

WACHOVIA CORP NEW  
Form DEF 14A  
March 14, 2005  
Table of Contents

**Schedule 14A**

**(Rule 14A-101)**

**Information Required In Proxy Statement**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

**(AMENDMENT NO. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**Wachovia Corporation**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

PAYMENT OF FILING FEE (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- .. \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22 of Schedule 14A.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:

---

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

4) Proposed maximum aggregate value of transaction:

---

5) Total Fee Paid:

---

.. Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

---

2) Form, Schedule or Registration Statement No.:

---

3) Filing Party:

---

4) Date Filed:

---

**Table of Contents**

March 14, 2005

Dear Stockholder:

On behalf of the board of directors, we are pleased to invite you to the Annual Meeting of Stockholders in Charlotte, North Carolina, on Tuesday, April 19, 2005, at 9:30 a.m. The notice of meeting and proxy statement on the following pages contain information about the meeting.

In addition to the matters contained in this proxy statement, we will also review operating results for the past year and present other information concerning Wachovia. The meeting should be interesting and informative, and we hope you will be able to attend.

We are again pleased to offer record holders of common stock (those who hold shares directly registered in their own names and not in the name of a bank, broker or other nominee) the option of voting through the telephone or Internet.

In order to ensure your shares are voted at the meeting, please return the enclosed proxy card at your earliest convenience or vote through the telephone or Internet. Voting procedures are described on the proxy card. Every stockholder's vote is important.

Sincerely yours,

G. Kennedy Thompson

Chairman, President and Chief Executive Officer

Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288

Table of Contents

## Wachovia Corporation

301 South College Street, Charlotte, North Carolina 28288

### NOTICE OF ANNUAL MEETING

**TO BE HELD ON APRIL 19, 2005**

March 14, 2005

The Annual Meeting of Stockholders will be held in the Charlotte-Mecklenburg Ballroom at the Hilton Charlotte & Towers, 222 East Third Street, Charlotte, North Carolina 28202, on Tuesday, April 19, 2005, at 9:30 a.m., to consider the following:

*A Wachovia proposal to elect the eight nominees named in the attached proxy statement as directors, six nominees to serve as Class I directors with terms expiring at the 2008 Annual Meeting of Stockholders, one nominee to serve as a Class II director with a term expiring at the 2006 Annual Meeting of Stockholders, and one nominee to serve as a Class III director with a term expiring at the 2007 Annual Meeting of Stockholders, in each case until their successors are duly elected and qualified.*

*A Wachovia proposal to ratify the appointment of KPMG LLP as auditors for the year 2005.*

*Such other business as may properly come before the meeting or any adjournments.*

Only holders of record of Wachovia common stock on February 16, 2005, are entitled to notice of and to vote at the meeting.

By order of the board of directors,

Mark C. Treanor

Secretary

**Whether or not you plan to attend, please either return the enclosed proxy card or vote through the telephone or Internet voting procedures described on your proxy card, to ensure your shares are voted at the meeting. Your vote is important, whether you own a few shares or many.**

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>PROXY STATEMENT</u></b>	1
<u>General Information</u>	1
<b><u>ABOUT THE MEETING</u></b>	1
<u>Who Can Vote</u>	1
<u>How Do I Vote</u>	1
<u>What Am I Voting On</u>	2
<u>Can I Change My Vote</u>	2
<u>Quorum Needed To Hold The Meeting</u>	2
<u>Counting Your Vote</u>	2
<u>What Vote Is Needed</u>	3
<u>Our Voting Recommendations</u>	3
<u>Voting Results</u>	3
<u>Cost of This Proxy Solicitation</u>	3
<u>Delivery of Proxy Materials</u>	3
<u>Electronic Delivery of Proxy Materials</u>	4
<b><u>PROPOSAL 1 ELECTION OF DIRECTORS</u></b>	4
<u>General Information and Nominees</u>	4
<u>Board Matters</u>	9
<u>Corporate Governance Policies and Practices</u>	10
<u>Audit Committee Report</u>	15
<u>Security Ownership of Management</u>	17
<u>Security Ownership of Certain Beneficial Owners</u>	18
<u>Executive Compensation</u>	18
<u>Employment Contracts</u>	23
<u>Compensation Committee Interlocks and Insider Participation</u>	25
<u>Compensation Committee Report on Executive Compensation</u>	26
<u>Performance Graph</u>	31
<u>Other Matters Relating to Executive Officers and Directors</u>	31
<b><u>PROPOSAL 2 PROPOSAL TO RATIFY THE APPOINTMENT OF AUDITORS</u></b>	32
<b><u>OTHER STOCKHOLDER MATTERS</u></b>	33
<b><u>MISCELLANEOUS</u></b>	34
<b><u>AUDIT COMMITTEE CHARTER</u></b>	A-1
<b><u>DIRECTOR INDEPENDENCE STANDARDS</u></b>	B-1

## **Table of Contents**

### **PROXY STATEMENT**

#### **General Information**

The enclosed proxy card is solicited on behalf of the board of directors in connection with the Annual Meeting of Stockholders to be held in the Charlotte-Mecklenburg Ballroom at the Hilton Charlotte & Towers, 222 East Third Street, Charlotte, North Carolina 28202, on Tuesday, April 19, 2005, at 9:30 a.m., and at any adjournment, referred to as the meeting. The proxy may be used whether or not you attend the meeting. If you are a registered stockholder (that is, you hold shares directly registered in your own name), you may also vote by telephone or through the Internet, by following the instructions described on your proxy card. If your shares are held in the name of a bank, broker or other nominee, referred to as street name, you will receive separate voting instructions with your proxy materials. Although most brokers and nominees offer telephone and Internet voting, availability and specific procedures will depend on their voting arrangements.

This proxy statement, the enclosed proxy card and Wachovia's 2004 Annual Report to Stockholders are being first mailed to our stockholders on or about March 14, 2005.

The merger of Wachovia Corporation ( Legacy Wachovia ) and First Union Corporation ( Legacy First Union ) was effective September 1, 2001. Legacy First Union changed its name to Wachovia Corporation on the date of the merger. As the surviving corporate entity in the merger, information contained in this proxy statement, unless indicated otherwise, includes information about Legacy First Union only. Whenever we use the Wachovia name in this proxy statement, we mean the combined company and, before the merger, Legacy First Union, unless indicated otherwise.

Your vote is very important. For this reason, the board of directors is requesting that you permit your common stock to be represented at the meeting by the individuals named on the enclosed proxy card. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

### **ABOUT THE MEETING**

#### **Who Can Vote**

You may vote if you owned Wachovia common stock as of the close of business on the record date, February 16, 2005. Each share of Wachovia common stock is entitled to one vote. At the close of business on February 16, 2005, 1,585,511,981 shares of Wachovia common stock were outstanding and eligible to vote. The enclosed proxy card shows the number of shares that you are entitled to vote. If you own any shares in Wachovia's Dividend Reinvestment and Stock Purchase Plan, the enclosed proxy includes the number of shares you have in that plan on the record date for the meeting, as well as the number of shares directly registered in your name, including those held through our direct registration service. Your individual vote is confidential and will not be disclosed to persons other than those recording the vote or as applicable law may require.

**How Do I Vote**

You have four voting options:

Over the Internet, which we encourage if you have Internet access, at the address shown on your proxy card;

By telephone through the number shown on your proxy card;

By mail by completing, signing, dating and returning the enclosed proxy card; or

By attending the meeting and voting your shares in person.



## **Table of Contents**

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you choose to attend the meeting, please bring proof of stock ownership and proof of identification for entrance to the meeting.

If you hold your Wachovia shares in street name, your ability to vote by Internet or telephone depends on the voting process of the bank, broker or other nominee. Please follow their directions carefully. If you want to vote Wachovia shares that you hold in street name at the meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification for entrance to the meeting.

**Every vote is important! Please vote your shares promptly.**

## **What Am I Voting On**

There are two proposals that will be presented for your consideration at the meeting:

Electing eight directors; and

Ratifying the appointment of KPMG LLP as Wachovia's auditors for 2005.

The two proposals have been submitted on behalf of Wachovia's board of directors. Other business may be addressed at the meeting if it properly comes before the meeting. However, we are not aware of any such other business.

## **Can I Change My Vote**

You may revoke your proxy and change your vote at any time before the time voting begins on any proposal. You may do this by either giving our Corporate Secretary written notice of your revocation, submitting a new signed proxy card with a later date, voting on a later date by telephone or by the Internet (only your last telephone or Internet proxy is counted), or by attending the meeting and voting in person. However, your attendance at the meeting will not automatically revoke your proxy; you must specifically revoke your proxy. If your shares are held in nominee or street name, you should contact your bank, broker or other nominee regarding the revocation of proxies or, if you have obtained a legal proxy from your bank, broker or other nominee giving you the right to vote your shares, you may change your vote by attending the meeting and voting in person.

