2005.

Nonperforming assets were \$1.4 billion, or 0.32% of net loans and foreclosed properties, at December 31, 2006, compared with \$752 million, or 0.28%, at December 31, 2005. Annualized net charge-offs as a percentage of average net loans were 0.14% in the fourth quarter of 2006 compared with 0.09% in the fourth quarter of 2005. The provision for credit losses was \$206 million in the fourth quarter of 2006 compared with \$81 million a year ago.

Net loans at December 31, 2006 were \$420.2 billion compared with \$259.0 billion a year ago. Total deposits were \$407.5 billion at December 31, 2006, compared with \$324.9 billion a year ago. Stockholders' equity was \$69.7 billion at December 31, 2006, compared with \$47.6 billion a year ago. At December 31, 2006, Wachovia had assets of \$707.1 billion.

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**\$9,100,000,000**

**WACHOVIA CORPORATION**  
**Senior Global Medium-Term Notes, Series G**

**and**

**Subordinated Global Medium-Term Notes, Series H**

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**Terms of Sale**

Wachovia Corporation may from time to time offer and sell notes with various terms, including the following:

stated maturity of 9 months or longer	amount of principal or interest may be determined by reference to an index or formula
fixed or floating interest rate, zero-coupon or issued with original issue discount; a floating interest rate may be based on:	book-entry form through The Depository Trust Company, Euroclear, Clearstream or any other clearing system or financial institution named in the applicable pricing supplement
commercial paper rate	
prime rate	redemption at the option of Wachovia or repayment at the option of the holder
LIBOR	interest on notes paid monthly, quarterly, semi-annually or annually
EURIBOR	denominations of \$1,000 and multiples of \$1,000
treasury rate	denominated in U.S. dollars, a currency other than U.S dollars or in a composite currency
CMT rate	
CD rate	settlement in immediately available funds
CPI rate	



federal funds rate

ranked as senior or subordinated indebtedness  
of Wachovia

The final terms of each note will be included in a pricing supplement. Wachovia will receive between \$9,090,000,000 and \$8,372,000,000 of the proceeds from the sale of the notes, after paying the agents' commissions of between \$10,000,000 and \$728,000,000, unless otherwise agreed with the agents.

Wachovia has filed an application to list notes issued under this prospectus on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has advised us that with respect to notes so listed, this prospectus is valid for one year from the date of this prospectus.

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**Investing in the notes involves risks. See Risk Factors beginning on page 5.**

**Neither the Securities and Exchange Commission, any state securities commission or the Commissioner of Insurance of the state of North Carolina has approved or disapproved of the securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

These securities will be our unsecured obligations and will not be savings accounts, deposits or other obligations of any bank or non-bank subsidiary of ours and are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other governmental agency.

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Wachovia may sell the notes directly or through one or more agents or dealers, including the agents listed below. The agents are not required to sell any particular amount of the notes.

Wachovia may use this prospectus in the initial sale of any notes. In addition, Wachovia Capital Markets, LLC, or any other affiliate of Wachovia may use this prospectus in a market-making or other transaction in any note after its initial sale. *Unless Wachovia or its agent informs the purchaser otherwise in the confirmation of sale or pricing supplement, this prospectus is being used in a market-making transaction.*

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## Wachovia Securities

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**This prospectus is dated May 13, 2005**

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**ABOUT THIS PROSPECTUS**

**General**

This document is called a prospectus and is part of a registration statement that we filed with the SEC using a shelf registration or continuous offering process. Under this shelf registration, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total aggregate initial offering price of \$9,100,000,000 or the equivalent amount in one or more other currencies or composite currencies.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities we will provide a pricing supplement containing specific information about the terms of the securities being offered. That pricing supplement may include a discussion of any risk factors or other special considerations that apply to those securities. The pricing supplement may also add, update or change the information in this prospectus. If there is any inconsistency between the information in this prospectus and any pricing supplement, you should rely on the information in that pricing supplement. You should read both this prospectus and any pricing supplement together with additional information described under the heading **Where You Can Find More Information**.

The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC web site or at the SEC offices mentioned under the heading **Where You Can Find More Information**.

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus and in any pricing supplement, including the information incorporated by reference. Neither we nor any underwriters or agents have authorized anyone to provide you with different information. We are not offering the securities in any state where the offer is prohibited. You should not assume that the information in this prospectus, any pricing supplement or any document incorporated by reference is truthful or complete at any date other than the date mentioned on the cover page of these documents.

