

WACHOVIA CORP NEW
Form 424B5
May 10, 2006
Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed.

SUBJECT TO COMPLETION, DATED MAY 9, 2006

(To prospectus dated May 13, 2005)

PROSPECTUS SUPPLEMENT

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-123311

\$•

Wachovia Corporation
Principal Protected Notes
Linked to the Performance
of the Common Stocks of Seven Companies
due April 30, 2012

Offering 100% Principal Protection

Issuer:	Wachovia Corporation
Principal Amount:	Each note will have a principal amount of \$10. Each note will be offered at an initial public offering price of \$10.
Maturity Date:	April 30, 2012, subject to adjustment due to the occurrence of a market disruption event, as explained below.
Interest:	Wachovia will not pay you interest during the term of the notes.
Underlying Basket:	The return on the notes in excess of the principal amount of the notes, if any, is linked to the performance of an initially equally weighted basket of stocks consisting of shares of common stock of the following seven companies whose senior unsecured debt is currently rated Aaa by Moody's Investors Service: Automatic Data Processing, Inc., Berkshire Hathaway Inc. (Class B Shares of Common Stock), General Electric

Edgar Filing: WACHOVIA CORP NEW - Form 424B5

Company, Johnson & Johnson, Pfizer Inc., United Parcel Service, Inc. and Exxon Mobil Corporation. The issuers of these seven common stocks have no obligations relating to, and do not sponsor or endorse, the notes.

Maturity Payment Amount:	At maturity, for each note you own, you will receive a cash payment equal to the sum of the principal amount of the note and the basket performance amount. The basket performance amount per note will equal the greater of (i) \$0, and (ii) the product of the principal amount of the note and the percentage change in the value of the basket over the term of the notes. <i>If the final average basket value is less than or equal to the initial basket value, the basket performance amount will be zero and the maturity payment amount will be \$10.</i>
Listing:	Wachovia has applied to list the notes on the American Stock Exchange under the symbol PRN . If Wachovia is unable to list the notes on the American Stock Exchange, the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market or any electronic communications network.
Pricing Date:	•, 2006
Expected Settlement Date:	•, 2006
CUSIP number:	929903664

For a detailed description of the terms of the notes, see [Summary Information](#) beginning on page S-1 and [Specific Terms of the Notes](#) beginning on page S-13.

Investing in the notes involves risks. See [Risk Factors](#) beginning on page S-8.

	<u>Per Note</u>	<u>Total</u>
Public Offering Price		
Underwriting Discount and Commission ⁽¹⁾		
Proceeds to Wachovia Corporation		

⁽¹⁾ This represents the maximum underwriting discount and commission paid and includes, among other things, an administrative fee of •% paid to Wachovia Securities, LLC. For further details, please see [Supplemental Plan of Distribution](#) .

The notes solely represent a senior unsecured debt obligation of Wachovia and are not the obligation of, or guaranteed by, any other entity. The notes 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 nor 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 notes. 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 note 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.*

Wachovia Securities

The date of this prospectus supplement is •, 2006

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>Summary Information</u>	Page S-1
<u>Risk Factors</u>	S-8
<u>Specific Terms of the Notes</u>	S-13
<u>The Basket</u>	S-23
<u>Hypothetical Returns</u>	S-31
<u>Supplemental Tax Considerations</u>	S-32
<u>Employee Retirement Income Security Act</u>	S-34
<u>Use of Proceeds and Hedging</u>	S-35
<u>Supplemental Plan of Distribution</u>	S-35
<u>Recent Developments</u>	S-37

Prospectus

About This Prospectus	Page 1
Where You Can Find More Information	3
Forward-Looking Statements	4
Wachovia Corporation	4
Risk Factors	5
Use of Proceeds	9
Consolidated Earnings Ratios	9
Selected Consolidated Condensed Financial Data	10
Capitalization	11
Regulatory Considerations	11
Description of the Notes We May Offer	12
Global Notes	45
United States Taxation	49
Proposed European Union Directive on Taxation of Savings	62
Employee Retirement Income Security Act	62
Plan of Distribution	64
Validity of the Notes	69
Experts	70
Listing and General Information	70

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 notes, 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 notes 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 notes in any circumstances under which the offer of 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 Principal Protected Notes Linked to the Performance of the Common Stocks of Seven Companies due April 30, 2012, which we refer to as the notes. You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the notes, the stocks to which the performance of the notes is linked, and the tax and other considerations that are important to you in making a decision about whether to invest in the notes. 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 notes, to determine whether an investment in the notes 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, member of the New York Stock Exchange and the Securities Investor Protection Corporation or Wachovia Securities Financial Network, LLC, member of the National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation, each of which are broker-dealer affiliates of Wachovia Corporation and Wachovia Capital Markets, LLC. Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement 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 notes?