## **Quorum Needed To Hold The Meeting**

In order to conduct the meeting, a majority of Wachovia shares entitled to vote must be present in person or by proxy. This is called a quorum. If you return valid proxy instructions or vote in person at the meeting, you will be considered part of the quorum. Abstentions and broker

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

non-votes will be counted as present and entitled to vote for purposes of determining a quorum. New York Stock Exchange ( NYSE ) rules allow banks, brokers or other nominees to vote shares held by them for a customer on matters that the NYSE determines to be routine, even though the bank, broker or nominee has not received instructions from the customer. A broker non-vote occurs when a bank, broker or other nominee has not received voting instructions from the customer and the bank, broker or nominee cannot vote the customer's shares because the matter is not considered routine under NYSE rules.

### **Counting Your Vote**

If you provide specific voting instructions, your shares will be voted as instructed. If you hold shares in your name and sign and return a proxy card or vote by telephone or Internet without giving specific voting instructions, your shares will be voted as recommended by our board of directors. If you hold your shares in your name and do not return valid proxy instructions or vote in person at the meeting, your shares will not be voted. If you hold your Wachovia shares in the name of a bank, broker or other nominee, and you do not give

## **Table of Contents**

that nominee instructions on how you want your shares to be voted, the nominee generally has the authority to vote your shares on certain routine matters as described above. At the meeting, both proposals 1 and 2 are deemed routine which means that the nominee can vote your shares on those proposals if you do not timely provide instructions for voting your shares.

## **What Vote Is Needed**

Directors are elected by a plurality of the votes cast at the meeting. Plurality means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors who are nominated to be elected at the meeting. At our meeting, the maximum number of directors to be elected is eight. Shares not voted, whether by marking ABSTAIN on your proxy card or otherwise, will have no impact on the election of directors. Unless a properly executed proxy card is marked WITHHOLD authority as to any or all nominees, the proxy given will be voted FOR each of the nominees for director.

A majority of votes cast at the meeting is required to approve proposal 2. Abstentions will not be counted as votes cast for proposal 2.

## **Our Voting Recommendations**

Our board of directors recommends that you vote:

FOR each of our nominees to the board of directors; and

FOR ratifying KPMG LLP as our auditors.

Proxy cards that are timely signed, dated and returned but do not contain instructions on how you want to vote will be voted in accordance with our board of directors recommendations.

## **Voting Results**

The preliminary voting results will be announced at the meeting. The final voting results will be published in our quarterly report on Form 10-Q for the first quarter of fiscal year 2005.

## **Cost of This Proxy Solicitation**

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

Wachovia will pay the costs of the solicitation. We have hired Georgeson Shareholder Communications, Inc. as proxy solicitors to assist in the proxy solicitation and tabulation. Their base fee is \$20,000, plus expenses and an additional fee per proxy tabulated. We may also, upon request, reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to Wachovia soliciting proxies by mail, over the Internet and by the telephone, our board members, officers and employees may solicit proxies on our behalf, without additional compensation.

### **Delivery of Proxy Materials**

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

## **Table of Contents**

### **Electronic Delivery of Proxy Materials**

You can also access Wachovia's proxy statement and 2004 Annual Report on Form 10-K, which includes our annual report to stockholders, via the Internet at [www.wachovia.com](http://www.wachovia.com) under the tab "Inside Wachovia Investor Relations". For next year's stockholders' meeting, you can help us save significant printing and mailing expenses by consenting to access the proxy statement, proxy card and annual report electronically over the Internet. If you hold your shares in your own name (instead of through a bank, broker or other nominee), you can choose this option by following the instructions at the Internet voting website at <http://proxy.georgeson.com>, which has been established for you to vote your shares for the meeting. If you choose to receive your proxy materials and annual report electronically, then prior to next year's stockholders' meeting you will receive an e-mail notification when the proxy materials and annual report are available for on-line review over the Internet, as well as the instructions for voting electronically over the Internet. Your choice for electronic distribution will remain in effect for next year's stockholders meeting unless you revoke it prior to the meeting by sending a written request to: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206.

**A copy of our 2004 Annual Report on Form 10-K will be provided to you without charge (except for exhibits) upon written request to Wachovia Corporation, Investor Relations, 301 South College Street, Charlotte, NC 28288-0206.**

### **PROPOSAL 1. ELECTION OF DIRECTORS**

#### **General Information and Nominees**

Wachovia's board of directors is divided into three classes. At each annual meeting of stockholders, you elect the members of one of the three classes to three-year terms. Our directors determine the size of the board, but the total number of directors cannot be fewer than nine or more than 30. For purposes of the meeting, the number of directors is fixed at 18, with six directors in Class I, six directors in Class II, and six directors in Class III.

The terms of the directors serving in Class I will expire at the meeting and the terms of the directors serving in Classes II and III will expire at the 2006 and 2007 annual meetings of stockholders, respectively.

John D. Baker, II, Peter C. Browning, Donald M. James, Van L. Richey, G. Kennedy Thompson and John C. Whitaker, Jr. are being nominated to serve as directors in Class I with terms expiring at the 2008 annual meeting of stockholders. Wallace D. Malone, Jr. is being nominated to serve as a director in Class II with a term expiring at the 2006 annual meeting of stockholders. Robert J. Brown is being nominated to serve as a director in Class III with a term expiring at the 2007 annual meeting of stockholders.

Directors who reach retirement age (70) during their term in office are to retire from the board at the annual meeting of stockholders next following their 70th birthday, subject to the board authorizing the retirement to be deferred when deemed appropriate. In the case of Mr. Brown, who has reached the age of 70, the board considered Mr. Brown's extensive experience with Wachovia and his current work on the board's Management Resources & Compensation Committee and has determined that it is appropriate to defer his retirement.

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

Directors are elected by a plurality of votes cast. Shares cannot be voted for a greater number of persons than the number of nominees named in this proxy statement. Should any nominee be unavailable for election by reason of death or other unexpected occurrence, the enclosed proxy, to the extent permitted by applicable law, may be voted with discretionary authority in connection with the nomination by the board and the election of any substitute nominee. In addition, the board may reduce the number of directors to be elected at the meeting.

**Table of Contents**

Proxies, unless indicated to the contrary, will be voted **FOR** the election of the six nominees named below as **Class I** directors of Wachovia with terms expiring at the 2008 annual meeting of stockholders, **FOR** the election of the one nominee named below as a **Class II** director of Wachovia with a term expiring at the 2006 annual meeting of stockholders, and **FOR** the election of the one nominee named below as a **Class III** director of Wachovia with a term expiring at the 2007 annual meeting of stockholders.

All of the nominees are currently directors. Listed below are the names of the eight nominees to serve as directors and the ten incumbent directors who will be continuing in office following the meeting, together with: their ages; their principal occupations during the past five years; any other directorships they serve with publicly-held companies; and the year during which they were first elected a director of Wachovia (including service as a director of Legacy Wachovia or Legacy First Union).

**NOMINEES FOR ELECTION AS CLASS I DIRECTORS TERMS EXPIRING IN 2008**

**JOHN D. BAKER, II** (56). President and Chief Executive Officer, Florida Rock Industries, Inc., Jacksonville, Florida, a heavy building materials company. Director, Florida Rock Industries, Inc., Hughes Supply, Inc. and Patriot Transportation Holding, Inc. A director since 2001.

**PETER C. BROWNING** (63). Non-Executive Chairman of Nucor Corporation, Charlotte, North Carolina, a steel products manufacturing company, since September 2000, and Dean, McColl Graduate School of Business, Queens University of Charlotte, Charlotte, North Carolina, since March 2002. Previously, President and Chief Executive Officer of Sonoco Products Company prior to July 2000. Director, Acuity Brands Inc., EnPro Industries, Inc., Lowe's Companies, Inc., Nucor Corporation and The Phoenix Companies, Inc. A director since 1997.

**DONALD M. JAMES** (56). Chairman and Chief Executive Officer, Vulcan Materials Company, Birmingham, Alabama, a construction materials and chemicals company. Director, Protective Life Corporation, The Southern Company and Vulcan Materials Company. A director since 2004.

**VAN L. RICHEY** (55). President and Chief Executive Officer, American Cast Iron Pipe Company, Birmingham, Alabama, a manufacturer of products for the waterworks, capital goods and energy industries. A director since 2004.

**Table of Contents**

**G. KENNEDY THOMPSON** (54). Chairman (since February 2003), President (since December 1999) and Chief Executive Officer (since April 2000), Wachovia Corporation. Previously, Chairman, March 2001 to September 2001, and Vice Chairman, prior to December 1999, of Wachovia. Director, Florida Rock Industries, Inc. and Wachovia Preferred Funding Corp. A director since 1999.

**JOHN C. WHITAKER, JR.** (67). Chairman of the Board and Chief Executive Officer, Inmar, Inc., Winston-Salem, North Carolina, an information services company. A director since 1996.

**NOMINEE FOR ELECTION AS A CLASS II DIRECTOR TERM EXPIRING IN 2006**

**WALLACE D. MALONE, JR.** (68). Vice Chairman, Wachovia Corporation, Charlotte, North Carolina, since November 2004. Previously, Chairman, President and Chief Executive Officer, SouthTrust Corporation, prior to November 2004. A director since 2004.