We may sell securities to underwriters who will sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us directly or through dealers or agents designated from time to time, which agents may be our affiliates. If we, directly or through agents, solicit offers to purchase the securities, we reserve the sole right to accept and, together with our agents, to reject, in whole or in part, any of those offers.

The pricing supplement will contain the names of the underwriters, brokers, dealers or agents, if any, together with the terms of offering, the compensation of those persons and the net proceeds to us. Any underwriters, brokers, dealers or agents participating in the offering may be deemed underwriters within the meaning of the Securities Act of 1933 (the **Securities Act**).

One or more of our subsidiaries, including Wachovia Capital Markets, LLC may buy and sell any of the securities after the securities are issued as part of their business as a broker-dealer. Those subsidiaries may use this prospectus and the related pricing supplement in those transactions. Any sale by a subsidiary will be made at the prevailing market price at the time of sale. Wachovia Capital Markets, LLC and Wachovia Securities, LLC another of our subsidiaries, each conduct business under the name **Wachovia Securities**. Any reference in this prospectus to **Wachovia Securities** means Wachovia Capital Markets, LLC, unless otherwise mentioned or unless the context requires otherwise.

## Edgar Filing: WACHOVIA CORP NEW - Form 424B5

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to Wachovia , we , us , our or similar references mean Wachovia Corporation and its subsidiaries.

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**Selling Restrictions Outside the United States**

Offers and sales of the notes are subject to restrictions in the United Kingdom. The distribution of this prospectus and the offering of the notes in certain other jurisdictions may also be restricted by law. This prospectus does not constitute an offer of, or an invitation on Wachovia's behalf or on behalf of the agents or any of them to subscribe to or purchase, any of the notes. This prospectus may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Please refer to the section entitled "Plan of Distribution".

As long as the notes are listed on the Luxembourg Stock Exchange, a supplemental prospectus will be prepared and filed with the Luxembourg Stock Exchange in the event of a material change in the financial condition of Wachovia that is not reflected in this prospectus, for the use in connection with any subsequent issue of debt securities to be listed on the Luxembourg Stock Exchange. As long as the notes are listed on the Luxembourg Stock Exchange, if the terms and conditions of the notes are modified or amended in a manner which would make this prospectus materially inaccurate or misleading, a new prospectus or supplemental prospectus will be prepared.

Wachovia accepts responsibility for the information contained in this prospectus. The Luxembourg Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss no matter how arising from or in reliance upon the whole or any part of the contents of this prospectus.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. In addition, our SEC filings are available to the public at the SEC's web site at <http://www.sec.gov>. You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York.

The SEC allows us to incorporate by reference into this prospectus the information in documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. We incorporate by reference the documents listed below and any documents we file with the SEC in the future under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) until the offering of securities by means of this prospectus is completed:

Annual Report on Form 10-K for the year ended December 31, 2004;

Quarterly Report on Form 10-Q for the period ended March 31, 2005; and

Current Reports on Form 8-K dated January 5, 2005, January 14, 2005, January 19, 2005, April 15, 2005 and May 2, 2005.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

Corporate Relations

Wachovia Corporation

One Wachovia Center

301 South College Street

Charlotte, North Carolina 28288-0206

(704) 374-6782

As long as the notes are listed on the Luxembourg Stock Exchange, you may also obtain documents incorporated by reference in this prospectus free of charge from the Luxembourg Listing Agent or the Luxembourg Paying Agent and Transfer Agent.





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**FORWARD-LOOKING STATEMENTS**

This prospectus and applicable pricing supplements contain or incorporate statements that are forward-looking statements. These statements can be identified by the use of forward-looking language such as will likely result, may, are expected to, is anticipated, estimate, projected, intend, or other similar words. Our actual results, performance or achievements could be significantly different from the results expressed in or implied by these forward-looking statements. These statements are subject to certain risks and uncertainties, including but not limited to certain risks described in the pricing supplement or the documents incorporated by reference. When considering these forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus and the pricing supplements. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

**WACHOVIA CORPORATION**

Wachovia was incorporated under the laws of North Carolina in 1967. We are registered as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956, as amended, and are supervised and regulated by the Board of Governors of the Federal Reserve System. Our banking and securities subsidiaries are supervised and regulated by various federal and state banking and securities regulatory authorities. On September 1, 2001, the former Wachovia Corporation merged with and into First Union Corporation, and First Union Corporation changed its name to Wachovia Corporation.