The notes offered by this prospectus supplement will be issued by Wachovia Corporation and will mature on April 30, 2012, subject to adjustment due to the occurrence of a market disruption event. The maturity payment amount, in excess of the principal amount of the notes, if any, will be linked to the performance of an initially equally weighted basket of stocks consisting of shares of common stock of seven companies whose senior unsecured debt is currently rated Aaa by Moody's Investors Service, each a component stock and together the component stocks. We refer to the component stocks collectively at their respective exchange ratios as the basket. The notes will bear no interest and no other payments will be made until maturity.

The initial fractional amount of each component stock included in the basket will be determined by an exchange ratio calculated so that each component stock is initially equally weighted in the basket based on the closing price of each component stock on the pricing date. Each component stock will initially represent 1/7th (14.2857143%) of the basket. The exchange ratio of each component stock is fixed and will not change during the term of the notes, unless adjusted for certain corporate events relating to the issuer of such component stock. The component stocks, each of which is traded on the New York Stock Exchange (the NYSE), and their respective ticker symbols are set forth below:

Automatic Data Processing, Inc. (ADP)

Berkshire Hathaway Inc. (BRK.B)

General Electric Company (GE)

Johnson & Johnson (JNJ)

Pfizer Inc. (PFE)

Edgar Filing: WACHOVIA CORP NEW - Form 424B5

United Parcel Service, Inc. (UPS)

Exxon Mobil Corporation (XOM)

As discussed in the accompanying prospectus, the notes 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 notes will rank equally with all other unsecured and unsubordinated debt of Wachovia Corporation. For more details, see Specific Terms of the Notes beginning on page S-13.

S-1

Table of Contents

Each note will have a principal amount of \$10. Each note will be offered at an initial public offering price equal to \$10. You may transfer only whole notes. Wachovia Corporation will issue the notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the notes.

Are the notes principal protected?

The notes are 100% principal protected and, therefore, guarantee a return of 100% of the principal amount of the notes at maturity.

What will I receive upon maturity of the notes?

At maturity, for each note you own, you will receive a cash payment equal to the sum of the principal amount of the note and the basket performance amount. The basket performance amount per note will equal the greater of (i) \$0, and (ii) the product of the principal amount of the note and the percentage change in the value of the basket over the term of the notes. *If the final average basket value is less than or equal to the initial basket value, the basket performance amount will be zero and the maturity payment amount will be \$10.*

Determination of the basket performance amount

The basket performance amount per note will be determined by the calculation agent and will equal the greater of:

(i) \$0, and

(ii)
$$\$10 \times \left(\frac{\text{final average basket value} - \text{initial basket value}}{\text{initial basket value}} \right)$$

Determination of the final average basket value

The initial basket value is \$•, the closing value of the basket on the pricing date.

The final average basket value will be determined by the calculation agent on the final basket determination date and will equal the arithmetic average of the closing values of the basket on each basket determination date. The closing values of the basket on each basket determination date will be calculated based on the exchange ratios of the component stocks, and will equal the sum of the products of (i) the exchange ratio of each component stock and (ii) the closing price per share of the respective component stock on that basket determination date.

The table below provides the following information for each component stock in the basket: the name of the component stock, the exchange ratio for the component stock, the closing price per share of the component stock on the pricing date, the component stock's initial percentage and the initial dollar value of the basket.