**NOMINEE FOR ELECTION AS A CLASS III DIRECTOR TERM EXPIRING IN 2007**

**ROBERT J. BROWN** (70). Chairman and Chief Executive Officer, B&C Associates, Inc., High Point, North Carolina, a public relations and management consulting firm. Director, aaiPharma, Inc., AutoNation, Inc., Duke Energy Corporation and Sonoco Products Company. A director since 1993.



**Table of Contents**

**INCUMBENT CLASS II DIRECTORS TERMS EXPIRING IN 2006**

**WILLIAM H. GOODWIN, JR.** (64). Chairman and President, CCA Industries, Inc., Richmond, Virginia, a diversified holding company. Also, Chairman, Chief Executive Officer and Chief Operating Officer of The Riverstone Group, LLC, Richmond, Virginia, a diversified holding company. A director since 1993.

**ROBERT A. INGRAM** (62). Vice Chairman Pharmaceuticals, of GlaxoSmithKline, Research Triangle Park, North Carolina, a pharmaceutical research and development company, since January 2003. Also, Chairman of the Board, OSI Pharmaceuticals, Inc., Melville, New York, a biotechnology company, since January 2003. Previously, Chief Operating Officer and President, Pharmaceutical Operations, of GlaxoSmithKline plc, (December 2000 to January 2003), Chief Executive Officer of Glaxo Wellcome plc (prior to December 2000), and Chief Executive Officer and President (prior to January 1999) and Chairman (prior to January 2001) of Glaxo Wellcome Inc. Director, Allergan, Inc., Edwards Lifesciences Corporation, Lowe's Companies, Inc., Misys plc, Nortel Networks Corporation, OSI Pharmaceuticals, Inc. and Valeant Pharmaceuticals International. A director since 1997.

**MACKEY J. MCDONALD** (58). Chairman, President and Chief Executive Officer, VF Corporation, Greensboro, North Carolina, an apparel manufacturer. Director, Hershey Foods Corporation, Tyco International LTD. and VF Corporation. A director since 1997.

**LLOYD U. NOLAND, III** (61). Chairman, President and Chief Executive Officer of Noland Company, Newport News, Virginia, a wholesale distributor of plumbing, heating, air conditioning and industrial/electrical products. Director, Noland Company. A director since 1997.

**RUTH G. SHAW** (57). President (since March 2003) and Chief Executive Officer (since October 2004), Duke Power Company, a business unit of Duke Energy Corporation, an energy company, Charlotte, North Carolina. Previously, Executive Vice President and Chief Administrative Officer, Duke Energy Corporation, prior to March 2003. Director, MedCath Corporation. A director since 1990.

**Table of Contents**

**INCUMBENT CLASS III DIRECTORS TERMS EXPIRING IN 2007**

**JAMES S. BALLOUN** (66). Private Investor, Atlanta, Georgia. Previously, Chairman and Chief Executive Officer, Acuity Brands Inc., Atlanta, Georgia, a manufacturer and distributor of lighting fixtures and chemical cleaning products and formerly part of National Service Industries, Inc., from November 2001 to September 2004, President of Acuity Brands, Inc. from November 2001 to January 2004, and Chairman, President and Chief Executive Officer, National Service Industries, Inc., prior to November 2001. Director, Georgia-Pacific Corporation and Radiant Systems, Inc. A director since 1997.

**JOHN T. CASTEEN, III** (61). President of the University of Virginia, Charlottesville, Virginia. A director since 1997.

**JOSEPH NEUBAUER** (63). Chairman and Chief Executive Officer, ARAMARK Corporation, Philadelphia, Pennsylvania, a service management company, since September 2004. Previously, Executive Chairman of the Board, from January 2004 to September 2004, and Chairman and Chief Executive Officer of ARAMARK Corporation, prior to January 2004. Director, ARAMARK Corporation, CIGNA Corporation, Federated Department Stores, Inc. and Verizon Communications, Inc. A director since 1996.

**LANTY L. SMITH** (62). Chairman, Soles Brower Smith & Co., Greensboro, North Carolina, an investment and merchant banking firm. Also, Chairman, Precision Fabrics Group, Inc., Greensboro, North Carolina, a manufacturer of high technology specification textile products. A director since 1987.

**DONA DAVIS YOUNG** (51). Chairman (since April 2003), President (since November 2000) and Chief Executive Officer (since January 2003) of The Phoenix Companies, Inc., Hartford, Connecticut, a provider of wealth management products and services, and its subsidiary Phoenix Life Insurance Company. Previously, Chief Operating Officer (February 2001 to January 2003) of The Phoenix Companies, Inc., President (since February 2000) and Chief Operating Officer (since February 2001) of Phoenix Life Insurance Company, and Executive Vice President Individual Insurance and General Counsel prior to February 2000. Director, Foot Locker, Inc. and The Phoenix Companies, Inc. A director since 2000.

## **Table of Contents**

### **Board Matters**

Wachovia's business is managed under the direction and oversight of the board of directors. The board appoints Wachovia's Chief Executive Officer and its senior management team who are responsible for the day-to-day conduct of Wachovia's business. The board's primary responsibilities, thereafter, are to oversee management and to exercise its business judgment to act in good faith and in what each director reasonably believes to be in the best interests of Wachovia.

### ***Committee Structure***

The board has established various committees to assist the board in fulfilling its responsibilities. These committees currently consist of

the Executive Committee,

the Risk Committee,

the Management Resources & Compensation Committee,

the Corporate Governance & Nominating Committee, and

the Audit Committee.

Subject to applicable law and regulatory requirements, the board may establish additional or different committees from time to time.

The board has adopted written charters for each of the above committees, and copies of these charters are available on Wachovia's website at [www.wachovia.com](http://www.wachovia.com) under the tab "Inside Wachovia Investor Relations" and then under the heading "Corporate Governance Board Committee Composition", and are available in print to any stockholder who requests them by contacting us at: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206, or by telephone at (704) 374-6782. The following is additional information regarding each of the board's existing committees:

*Executive Committee.* The Executive Committee held no meetings in 2004. The Committee is authorized, between meetings of the board, to perform all duties and exercise all authority of the board, except for those duties and authorities delegated to other committees of the board or that are exclusively reserved to the board by our bylaws or by applicable law. The Executive Committee is not expected to meet frequently, if at all, and its primary function would be to consider matters that require immediate attention. The following directors are the current members of the Committee: Smith (Chair), Browning, Goodwin, Ingram, Neubauer, Thompson and Whitaker.

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

*Risk Committee.* The Risk Committee (formerly named the Credit & Finance Committee) held 6 meetings in 2004. The primary responsibilities of the Risk Committee are to assist the board in overseeing, and receiving information regarding, Wachovia's policies, procedures and practices relating to liquidity, interest rate, credit, market and operational risk. The following directors are the current members of the Committee: Young (Chair), Baker, Browning, Goodwin, James, Richey and Whitaker.

*Management Resources & Compensation Committee.* The Management Resources & Compensation Committee (the Compensation Committee ) held 7 meetings in 2004. The Compensation Committee assists the board by reviewing, establishing or making recommendations to the board, as applicable, regarding employee compensation, administering various employee benefit plans, acting as the executive compensation committee, evaluating management resources, including regarding succession planning, monitoring compliance of our employment and personnel policies and studying the compensation of directors and recommending changes when appropriate. The following directors are the current members of the Compensation Committee: Shaw (Chair), Brown, Ingram, and McDonald. The board has determined that all of

## **Table of Contents**

the members of the Compensation Committee are independent under the NYSE Corporate Governance Listing Standards, which we refer to as the NYSE rules, and the board's Director Independence Standards described below.

*Corporate Governance & Nominating Committee.* The Corporate Governance & Nominating Committee held 5 meetings in 2004. The Committee assists the board and management in establishing and maintaining effective corporate governance practices and procedures, identifies individuals qualified to become board members, and recommends to the board the individuals for nomination as members of the board and its committees. The following directors are the current members of the Committee: Ingram (Chair), Browning, Goodwin, McDonald, Neubauer, and Smith. The board has determined that all of the members of the Corporate Governance & Nominating Committee are independent under the NYSE rules and the board's Director Independence Standards.

*Audit Committee.* The Audit Committee (formerly named the Audit & Compliance Committee) held 13 meetings and several other conferences in 2004. The Committee's principal responsibilities are described below under the heading "Audit Committee Report" and include assisting the board in overseeing Wachovia's financial reporting process. Attached to this document as *Appendix A* is a copy of the Audit Committee's charter. The following directors are the current members of the Committee: Neubauer (Chair), Balloun, Casteen, Noland and Smith. The board has determined that all of the members of the Audit Committee are independent under the NYSE rules, the board's Director Independence Standards, and applicable SEC rules and regulations. The board also has determined that at least one member of the Audit Committee qualifies as an audit committee financial expert within the meaning of SEC rules and regulations, and has designated Mr. Neubauer, the Chair of the Committee, as the audit committee financial expert.

In addition, the board maintained a Merger Integration & Technology Committee for part of 2004. The Merger Integration & Technology Committee held 2 meetings in 2004. Upon its dissolution, the members of that committee were assigned to other board committees. The duties of the Merger Integration & Technology Committee were integrated into the remaining board committees upon its dissolution.