In addition to North Carolina, Wachovia's full-service banking subsidiaries operate in Alabama, Connecticut, Delaware, Florida, Georgia, Maryland, Mississippi, New Jersey, New York, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and Washington, D.C. These full-service banking subsidiaries provide a wide range of commercial and retail banking and trust services. Wachovia also provides various other financial services, including mortgage banking, home equity lending, leasing, investment banking, insurance and securities brokerage services through other subsidiaries.

In 1985, the Supreme Court upheld regional interstate banking legislation. Since then, Wachovia has concentrated its efforts on building a large regional banking organization in what it perceives to be some of the better banking markets in the eastern United States. Since November 1985, Wachovia has completed over 100 banking-related acquisitions.

Wachovia continually evaluates its business operations and organizational structures to ensure they are aligned closely with its goal of maximizing performance in its core business lines, Capital Management, Wealth Management, the General Bank and Corporate and Investment Banking. When consistent with our overall business strategy, we may consider the disposition of certain of our assets, branches, subsidiaries or lines of business. We continue to routinely explore acquisition opportunities, particularly in areas that would complement our core business lines, and frequently conduct due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations frequently take place, and future acquisitions involving cash, debt or equity securities can be expected.

Wachovia is a separate and distinct legal entity from its banking and other subsidiaries. Dividends received from our subsidiaries are our principal source of funds to pay dividends on our common and preferred stock and debt service on our debt. Various federal and state statutes and regulations limit the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval.



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**RISK FACTORS**

**Our Credit Ratings May Not Reflect All Risks of An Investment in the Notes**

The credit ratings of our medium-term note program may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes. In addition, real or anticipated changes in our credit ratings will generally effect any trading market for, or trading value of, your notes.

**Risks Relating to Indexed Notes**

We use the term *indexed notes* to mean notes whose value is linked to an underlying property or index. Indexed notes may present a high level of risk, and those who invest in indexed notes may lose their entire investment. In addition, the treatment of indexed notes for U.S. federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular indexed note. Thus, if you propose to invest in indexed notes, you should independently evaluate the federal income tax consequences of purchasing an indexed note that apply in your particular circumstances. You should also read *United States Taxation* for a discussion of U.S. tax matters.

***Investors in Indexed Notes Could Lose Their Investment***

The amount of principal and/or interest payable on an indexed note and the cash value or physical settlement value of a physically settled note will be determined by reference to the price, value or level of one or more securities, currencies, commodities or other properties, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, and/or one or more indices or baskets of any of these items. We refer to each of these as an *index*. The direction and magnitude of the change in the price, value or level of the relevant index will determine the amount of principal and/or interest payable on the indexed note, and the cash value or physical settlement value of a physically settled note. The terms of a particular indexed note may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. Thus, if you purchase an indexed note, you may lose all or a portion of the principal or other amount you invest and may receive no interest on your investment.

***The Issuer of a Security or Currency That Serves as an Index Could Take Actions That May Adversely Affect an Indexed Note***

The issuer of a security that serves as an index or part of an index for an indexed note will have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. The issuer may take actions, such as a merger or sale of assets, without regard to the interests of the holder. Any of these actions could adversely affect the value of a note indexed to that security or to an index of which that security is a component.

If the index for an indexed note includes a non-U.S. dollar currency or other asset denominated in a non-U.S. dollar currency, the government that issues that currency will also have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. That government may take actions that could adversely affect the value of the note. See *Risks Relating to Notes Denominated or Payable*

in or Linked to a Non-U.S. Dollar Currency below for more information about these kinds of government actions.

***An Indexed Note May Be Linked to a Volatile Index, Which Could Hurt Your Investment***

Some indices are highly volatile, which means that their value may change significantly, up or down, over a short period of time. The amount of principal or interest that can be expected to become payable on an

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indexed note may vary substantially from time to time. Because the amounts payable with respect to an indexed note are generally calculated based on the value or level of the relevant index on a specified date or over a limited period of time, volatility in the index increases the risk that the return on the indexed note may be adversely affected by a fluctuation in the level of the relevant index.

The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of an indexed note.

### ***An Index to Which a Note Is Linked Could Be Changed or Become Unavailable***

Some indices compiled by us or our affiliates or third parties may consist of or refer to several or many different securities, commodities or currencies or other instruments or measures. The compiler of such an index typically reserves the right to alter the composition of the index and the manner in which the value or level of the index is calculated. An alteration may result in a decrease in the value of or return on an indexed note that is linked to the index. The indices for our indexed notes may include published indices of this kind or customized indices developed by us or our affiliates in connection with particular issues of indexed notes.