Component Stock	Exchange Ratio	Closing Price on Pricing Date	Percentage of Initial Basket Weight	Initial Dollar Value
Automatic Data Processing, Inc.	•	•	14.2857143%	\$ 1.428
Berkshire Hathaway Inc.	•	•	14.2857143%	\$ 1.428
General Electric Company	•	•	14.2857143%	\$ 1.428
Johnson & Johnson	•	•	14.2857143%	\$ 1.428
Pfizer Inc.	•	•	14.2857143%	\$ 1.428
United Parcel Service, Inc.	•	•	14.2857143%	\$ 1.428
Exxon Mobil Corporation.	•	•	14.2857143%	\$ 1.428
<i>Total</i>			<i>100.00%</i>	<i>\$ 10.00</i>

Table of Contents

If a component stock issuer is acquired in a stock-for-stock transaction, the shares of common stock of the acquiring company will assume that component stock's place in the basket even if the shares of common stock of the acquiror is already a component stock in the basket. If a component stock is subject to a going-private transaction or other transaction in which holders of the component stock receive cash or other property in exchange for their component stock and the common stock of the surviving entity is not publicly traded, the component stock's representation in the basket will be replaced by the common stocks of three companies that are in the same industry group as the component stock issuer.

Determination of the Exchange Ratio

The exchange ratio with respect to each component stock will equal (i) the initial dollar value of each component stock divided by (ii) the closing price of each component stock on the pricing date. The initial dollar value of each component stock will be equal to the percentage of the initial basket weight, in each case 1/7th, or 14.2857143%, times \$10, the principal amount per note. The exchange ratio of each component stock will be determined on the pricing date. The exchange ratio for each component stock will remain constant for the term of the notes unless adjusted for certain corporate events relating to the issuer of such component stock. See Specific Terms of the Notes Antidilution Adjustments. In addition, the exchange ratio for each component stock and the composition of the basket will be adjusted if any component stock is no longer listed and a class of shares of the issuer of that component stock is not then listed on the Nasdaq National Market, the NYSE or other primary U.S. securities exchange or traded through the facilities of a U.S. national securities system. In such circumstances, the component stock will be removed from the basket, and the value of that removed component stock will be distributed among the remaining component stocks according to their then relative weightings in the basket. To effect the basket adjustment, the exchange ratio of each remaining component stock will be increased by a number of shares, or fraction of a share, of such component stock with a value equal to its then proportionate weighting in the basket of the value, per note, of the removed component stock. See Specific Terms of the Notes Antidilution Adjustments Delisting of a Component Stock.

The basket determination dates are April 30, 2010, April 30, 2011 and April 23, 2012, which we refer to as the final basket determination date. If any of the basket determination dates occurs on a day that is not a trading day, the basket determination date will be the next day that is a trading day, and if the calculation agent determines that a market disruption event has occurred or is continuing with respect to a component stock on a basket determination date, the basket determination date with respect to that component stock only will be postponed to the immediately succeeding trading day on which the calculation agent determines that a market disruption event does not occur or is not continuing, provided, however, that in no event would any basket determination date be postponed for more than ten trading days.

The maturity date is April 30, 2012, subject to extension in the event of a market disruption event of the postponement of the basket determination date due to a market disruption event or otherwise. If the basket determination date is postponed, then the maturity date of the notes will be postponed by an equal number of trading days. If the maturity date falls on a day that is not a business day, the maturity date will be the next succeeding day that is a business day.

A business day means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

A trading day means a day, as determined by the calculation agent, on which trading is generally conducted on the NYSE, the American Stock Exchange, the Nasdaq National Market, the Chicago Board Mercantile Exchange and the Chicago Board of Options Exchange and in the over-the-counter market for equity securities in the United States.

The relevant exchange is the primary U.S. securities organized exchange or market of trading for the component stock. If a reorganization event has occurred, the relevant exchange will be the stock exchange or securities market on which the distribution property (as defined below under Antidilution Adjustment on page S-16) that is a listed equity security is principally traded, as determined by the calculation agent.

If the final average basket value is less than or equal to the initial basket value, the basket performance amount will be zero and maturity payment amount will be \$10.

Table of Contents**Hypothetical Examples**

Set forth below are four hypothetical examples of the calculation of the maturity payment amount. For purposes of these examples we have assumed the following:

Hypothetical initial basket value: \$10.00

Example 1

The hypothetical final average basket value is 50% of the hypothetical initial basket value:

Hypothetical final average basket value: \$5.00

The basket performance amount (per note) is the greater of:

(i) \$0, and

(ii)

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

Maturity payment amount (per note) = \$10.00 + \$0 = \$10.00

Since the hypothetical final average basket value is *less* than the hypothetical initial basket value, the basket performance amount would equal \$0 and the maturity payment amount would equal the principal amount of your note.