### ***Meetings and Attendance.***

The board held 8 meetings in 2004. In 2004, all of the directors attended at least 75% of the meetings of the board and the committees on which they served, except for Mr. McDonald due to business conflicts, and Mr. James due to weather-related travel delays prior to his first committee meeting in December 2004 after his election following the SouthTrust merger.

## **Corporate Governance Policies and Practices**

### ***Corporate Governance Guidelines***

Wachovia has developed, and operated under, corporate governance principles and practices that are designed to maximize long-term stockholder value, align the interests of the board and management with those of Wachovia's stockholders, and promote the highest ethical conduct among Wachovia's directors and employees. The board has focused on continuing to build upon Wachovia's strong corporate governance practices, and over the years Wachovia has adopted various corporate governance enhancements. For example, during the past few years the board has:

designated a lead independent director;

reduced the size of the board from 27 members in 1999 to 18 members in 2005;

increased reliance on stock-based compensation for senior management and the board; and

adopted stock ownership guidelines for executive officers and the board.

In April 2003, the board formally adopted written corporate governance policies, principles and guidelines, known as our Corporate Governance Guidelines, which reflect many of the matters mentioned above. The Corporate Governance Guidelines are not intended to be a static statement of Wachovia's policies, principles

## Table of Contents

and guidelines, but are subject to continual assessment and refinement as the board may determine advisable or necessary in view of the best interests of Wachovia and its stockholders. A copy of the board's Corporate Governance Guidelines is available on Wachovia's website at [www.wachovia.com](http://www.wachovia.com) under the tab Inside Wachovia Investor Relations and then under the heading Corporate Governance Corporate Governance Guidelines, and is available in print to any stockholder who requests it by contacting us at: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206, or by telephone at (704) 374-6782. Highlights of portions of the Corporate Governance Guidelines, as well as some of Wachovia's other corporate governance policies, practices and procedures are described below.

### *Director Independence*

As described in the Corporate Governance Guidelines, the board believes that a substantial majority of the board should consist of directors who are independent under the NYSE rules, as determined by the board in its business judgment. As described below, the board has determined that 14 of the board's 18 directors, or approximately 78%, are independent directors within the meaning of the Director Independence Standards adopted by the board, the NYSE rules and the applicable SEC rules and regulations.

The NYSE rules provide that a Wachovia director does not qualify as independent unless the board of directors affirmatively determines that the director has no material relationship with Wachovia (either directly or as a partner, stockholder or officer of an organization that has a relationship with Wachovia). The NYSE rules require a board to consider all of the relevant facts and circumstances in determining the materiality of a director's relationship with Wachovia and permit the board to adopt and disclose standards to assist the board in making determinations of independence. Accordingly, the board has adopted the Director Independence Standards to assist the board in determining whether a director has a material relationship with Wachovia. The Director Independence Standards, which should be read together with the NYSE rules, are attached to this document as *Appendix B* and are also available on Wachovia's website at [www.wachovia.com](http://www.wachovia.com) under the tab Inside Wachovia Investor Relations and then under the heading Corporate Governance Director Independence.

In February 2005, the board, with the assistance of the Corporate Governance & Nominating Committee, conducted an evaluation of director independence, based on the Director Independence Standards, the NYSE rules and applicable SEC rules and regulations. In connection with this review, the board evaluated banking, commercial, charitable, consulting, familial or other relationships with each director or immediate family member and their related interests and Wachovia and its subsidiaries, including those relationships described under Other Matters Relating to Executive Officers and Directors.

As a result of this evaluation, the board affirmatively determined that each of Mr. Balloun, Mr. Brown, Mr. Browning, Mr. Casteen, Mr. Goodwin, Mr. Ingram, Mr. James, Mr. McDonald, Mr. Neubauer, Mr. Noland, Dr. Shaw, Mr. Smith, Mr. Whitaker, and Ms. Young is an independent director under the Director Independence Standards, the NYSE rules and the applicable SEC rules and regulations. In connection with the evaluation, the board considered that in addition to Wachovia providing lending and other financial services to directors, their immediate family members, and their affiliated organizations in the ordinary course of business, some directors and their affiliated entities provide services to Wachovia in the ordinary course of business. In particular, the board considered the following relationships:

Mr. Neubauer is the chief executive officer and the beneficial owner of approximately 35% of the voting securities of ARAMARK Corporation, a publicly traded service management company, and in 2004, ARAMARK provided food and vending services to Wachovia;

Mr. Goodwin is the chief executive officer of The Riverstone Group, LLC, an owner and operator of, among other things, resort and hospitality properties, which is owned by members of Mr. Goodwin's immediate family. The Riverstone Group, LLC provided certain hotel, restaurant and meeting services to Wachovia in 2004; and





## **Table of Contents**

Mr. Smith is a director and owns approximately 33% of the voting interests of The Greenwood Group, Inc, a Manpower staffing services franchisee, and in 2004, The Greenwood Group provided contract-staffing services to Wachovia.

The amounts paid by Wachovia to each of the above entities did not approach the 2% of consolidated gross revenue threshold contained in the Director Independence Standards and the NYSE rules, and in each case the amounts involved were less than 0.3% of the consolidated gross revenue of the entity. The board determined pursuant to the Director Independence Standards that these transactions were not material to Wachovia or the other entity and that none of the above directors had a material interest in the transactions with these companies. The board also considered that a brother-in-law of Mr. James is a partner in Bradley Arant Rose & White LLP, a large law firm, which in the past has provided legal services to SouthTrust Corporation, including in connection with the SouthTrust/Wachovia merger, and provides legal services to Wachovia following the merger. In 2004, following completion of the merger, Wachovia made payments to the law firm for legal services primarily performed by the firm for SouthTrust prior to the merger. In determining that this is not a material relationship involving Mr. James the board considered that these payments represented approximately 1% of the law firm's consolidated annual gross revenues and Mr. James brother-in-law was not directly involved in providing legal services to SouthTrust or Wachovia. In addition, the board considered that the brother of Mr. Whitaker is an employee of Wachovia Bank, National Association. The board determined that this relationship is not material pursuant to the Director Independence Standards because Mr. Whitaker's brother is not an executive officer of Wachovia and his compensation and benefits were established in accordance with the compensation policies and practices applicable to Wachovia employees in comparable positions. In addition, Mr. Whitaker's brother's compensation is 100% derived from sales-based commissions, using criteria applicable to all employees in comparable positions. The board also considered that some Wachovia directors were directors, but not officers or significant equity owners, of entities that are customers of Wachovia or otherwise do business with, or received charitable contributions from, Wachovia, but determined pursuant to the Director Independence Standards that these relationships did not impair the independence of those directors.

The board determined that each of Mr. Thompson, the Chairman, President and Chief Executive Officer of Wachovia, and Mr. Malone, the Vice Chairman of Wachovia, is not independent because they are Wachovia employees. In addition, the board determined that Mr. Baker is not independent because Mr. Baker is an executive officer of Florida Rock Industries, Inc. and Mr. Thompson served as a member of Florida Rock's compensation committee until October 2002. The board determined that Mr. Richey is not independent because Mr. Richey is an executive officer of American Cast Iron Pipe Company and Mr. Malone served as a member of American Cast Iron Pipe's compensation committee until December 2004. See Compensation Committee Interlocks and Insider Participation .

### ***Lead Independent Director***

The board has long recognized the importance of independent leadership on the board, as evidenced by its designation of a lead independent director in 2000. As provided in the Corporate Governance Guidelines, the independent directors elect the lead independent director, and in February 2005, the independent directors elected Mr. Smith to continue in his role as the board's lead independent director. The duties and responsibilities of the lead independent director include the following:

assisting the Chairman of the Board with board-related matters, including approving board meeting agendas, board meeting schedules and various information sent to the board;

serving as the principal liaison between the independent directors and the Chairman of the Board;

presiding at any meetings of the non-employee directors or independent directors or at any meetings of the board at which the Chairman of the Board is not present; and

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

any other duties or responsibilities that may be requested by the independent directors or the Chairman of the Board, including, as the lead independent director deems appropriate, calling any meetings of the non-employee directors or independent directors or meeting with any of Wachovia's executive officers, stockholders or other constituents.

## **Table of Contents**

### ***Executive Sessions***

The Corporate Governance Guidelines provide that the non-management directors will meet in regularly scheduled executive sessions (no management or directors who are also members of management present) at least three times each year. The lead independent director, Mr. Smith, presides at the executive sessions. Three such executive sessions were held in 2004. The Corporate Governance Guidelines also provide that the independent directors may meet in executive sessions from time to time, and that the board will meet in executive session with the Chief Executive Officer at least two times each year to discuss strategic or other key issues regarding Wachovia, and may contact the Chief Executive Officer at any other time to discuss Wachovia's business.