A published index may become unavailable, or a customized index may become impossible to calculate in the normal manner, due to events such as war, natural disasters, cessation of publication of the index or a suspension or disruption of trading in one or more securities, commodities or currencies or other instruments or measures on which the index is based. If an index becomes unavailable or impossible to calculate in the normal manner, the terms of a particular indexed note may allow us to delay determining the amount payable as principal or interest on an indexed note, or we may use an alternative method to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that any alternative method of valuation we use will produce a value identical to the value that the actual index would produce. If we use an alternative method of valuation for a note linked to an index of this kind, the value of the note, or the rate of return on it, may be lower than it otherwise would be.

Some indexed notes are linked to indices that are not commonly used or that have been developed only recently. The lack of a trading history may make it difficult to anticipate the volatility or other risks associated with an indexed note of this kind. In addition, trading in these indices or their underlying stocks, commodities or currencies or other instruments or measures, or options or futures contracts on these stocks, commodities or currencies or other instruments or measures, may be limited, which could increase their volatility and decrease the value of the related indexed notes or the rates of return on them.

### ***We May Engage in Hedging Activities that Could Adversely Affect an Indexed Note***

In order to hedge an exposure on a particular indexed note, we may, directly or through our affiliates, enter into transactions involving the securities, commodities or currencies or other instruments or measures that underlie the index for the note, or involving derivative instruments, such as swaps, options or futures, on the index or any of its component items. By engaging in transactions of this kind, we could adversely affect the value of an indexed note. It is possible that we could achieve substantial returns from our hedging transactions while the value of the indexed note may decline.

### ***Information About Indices May Not Be Indicative of Future Performance***

If we issue an indexed note, we may include historical information about the relevant index in the relevant pricing supplement. Any information about indices that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in the relevant index that may occur in the future.

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### ***We May Have Conflicts of Interest Regarding an Indexed Note***

Wachovia Securities and our other affiliates may have conflicts of interest with respect to some indexed notes. Wachovia Securities and our other affiliates may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other accounts under their management, in indexed notes and in the securities, commodities or currencies or other instruments or measures on which the index is based or in other derivative instruments related to the index or its component items. These trading activities could adversely affect the value of indexed notes. We and our affiliates may also issue or underwrite securities or derivative instruments that are linked to the same index as one or more indexed notes. By introducing competing products into the marketplace in this manner, we could adversely affect the value of an indexed note.

Wachovia Bank, National Association or another of our affiliates may serve as calculation agent for the indexed notes and may have considerable discretion in calculating the amounts payable in respect of the notes. To the extent that Wachovia Bank, National Association or another of our affiliates calculates or compiles a particular index, it may also have considerable discretion in performing the calculation or compilation of the index. Exercising discretion in this manner could adversely affect the value of an indexed note based on the index or the rate of return on the security.

### **Risks Relating to Notes Denominated or Payable in or Linked to a Non-U.S. Dollar Currency**

If you intend to invest in a non-U.S. dollar note e.g., a note whose principal and/or interest is payable in a currency other than U.S. dollars or that may be settled by delivery of or reference to a non-U.S. dollar currency or property denominated in or otherwise linked to a non-U.S. dollar currency you should consult your own financial and legal advisors as to the currency risks entailed by your investment. Notes of this kind may not be an appropriate investment for investors who are unsophisticated with respect to non-U.S. dollar currency transactions.

### ***An Investment in a Non-U.S. Dollar Note Involves Currency-Related Risks***

An investment in a non-U.S. dollar note entails significant risks that are not associated with a similar investment in a note that is payable solely in U.S. dollars and where settlement value is not otherwise based on a non-U.S. dollar currency. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the various non-U.S. dollar currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls or other conditions by either the United States or non-U.S. governments. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of and demand for the relevant currencies in the global markets.

### ***Changes in Currency Exchange Rates Can Be Volatile and Unpredictable***

Rates of exchange between the U.S. dollar and many other currencies have been highly volatile, and this volatility may continue and perhaps spread to other currencies in the future. Fluctuations in currency exchange rates could adversely affect an investment in a note denominated in, or where value is otherwise linked to, a specified currency other than U.S. dollars. Depreciation of the specified currency against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent value of payments on the note, including the principal payable at maturity. That in turn could cause the market value of the note to fall. Depreciation of the specified currency against the U.S. dollar could result in a loss to the investor on a U.S. dollar basis.

In courts outside of New York, investors may not be able to obtain judgment in a specified currency other than U.S. dollars. For example, a judgment for money in an action based on a non-U.S. dollar note in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars.



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The date used to determine the rate of conversion of the currency in which any particular note is denominated into U.S. dollars will depend upon various factors, including which court renders the judgment.