### ***Director Nomination Process***

The Corporate Governance & Nominating Committee is responsible for identifying individuals qualified to become board members and for recommending to the board the individuals for nomination as members of the board. In furtherance of the board's Corporate Governance Guidelines, the Corporate Governance & Nominating Committee and the board expect to create a board that will demonstrate objectivity and the highest degree of integrity on an individual and collective basis. In evaluating current members and new candidates, the Corporate Governance & Nominating Committee considers the needs of the board and Wachovia in light of the current mix of director skills and attributes. In addition to requiring that each director possess unquestionable integrity and character, the Corporate Governance & Nominating Committee's evaluation of director candidates includes an assessment of issues and factors regarding an individual's education, business experience, accounting and financial expertise, age, diversity, reputation, civic and community relationships, and knowledge and experience in matters impacting financial institutions such as Wachovia. The Corporate Governance & Nominating Committee also takes into consideration the board's policies outlined in its Corporate Governance Guidelines, including those relating to the board's retirement policy, the ability of directors to devote adequate time to board and committee matters, and the board's belief that a substantial majority of the board should consist of independent directors. When the Corporate Governance & Nominating Committee is considering current board members for nomination for reelection, the Committee also considers prior board and committee contributions and performance, as well as meeting attendance records.

The Corporate Governance & Nominating Committee may seek the input of the other members of the board and management in identifying and attracting director candidates that are consistent with the criteria outlined above. In addition, the Committee may use the services of consultants or a search firm, although it has not done so in the past. Each of Messrs. James, Malone and Richey, who are standing for election by Wachovia stockholders for the first time at the meeting, are former directors of SouthTrust Corporation who were agreed to by SouthTrust and Wachovia and appointed to the board following the merger in November 2004 as required by the terms of the merger agreement between SouthTrust and Wachovia. In addition to serving on the board of Vulcan Materials Company where he is also the Chief Executive Officer, Mr. James currently serves on three other public company boards. Mr. James has informed Wachovia that he intends to resign from one of the outside boards by the first annual meeting of such boards in 2006, bringing the number of his outside board memberships to two.

The Corporate Governance & Nominating Committee will consider recommendations by Wachovia stockholders of qualified director candidates for possible nomination by the board. Stockholders may recommend qualified director candidates by writing to Wachovia's Corporate Secretary, at our offices at 301 South College Street, Charlotte, North Carolina 28288-0013. Submissions should include information regarding a candidate's background, qualifications, experience, and willingness to serve as a director. Based on a preliminary assessment of a candidate's qualifications, the Corporate Governance & Nominating Committee may conduct interviews with the candidate and request additional information from the candidate. The Committee uses the same process for evaluating all nominees, including those recommended by stockholders.

In addition, Wachovia's bylaws contain specific conditions under which persons may be nominated directly by stockholders for election as directors at an annual meeting of stockholders. The provisions include the



**Table of Contents**

condition that stockholders comply with the advance notice time frame requirements described under Other Stockholder Matters.

***Communications with Directors***

The board has established a process for stockholders and other interested parties to communicate directly with the lead independent director or with the non-management directors individually or as a group. Any stockholder or other interested party who desires to contact one or more of Wachovia's non-management directors, including the board's lead independent director, may send a letter to the following address:

Board of Directors (or lead independent director or name of individual director)

c/o Corporate Secretary

Wachovia Corporation

301 South College Street

Charlotte, North Carolina 28288-0013

All such communications will be forwarded to the appropriate director or directors specified in such communications as soon as practicable.

In addition, as provided on Wachovia's website at [www.wachovia.com](http://www.wachovia.com) under the tab Inside Wachovia Investor Relations and then under the heading Corporate Governance Contact Wachovia's Directors, any stockholder or interested party who has any concerns or complaints relating to accounting, internal accounting controls or auditing matters, may contact the Audit Committee by writing to the following address:

Wachovia Audit Committee

c/o Corporate Secretary

Wachovia Corporation

301 South College Street

Charlotte, North Carolina 28288-0013

***Annual Meeting Policy***

Directors are expected to attend Wachovia's annual meeting of stockholders. In furtherance of this policy, Wachovia's board usually holds one of its regularly scheduled board meetings on the same day as the annual stockholders' meeting. In 2004, all but two members of the board attended

the annual meeting of stockholders.

***Code of Conduct & Ethics***

Wachovia has had a written code of conduct for many years. The code, which applies to Wachovia's directors and employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, includes guidelines relating to the ethical handling of actual or potential conflicts of interest, compliance with laws, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the code. The Code of Conduct & Ethics is available on Wachovia's website at [www.wachovia.com](http://www.wachovia.com) under the tab "Inside Wachovia Investor Relations" and then under the heading "Corporate Governance Code of Conduct & Ethics", and is available in print to any stockholder who requests it by contacting us at: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206, or by telephone at (704) 374-6782. Wachovia intends to post any amendments to or waivers of its Code of Conduct & Ethics (to the extent applicable to Wachovia's Chief Executive Officer, Chief Financial Officer or Principal Accounting Officer) at this location on our website.

***Stock Ownership Requirements***

Our board has adopted a common stock ownership policy for members of the board and our executive officers. This policy requires our executive officers to own shares of common stock having a value equal to five times base salary in the case of our CEO and Chairman, and four times base salary for all other executive

## **Table of Contents**

officers. In addition, all of these executives are required to retain ownership of at least 75% of any common stock acquired by them through our stock compensation plans, after taxes and transaction costs. Each of our directors must own common stock or common stock equivalents having a value equal to at least five times the annual cash retainer, which is currently \$60,000. These ownership levels will be calculated annually and executive officers and directors have three years to meet the minimum level. Our board believes this stock ownership policy substantially enhances stockholder value by materially aligning management's interest with those of stockholders. See also Security Ownership of Management .

## ***Compensation of Directors***

Our non-employee directors receive a quarterly retainer. In 2004, this quarterly retainer was \$15,000. If more than six board or committee meetings are held in an annual period, directors receive an additional \$1,500 for each additional committee meeting attended and \$2,000 for each additional board meeting attended. In 2004, the Chair of each committee received a quarterly fee of \$2,500, except the Chair of the Audit Committee, who receives a quarterly fee of \$5,000. In addition, each director was credited in 2004 under the Deferred Compensation Plan for Non-Employee Directors, which is described below, a quarterly amount equal to \$32,500, in the director's common stock equivalent deferred account. Wachovia reimburses directors for travel and accommodation expenses. Directors who are Wachovia employees do not receive any directors' fees. Directors' fees totaling \$2,799,500 were either paid to the directors in 2004 or deferred under the terms of our Deferred Compensation Plan for Non-Employee Directors.

Under the Deferred Compensation Plan for Non-Employee Directors, directors who are not Wachovia employees may defer payment of all or any part of their directors' fees. Deferred amounts are payable in cash after the end of the calendar year in which the director ceases to be a director, in annual installments over a ten-year period, unless otherwise determined by the Compensation Committee. In 2004, 14 directors deferred \$2,562,200 of their 2004 directors' fees. Deferred fees may either earn interest or be valued based on the market value of Wachovia common stock, at the director's option.

Directors having their deferred fees valued based on the market value of Wachovia common stock are investing in common stock equivalents. This means that the value of their deferred account is based on the market value of Wachovia common stock and will rise and fall as if the account were actually invested in the stock. As of February 16, 2005, a total of 16 directors had an aggregate of \$20,991,469 in their common stock equivalent deferred accounts, which would equate to an aggregate of approximately 384,882 shares of Wachovia common stock based on the market value of Wachovia common stock on that date. These common stock equivalent amounts include common stock equivalents credited to directors under predecessor companies' deferred compensation plans. Common stock equivalents do not have voting rights.

## **Audit Committee Report**

As detailed in its charter, the role of the Audit Committee is to assist the board in fulfilling its oversight responsibilities regarding the following:

the integrity of Wachovia's financial statements, including matters relating to its internal controls;

the qualification and independence of Wachovia's independent auditors;

the performance of Wachovia's internal auditors and the independent auditors; and

Wachovia's compliance with legal and regulatory requirements.

Management is responsible for the preparation and presentation of Wachovia's financial statements and its overall financial reporting process and, with the assistance of Wachovia's internal auditors, for maintaining appropriate internal controls and procedures that provide for compliance with accounting standards and applicable laws. The independent auditors are responsible for planning and carrying out a proper audit of



**Table of Contents**

Wachovia's financial statements, expressing an opinion as to their conformity with generally accepted accounting principles and annually auditing management's assessment of the effectiveness of internal control over financial reporting. Members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not full-time employees of Wachovia.

In the performance of its oversight function, the Audit Committee, among other things, reviewed and discussed the audited financial statements with management and the independent auditors. Management has represented, and the independent auditors have confirmed, to the Audit Committee that the financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as currently in effect. In addition, the Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect, has considered whether the provision of non-audit services by the independent auditors to Wachovia is compatible with maintaining the auditor's independence, and has discussed with the auditors the auditors' independence.

Based upon the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee's charter, the Audit Committee recommended to the board that the audited financial statements be included in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2004, to be filed with the SEC.

JOSEPH NEUBAUER, *Chair*

JAMES S. BALLOUN

JOHN T. CASTEEN, III

LLOYD U. NOLAND, III

LANTY L. SMITH

**Table of Contents****Security Ownership of Management**

The following table shows the number of shares of common stock and common stock equivalents beneficially owned as of February 16, 2005, by each nominee for director, each incumbent director, the executive officers named in the summary compensation table, and all directors and executive officers as a group. Unless otherwise indicated, each of the named individuals and each member of the group has sole voting power and sole investment power with respect to the shares shown. The number of shares beneficially owned, as that term is defined by Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the 1934 Act), by all directors, nominees and executive officers as a group totals approximately 1.24% of the outstanding common stock as of February 16, 2005.

<u>Name of Individual</u>	<u>Common Stock (2)</u>
John D. Baker, II (1)	44,943
James S. Balloun (1)	19,680
Robert J. Brown	19,202
Peter C. Browning (1)	20,488
David M. Carroll (3)	1,043,111
John T. Casteen, III	20,812
Stephen E. Cummings (1)(3)	353,660
William H. Goodwin, Jr.	1,098,249
Robert A. Ingram	29,707
Donald M. James (3)	20,616
Benjamin P. Jenkins, III (1)(3)	1,365,296
Robert P. Kelly (3)	691,148
Wallace D. Malone, Jr. (3)	8,462,768
Mackey J. McDonald	32,430
Donald A. McMullen, Jr. (3)	1,157,307
Joseph Neubauer	37,882
Lloyd U. Noland, III (1)	207,118
Van L. Richey (3)	18,291
Ruth G. Shaw (1)	33,232
Lanty L. Smith	110,812
G. Kennedy Thompson (1)(3)	3,051,036
John C. Whitaker, Jr.	41,336
Dona Davis Young (1)	23,012
All directors, Named Officers and executive officers as a group (28 persons)	20,109,248

- (1) The foregoing directors, nominees and named executive officers have sole voting and investment power over the shares of common stock beneficially owned by them on February 16, 2005, except for the following shares over which the directors, nominees and named executive officers share voting and/or investment power: Mr. Baker: 11,630 shares; Mr. Balloun: 2,015 shares; Mr. Browning: 3,500 shares; Mr. Cummings: 2,400 shares; Mr. Jenkins: 29,500 shares; Mr. Noland: 30,000 shares; Dr. Shaw: 700 shares; Mr. Thompson: 36,507 shares; and Ms. Young: 6,374 shares.
- (2) The amounts reported include the number of units of common stock equivalents held by directors, as of February 16, 2005, under deferred compensation arrangements as follows: Mr. Baker: 12,984 units; Mr. Balloun: 12,164 units; Mr. Brown: 17,214 units; Mr. Browning: 16,585 units; Mr. Casteen: 14,903 units; Mr. Goodwin: 42,249 units; Mr. Ingram: 25,307 units; Mr. James: 910 units; Mr. McDonald: 30,000 units; Mr. Neubauer: 29,554 units; Mr. Noland: 27,118 units; Mr. Richey: 910 units; Dr. Shaw: 31,532 units; Mr. Smith: 77,812 units; Mr. Whitaker: 29,003 units; Ms. Young: 16,638 units; and all directors as a group: 384,883 units. These units will be paid in cash, based on the fair market value of the common stock at the time of payment, which would generally occur following retirement as a director. There are no voting rights with respect to these units. In addition, Ms. Young owns 2,000 shares of Wachovia Dividend Equalization Preferred shares as of February 16, 2005, which securities do not have voting rights at the meeting. See Corporate Governance Policies and Practices Compensation of Directors .

**Table of Contents**

- (3) Included in the shares set forth above are the following shares held under certain of Wachovia's employee benefit plans, including options exercisable on February 16, 2005, or within 60 days thereafter, by each of the following named executive officers and by all of the directors and all of our executive officers as a group: Mr. Carroll: 931,724 shares; Mr. Cummings: 193,186 shares; Mr. James: 2,670 shares; Mr. Jenkins: 1,157,706 shares; Mr. Kelly: 571,578 shares; Mr. Malone: 4,794,412 shares; Mr. McMullen: 1,085,190 shares; Mr. Richey: 2,670 shares; Mr. Thompson: 2,544,802 shares; and members of the group (including the foregoing): 13,481,513 shares. Non-employee directors are not eligible to participate in any of Wachovia's stock option or other employee benefit plans. Messrs. James and Richey were granted options pursuant to SouthTrust's stock option plans, which Wachovia assumed in the merger.

**Security Ownership of Certain Beneficial Owners**

We are not aware of any stockholder who was the beneficial owner of more than 5% of the outstanding shares of common stock on the record date.

According to Form 13F filings with the SEC, the following were the five largest beneficial owners of our common stock as of December 31, 2004, together with the approximate percentage ownership as of such date:

Barclays Bank, plc	4.2%
FMR Corp.	3.9
State Street Corporation	3.1
AXA	2.4
Deutsche Bank	2.2

**Executive Compensation**

The following information relates to compensation paid or payable to (i) the current Chief Executive Officer ( CEO ), (ii) the four other most highly compensated executive officers who were serving as such at December 31, 2004, and (iii) one former executive officer who was not serving as such on such date and who otherwise would have been among the four highest paid (the current CEO and those five other executive officers, the Named Officers ).

**Summary Compensation Table**

The following table sets forth for the Named Officers: (i) their name and principal positions on December 31, 2004 (column (a)); (ii) years covered (column (b)); (iii) annual compensation (columns (c), (d) and (e)), including (A) base salary (column (c)), (B) bonus (column (d)), and (C) other annual compensation not properly categorized as salary or bonus (column (e)); (iv) long-term compensation (columns (f), (g) and (h)), including (A) the dollar value of any award of restricted stock (calculated by multiplying the closing sale price of the common stock on the date of grant by the number of shares awarded) (column (f)), (B) the sum of the number of stock options granted (column (g)), and (C) the Black-Scholes grant date value of the stock options shown in column (g) as presented in the Option/SAR Grants table (column (h)); (v) all other compensation for the covered year that we believe could not be properly reported in any other column of the table (column (i)); and (vi) the total compensation amount representing the sum of columns (c), (d), (e), (f), (h), and (i) (column (j)).



**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Position	Year	Annual Compensation			Long-Term Compensation Awards				Total Compensation (\$ (6))
		Salary (\$ (1))	Bonus (\$ (1))	Other Annual Compensation (\$ (2))	Restricted Stock Awards (\$ (3))	Securities Underlying Options/SARs (#) (g) (\$ (4)) (h)		All Other Compensation (\$ (5)) (i)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
G. Kennedy Thompson	2004	1,000,000	7,000,000	195,744	5,051,522	419,048	4,710,100	96,640	18,071,800
Chairman, President and CEO	2003	1,000,000	5,250,000	177,252	3,142,773	593,724	6,388,470	177,014	16,151,383
	2002	1,000,000	3,750,000	111,603	2,832,662	678,120	8,435,813	191,264	16,337,664
Benjamin P. Jenkins, III	2004	650,000	3,700,000	72,488	1,894,366	157,143	1,766,287	113,114	8,222,259
	2003	625,000	3,200,000	65,466	1,257,124	237,490	2,555,392	120,492	7,846,848
Senior Executive Vice President and President General Bank	2002	625,000	2,000,000	73,644	991,430	237,342	2,952,534	149,835	6,815,812
	2004	600,000	2,250,000	53,931	1,157,685	96,032	1,079,400	52,587	5,206,022
David M. Carroll	2003	600,000	1,750,000	54,956	785,693	148,431	1,597,118	43,814	4,842,558
	2002	475,000	1,125,000	104,977	495,715	118,671	1,476,267	34,702	3,723,246
Senior Executive Vice President and President Capital Management	2004	550,000	2,500,000	169,387	2,104,846	104,762	1,177,525	43,923	6,560,423
	2003	500,000	2,000,000	84,165	879,979	166,243	1,788,775	40,418	5,306,428
Robert P. Kelly	2002	500,000	1,175,000	51,208	708,175	169,530	2,108,953	33,220	4,590,202
	2004	400,000	3,600,000	54,698	736,725	61,112	686,899	31,861	5,523,985
Stephen E. Cummings	2003	400,000	3,400,000		471,431	89,059	958,275	31,861	5,273,801
	2002	400,000	800,000	3,144,402(7)	354,088	84,765	1,054,477	27,283	5,793,062
Senior Executive Vice President and Head of Corporate & Investment Bank	2004	527,083	3,000,000	99,980	1,052,445	87,302	981,274	7,765,505	13,445,918
	2003	550,000	3,000,000	95,893	785,693	148,431	1,597,118	78,039	6,124,296
Donald A. McMullen, Jr.	2002	550,000	2,585,000	64,835	708,175	169,530	2,108,953	77,134	6,112,015
	Former Senior Executive Vice President and President Capital Management								

- (1) Amounts include dollars deferred by the Named Officers under our deferred compensation plans. Participants in those plans may defer receipt of portions of their salary and/or annual incentive payments into investment accounts. Participants make investment elections for their deferrals from a group of investment options similar to those available to participants in Wachovia's 401(k) savings plan, excluding an investment option in Wachovia common stock. The deferral account balances increase or decrease in value based on the performance of the investments selected by the participants. At the election of the participants in such plans, account balances are paid in a lump sum or in ten annual installments upon termination of employment due to death, disability or retirement, except in the event of a change in control of Wachovia where the successor or acquiring corporation does not elect to continue such plans, in which case such balances are to be paid in a lump sum. A nonqualified retirement trust has been established to fund certain nonqualified benefit plans, including our deferred compensation plans. Prior to a change in control of Wachovia, benefits are paid from the trust only upon our direction. Upon the occurrence of a change in control, we are required to contribute an amount to the trust sufficient to pay the benefits required to be paid under such plans as of the date on which the change in control occurs.