***Information About Exchange Rates May Not Be Indicative of Future Performance***

If we issue a non-U.S. dollar note, we may include in the relevant pricing supplement a currency supplement that provides information about historical exchange rates for the relevant non-U.S. dollar currency or currencies. Any information about exchange rates that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future. That rate will likely differ from the exchange rate used under the terms that apply to a particular note.

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**USE OF PROCEEDS**

Wachovia currently intends to use the net proceeds from the sale of any notes for general corporate purposes, which may include:

reducing debt;

investments at the holding company level;

investing in, or extending credit to, our operating subsidiaries;

acquisitions;

stock repurchases; and

other purposes as mentioned in any pricing supplement.

Pending such use, we may temporarily invest the net proceeds. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds. Except as mentioned in any pricing supplement, specific allocations of the proceeds to such purposes will not have been made at the date of that pricing supplement.

Based upon our historical and anticipated future growth and our financial needs, we may engage in additional financings of a character and amount that we determine as the need arises.

**CONSOLIDATED EARNINGS RATIOS**

The following table provides Wachovia's consolidated ratios of earnings to fixed charges and preferred stock dividends:

<b>Three Months Ended</b>	<b>Years Ended December 31,</b>				
<b>March 31,</b>					
<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>

**Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock**

**Dividends**

Excluding interest on deposits	3.31x	3.83	3.63	2.91	1.61	1.13
Including interest on deposits	2.16x	2.37	2.30	1.79	1.27	1.06

For purposes of computing these ratios

earnings represent income from continuing operations before extraordinary items and cumulative effect of a change in accounting principles, plus income taxes and fixed charges (excluding capitalized interest);

fixed charges, excluding interest on deposits, represent interest (including capitalized interest), one-third of rents and all amortization of debt issuance costs; and

fixed charges, including interest on deposits, represent all interest (including capitalized interest), one-third of rents and all amortization of debt issuance costs.

One-third of rents is used because it is the proportion deemed representative of the interest factor.

**Table of Contents****SELECTED CONSOLIDATED CONDENSED FINANCIAL DATA**

The following is selected unaudited consolidated condensed financial information for Wachovia for the three months ended March 31, 2005, and the year ended December 31, 2004. The summary below should be read in conjunction with the consolidated financial statements of Wachovia, and the related notes thereto, and the other detailed information contained in Wachovia's 2005 First Quarter Report on Form 10-Q and in Wachovia's 2004 Annual Report on Form 10-K.

	<b>Three Months</b>	
	<b>Ended March 31, 2005</b>	<b>Year Ended December 31, 2004</b>
<b>(In millions, except per share data)</b>		
<b>CONSOLIDATED CONDENSED SUMMARIES OF INCOME</b>		
Interest income	\$ 5,453	17,288
Interest expense	2,040	5,327
Net interest income	3,413	11,961
Provision for credit losses	36	257
Net interest income after provision for credit losses	3,377	11,704
Securities losses	(2)	(10)
Fee and other income	2,997	10,789
Merger-related and restructuring expenses	61	444
Other noninterest expense	3,811	14,222
Minority interest in income of consolidated subsidiaries	64	184
Income before income taxes	2,436	7,633
Income taxes	815	2,419
Net income	\$ 1,621	5,214
<b>PER COMMON SHARE DATA</b>		
Basic earnings	\$ 1.03	3.87
Diluted earnings	1.01	3.81
Cash dividends	\$ 0.46	1.66
Average common shares Basic	1,571	1,346
Average common shares Diluted	1,603	1,370
<b>CONSOLIDATED CONDENSED PERIOD-END BALANCE SHEET</b>		
Cash and cash equivalents	\$ 38,227	38,591
Trading account assets	47,149	45,932
Securities	116,731	110,597
Loans, net of unearned income	227,266	223,840
Allowance for loan losses	(2,732)	(2,757)
Loans, net	224,534	221,083
Loans held for sale	14,173	12,988
Goodwill	21,635	21,526
Other intangible assets	1,428	1,581
Other assets	42,956	41,026

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Total assets	\$ 506,833	493,324
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<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Deposits	297,657	295,053
Short-term borrowings	73,401	63,406
Trading account liabilities	22,418	21,709
Other liabilities	16,147	16,262
Long-term debt	47,932	46,759
	<hr/>	<hr/>
Total liabilities	457,555	443,189
Minority interest in net assets of consolidated subsidiaries	2,811	2,818
Stockholders equity	46,467	47,317
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