**Table of Contents**

- (2) Represents reimbursement for (i) payment of taxes, and (ii) personal benefits, if the personal benefits exceed the lesser of \$50,000 or 10% of the total of the amounts in columns (c) and (d). Personal benefits for a Named Officer that exceeded 25% of the Named Officer's total personal benefits that totaled \$50,000 in 2004 were as follows:

	<u>Thompson</u>	<u>Jenkins</u>	<u>Carroll</u>	<u>Kelly</u>	<u>Cummings</u>	<u>McMullen</u>
Expense allowance	\$ 90,000	42,000	42,000	42,000		42,000
Amounts paid for supplemental life insurance benefits*	56,850			99,348	36,587	31,908
Value of financial planning and tax preparation services	20,000	15,000	6,615	15,000	13,955	15,000

Personal usage of corporate aircraft by the Named Officers did not exceed 25% of the Named Officer's total personal benefits in 2004.

\* In 2003, Wachovia terminated split-dollar life insurance agreements with its executive officers. Following such terminations, Wachovia received its interest in the related life insurance policies under those agreements. These amounts reflect payments made by Wachovia in 2004 to compensate the applicable executive for the cost of obtaining and maintaining personal supplemental life insurance benefits in lieu of those split-dollar life insurance arrangements.

- (3) The aggregate number of shares of restricted stock held as of December 31, 2004, and the value thereof as of such date, were as follows: Thompson: 259,311 shares (\$13,639,759); Jenkins: 98,400 shares (\$5,175,840); Carroll: 58,473 shares (\$3,075,680); Kelly: 84,595 shares (\$4,449,697); and Cummings: 35,899 shares (\$1,888,287). Upon Mr. McMullen's retirement in December 2004, all of his restricted stock awards became vested. Shares of restricted stock granted in 2004 were contingent upon Wachovia achieving a 20% return on tangible common equity for 2004. Wachovia met this goal and the restricted shares, except as noted in the next sentence, will vest at a rate of 20% per year over five years. Of the restricted stock granted to Mr. Kelly in 2004, 18,856 shares (\$841,920 as of the date of grant) will not vest until he reaches age 62. In the event of termination due to death, disability, retirement (as defined in the applicable stock plan), or a change in control of Wachovia, any remaining vesting restrictions will lapse. Dividends are paid on shares of restricted stock at the same time dividends on the other outstanding shares of common stock are paid.
- (4) Amounts presented represent the Black-Scholes values for the stock options referenced in column (g) as of the applicable grant date. The values do not take into account stock price appreciation or depreciation from the date of grant. Please see footnote (2) to the Option/SAR Grants Table for additional information about these theoretical values.
- (5) Amounts shown for 2004 consist of the following:

	<u>Thompson</u>	<u>Jenkins</u>	<u>Carroll</u>	<u>Kelly</u>	<u>Cummings</u>	<u>McMullen</u>
Savings plan matching contributions	\$ 60,000	39,000	36,000	33,000	24,000	30,175
Value of life insurance premiums*	19,650	28,250	12,209	10,825	7,861	2,473
Value of disability insurance	1,136	3,166	865			
Above market interest on deferred compensation	15,854	42,698	3,513	98		857
Termination related payments**						7,732,000

\* The value of life insurance premiums includes the value of premiums under split-dollar life insurance agreements. Messrs. Thompson, Jenkins and McMullen terminated their respective existing split-dollar life insurance agreements in December 2003. Following such terminations, Wachovia received our interest in the related life insurance policies under those agreements. In lieu of those split-dollar life insurance arrangements, Wachovia will compensate Messrs. Thompson, McMullen, Kelly, and Cummings for the cost of obtaining and maintaining personal supplemental life insurance benefits.

\*\* Mr. McMullen retired as an employee of Wachovia in December 2004. This amount reflects the payment of \$7,689,000 in severance payments in accordance with the terms of his employment agreement and \$43,000 in other termination-related payments.

**Table of Contents**

- (6) The Total Compensation amounts represent the sum of the values for each compensation element shown in columns (c), (d), (e), (f), (h) and (i). The Total Compensation amounts also include a value of the benefit attributable to the Named Officers for the applicable year's compensation and service as calculated under Wachovia's defined benefit pension plan. The maximum covered compensation that may be considered in the pension plan is \$205,000 under federal law. The value of the additional year of service is included as a lump sum value of the benefit payable at age 65 using the actuarial factors of the Wachovia pension plan. As of January 1, 2005 the age of each executive is as follows: Thompson 54 years; Jenkins 60 years; Carroll 47 years; Kelly 50 years; Cummings 49 years; and McMullen 55 years. See also the Pension Plan and Other Retirement Arrangements Table. Set forth below are the values of the benefits attributable to the Named Officers for the applicable year's compensation and services as calculated under Wachovia's pension plan:

	2004	2003	2002
Thompson	\$ 17,794	15,874	16,322
Jenkins	26,004	23,373	23,368
Carroll	12,419	10,978	11,585
Kelly	14,743	13,091	13,645
Cummings	13,801	12,234	12,813
McMullen	19,630	17,553	17,917

- (7) For the years 1999-2002, Mr. Cummings received retention payments in connection with Legacy First Union's acquisition of Bowles Hollowell Conner & Co. in 1998. Those retention payments were not made pursuant to any performance incentive compensation plan or arrangement with Mr. Cummings. Mr. Cummings received the final retention payment in connection with that acquisition in 2002.

**Option/SAR Grants Table**

The following table sets forth with respect to grants of stock options made during 2004 to each of the Named Officers: (i) the name of such officer (column (a)); (ii) the number of options granted (column (b)); (iii) the percent the grant represents of the total options granted to all employees during 2004 (column (c)); (iv) the per share exercise price of the options granted (column (d)); (v) the expiration date of the options (column (e)); and (vi) the Black-Scholes value of the options at grant date (column (f)).

**OPTION/SAR GRANTS IN 2004**

Name	Number of Securities Underlying Options/ SARS Granted	Individual Grants % of Total Options/ SARS Granted to Employees in 2004	Exercise or Base Price (\$/Sh)	Expiration Date	Black-Scholes Grant Date Value (2) (\$)
(a)	(b)	(c)	(d)	(e)	(f)
Thompson	419,048	2.70%	\$ 44.65	04/19/14	\$ 4,710,100
Jenkins	157,143	1.01	44.65	04/19/14	1,766,287
Carroll	96,032	0.62	44.65	04/19/14	1,079,400
Kelly	104,762	0.67	44.65	04/19/14	1,177,525
Cummings	61,112	0.39	44.65	04/19/14	686,899
McMullen	87,302	0.56	44.65	04/19/14	981,274

(1)

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

These options are nonqualified stock options. The options become exercisable over a five-year period in 20% annual increments, at an option exercise price equal to the market price of the common stock on the date of grant. These options were granted from our 2003 Stock Incentive Plan. In connection with his retirement in December 2004, the options granted to Mr. McMullen in 2004 vested and became exercisable in accordance with their terms.

- (2) The values shown for the options referred to in the table reflect standard application of the Black-Scholes pricing model using (i) 60-month volatility (27.00%) and daily stock prices for the five years



**Table of Contents**

prior to grant date, (ii) an option term of ten years, (iii) an interest rate that corresponds to the U.S. Treasury rate with a ten-year maturity (4.46%), and (iv) dividends at the annualized rate in place on the date of grant (\$1.60). The values do not take into account risk factors such as non-transferability and limits on exercisability. The Black-Scholes options pricing model is a commonly utilized model for valuing stock options. The model assumes that the possibilities of future stock returns (dividends plus share price appreciation) resemble a normal bell-shaped curve. In assessing the values indicated in the above table, it should be kept in mind that no matter what theoretical value is placed on a stock option on the date of grant, the ultimate value of the option is dependent on the market value of the common stock at a future date, which will depend to a large degree on the efforts of the Named Officers to bring future success to Wachovia for the benefit of all stockholders.

**Aggregated Option/SAR Exercises and Year-End Option/SAR Value Table**

The following table sets forth with respect to exercises of stock options (or tandem stock appreciation rights (SARs)) and freestanding SARs during 2004 and the year-end value of unexercised options and SARs on an aggregated basis for each of the Named Officers: (i) the name of such officer (column (a)); (ii) the number of shares received upon exercise, or if no shares were received, the number of securities with respect to which the options or SARs were exercised (column (b)); (iii) the aggregate dollar value realized upon exercise (column (c)); (iv) the total number of securities underlying unexercised options and SARs held at December 31, 2004, separately identifying the exercisable and unexercisable options and SARs (column (d)); and (v) the aggregate dollar value of in-the-money, unexercised options and SARs held at December 31, 2004, separately identifying the exercisable and unexercisable options and SARs (column (e)).

**AGGREGATED OPTION/SAR EXERCISES IN 2004 AND****DECEMBER 31, 2004 OPTION/SAR VALUES**

Name	Shares Acquired on Exercise (#)	Value Realized \$(3)	Number of Securities Underlying Unexercised Options/SARs	Value of Unexercised In-the-Money Options/SARs
			at 12/31/04 (#)(1) Exercisable/Unexercisable	at 12/31/04 \$(2) Exercisable/Unexercisable
(a)	(b)	(c)	(d)	(e)
Thompson	0	\$ 0	2,299,418/1,120,068	\$ 43,886,232/13,841,583
Jenkins	13,200	318,912	1,075,808/426,249	20,601,897/5,288,112
Carroll	24,750	685,553	891,832/254,334	17,276,416/3,143,139
Kelly	0	0	512,568/294,267	9,990,409/3,676,568
Cummings	0	0	164,821/160,615	2,872,369/1,979,761
McMullen	15,532	372,510	1,084,867/0	18,254,775/0

- (1) Upon a change in control of Wachovia, all outstanding options will become exercisable. In connection with his retirement in December 2004, all of Mr. McMullen's outstanding options became exercisable in accordance with their terms.
- (2) Values represent the difference between the option exercise price and the market value of Wachovia common stock on December 31, 2004, rounded to the nearest dollar. Options having an exercise price above the market value on that date have an attributed value of zero.
- (3) Values represent the difference between the option exercise price and the market value of Wachovia common stock on the date of exercise, rounded to the nearest dollar.

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

As indicated under Corporate Governance Policies and Practices Stock Ownership Requirements , all of the Named Officers are required to retain ownership of at least 75% of any common stock acquired by them through our stock compensation plans, after taxes and transaction costs, until retirement.

**Table of Contents*****Pension Plan and Other Retirement Arrangements Table***

The following table sets forth the estimated annual benefits payable upon retirement under Wachovia's tax qualified pension plan in the specified compensation and years of service classifications indicated below.

**PENSION PLAN TABLE**

Average annual Compensation	Estimated annual pension plan retirement benefit, assuming a married participant, a straight life annuity and the years of service indicated (1)				
	15 years	20 years	25 years	30 years	35 years
\$ 200,000	\$ 43,723	\$ 58,297	\$ 72,872	\$ 87,446	\$ 102,020
400,000	44,886	59,847	74,809	89,771	104,733
600,000	44,886	59,847	74,809	89,771	104,733
800,000	44,886	59,847	74,809	89,771	104,733
1,000,000	44,886	59,847	74,809	89,771	104,733
1,200,000	44,886	59,847	74,809	89,771	104,733

- (1) For the year ending December 31, 2004, federal law limits the annual retirement benefit payable under our pension plan to \$165,000 and the maximum covered compensation is limited to \$205,000. The benefit amounts listed above exclude any amount payable under Social Security.

The compensation covered by our pension plan includes basic compensation. The portions of compensation that are considered covered compensation under our pension plan for the Named Officers are the salary amounts indicated in the Summary Compensation Table less deferred amounts. As of January 1, 2005, the credited full years of service under our pension plan were as follows: Thompson: 29 years; Jenkins: 32 years; Carroll: 23 years; Kelly: 4 years; and Cummings: 6 years. Mr. McMullen was no longer an employee of Wachovia on such date.

None of the Named Officers have a supplemental retirement arrangement with Wachovia.

**Employment Contracts**

*G. Kennedy Thompson.* In November 1999, we entered into an employment agreement with G. Kennedy Thompson, the current Chairman, CEO and President of Wachovia. The employment agreement was amended in February 2002. The employment agreement has an employment period of three years, consistent with the employment agreements of other Wachovia executive officers. The employment agreement is automatically extended on an annual basis unless either party determines otherwise prior to the annual extension date. The agreement provides that if we terminate his employment for reasons other than cause, death, disability or retirement or he terminates his employment for good reason, then Mr. Thompson will be entitled to (i) a pro rata annual bonus for the period prior to his termination date, based on the highest bonus paid to him during either the three-year period prior to his termination or the three-year period prior to the date of the agreement, (ii) an amount equal to three times (five times prior to the February 2002 amendment) his annual base salary and the highest bonus determined under (i) above, and (iii) medical and life insurance benefits for him and his family for three years (five years prior to the February 2002 amendment) after his

## Edgar Filing: WACHOVIA CORP NEW - Form DEF 14A

termination date (or for life if the termination date occurs after a change in control of Wachovia). The agreement also provides for a gross-up payment equal to the amount of excise taxes (plus the applicable federal and state income, FICA and excise taxes due on such gross-up payment) payable by Mr. Thompson if his employment is terminated in conjunction with a change in control of Wachovia and such taxes become payable, as a result of payments to him under the agreement or otherwise, and are deemed to be excess parachute payments for federal tax purposes.

*Other Employment Agreements.* We have also entered into employment agreements with Messrs. Jenkins, Carroll, Kelly, and Cummings and certain other executive officers that contain terms substantially similar to our employment agreement with Mr. Thompson.

---

**Table of Contents**

*Donald A. McMullen, Jr.* Mr. McMullen entered into an employment agreement with Legacy First Union in November 1999. Following the merger with Legacy Wachovia in September 2001, certain changes to Mr. McMullen's duties would have entitled him to terminate employment with Wachovia for good reason under his employment agreement. As an inducement to retaining Mr. McMullen's services, Wachovia entered into a new employment agreement with Mr. McMullen in May 2002, which provided for substantially the same terms and conditions as his previous agreement except that it allowed Mr. McMullen to terminate employment with Wachovia for any reason during the periods beginning September 1 and ending September 30 in 2002, 2003 and 2004. Mr. McMullen exercised his termination right on September 30, 2004. In connection therewith, Mr. McMullen became entitled to receive the same amount of benefits that he would have received if he had terminated employment with Wachovia following the merger and the changes to his duties, which included, among other things, a cash payment equal to \$7,689,000. In addition, the non-competition provision of Mr. McMullen's agreement does not apply to his termination of employment.

*Wallace D. Malone, Jr.* Wallace D. Malone, Jr., Wachovia's Vice Chairman and a director since the November 1, 2004 completion of our merger with SouthTrust Corporation, was previously Chairman and Chief Executive Officer of SouthTrust. In October 1984, SouthTrust entered into an employment agreement with Mr. Malone, providing for the employment of Mr. Malone in a capacity at least equal to the capacity in which he was then serving for an initial term commencing as of October 19, 1984 and ending on December 31, 1992, subject to being automatically renewed for an additional period of one year, so that the term of employment under the employment agreement will always be at least five years. Because Mr. Malone's duties changed following the merger (as he is no longer the chief executive officer), Wachovia believes Mr. Malone would have a basis under the employment agreement to terminate his employment for good reason and receive the payments described in this section. If Mr. Malone elects to terminate his employment with Wachovia for good reason, or if Wachovia terminates his employment for any reason other than death, disability or cause, Mr. Malone will be entitled to receive annual termination payments, based upon his annual base salary as in effect immediately prior to such termination and his highest annual bonus for a specified period prior to such termination (or, if higher, the annual bonus he would have been entitled to receive during the calendar year in which termination occurs if performance up to the termination date were annualized) for a period of five years. Mr. Malone's highest annual bonus will be calculated, consistent with the meaning of such term established under all other SouthTrust executive employment agreements, by taking into account any bonus amounts paid, amounts paid under certain short-term incentive plans and individual incentive plans, amounts paid under the SouthTrust Cash Profit Sharing Plan, and cash and fair market value of any stock (other than stock received upon exercise of a stock option) under the SouthTrust Long-Term Incentive Plan. If Mr. Malone's employment is terminated due to his death or disability or for cause, then no further or additional payments or benefits will be due to Mr. Malone under the employment agreement. The employment agreement provides that Mr. Malone's annual base salary is subject to adjustment by the board of directors as of the end of any calendar year, but that his annual base salary may not be reduced below his annual base salary for the immediately preceding year. Mr. Malone's annual base salary for 2004 was \$1 million, and his annual base salary for 2005 is also \$1 million.

The employment agreement further provides that Mr. Malone will be awarded an annual cash bonus pursuant to the applicable Wachovia incentive plan for senior executives. Pursuant to this provision, Mr. Malone will be eligible to receive, beginning in 2005, an annual short-term incentive award in the amount of \$3.5 million if target performance is achieved for the year. Target performance is established in accordance with the terms of the Wachovia incentive compensation plan for executive officers, which also provides that a participant may receive a lesser or greater incentive payment if actual performance is within a range of results below or above the established target performance. Therefore, Mr. Malone's annual short-term incentive payment could be less than or greater than \$3.5 million, based on actual performance. Mr. Malone's employment agreement provides that additional payments will be made to him to reimburse him for any excise taxes that may be owed in the event that payments under his agreement are excess parachute payments under the Internal Revenue Code. Mr. Malone's employment agreement also provides that he will be provided employee benefits at least equal to

**Table of Contents**

those provided to him as of January 1996, a