Example 2

The hypothetical final average basket value is 105% of the hypothetical initial basket value:

Hypothetical final average basket value: \$10.50

The basket performance amount (per note) is the greater of:

(i) \$0, and

(ii)

$$\$10.00 \times \left(\frac{\$10.50 - \$10.00}{\$10.00} \right) = \$0.50$$

Maturity payment amount (per note) = \$10.00 + \$0.50 = \$10.50

Since the hypothetical final average basket value is *greater* than the hypothetical initial basket value, the basket performance amount would equal \$0.50 and the maturity payment amount would be greater than the principal amount of your note.

Example 3

The hypothetical final average basket value is 150% of the hypothetical initial basket value:

Edgar Filing: WACHOVIA CORP NEW - Form 424B5

Hypothetical final average basket value: \$15.00

The basket performance amount (per note) is the greater of:

S-4

Table of Contents

(i) \$0, and

(ii)

$$\$10.00 \times \left(\frac{\$15.00 - \$10.00}{\$10.00} \right) = \$5.00$$

Maturity payment amount (per note) = \$10.00 + \$5.00 = \$15.00

Since the hypothetical final average basket value is *greater* than the hypothetical initial basket value, the basket performance amount would equal \$5.00 and the maturity payment amount would be greater than the principal amount of your note.

Example 4

The hypothetical final average basket value is 96% of the hypothetical initial basket value:

Hypothetical final average basket value: \$9.60

The basket performance amount (per note) is the greater of:

(i) \$0, and

(ii)

$$\$10.00 \times \left(\frac{\$9.60 - \$10.00}{\$10.00} \right) = \$(0.40)$$

Maturity payment amount (per note) = \$10.00 + \$0 = \$10.00

Since the hypothetical final average basket value is *less* than the hypothetical initial basket value, the basket performance amount would be \$0, and the maturity payment amount would equal the principal amount of your note.

Who should or should not consider an investment in the notes?

We have designed the notes for investors who want to participate in the possible increase in the value of the basket, i.e., the aggregate value of the component stocks included in the basket, over the term of the notes who are willing to hold the notes to maturity, and who seek to protect their investment by receiving at least the principal amount of their investment at maturity.

The notes are not designed for, and may not be a suitable investment for, investors who are unable or unwilling to hold the notes to maturity, who require an investment that yields a regular return and who are willing to make an investment that is exposed to the full downside performance risk of the basket.

What will I receive if I sell the notes prior to maturity?

The market value of the notes may fluctuate during the term of the notes. Several factors and their interrelationship will influence the market value of the notes, including the value of the basket, dividend yields of the component stocks, the time remaining to the maturity date, interest rates and the volatility of the component stocks. The notes are 100% principal protected only if held to maturity. If you sell your notes prior to maturity, you may have to sell them at a discount and you will not have partial principal protection. Depending on the impact of these factors, you may receive less than the principal amount in any sale of your notes before the maturity date and less than what you would have received had you held the notes until maturity. For more details, see [Risk Factors](#). Many factors affect the market level of the notes.

Table of Contents

Who are the component stock issuers?

Provided below is a brief description of the issuer of each component stock obtained from publicly available information published by each component stock issuer. The senior unsecured debt of each component stock issuer is currently rated Aaa by Moody's Investors Service.

Automatic Data Processing, Inc. is one of the largest providers of computerized transaction processing, data communication and information services in the world.

Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, the most important of which are insurance businesses, which provides insurance and reinsurance of property and casualty risks worldwide and also reinsures life, accident and health risks worldwide.

General Electric Company is one of the largest and most diversified industrial corporations in the world, engaging in developing, manufacturing and marketing a wide variety of products for the generation, transmission, distribution, control and utilization of electricity since 1892.

Johnson & Johnson has approximately 115,600 employees worldwide engaged in the manufacture and sale of a broad range of products in the health care field.

Pfizer Inc. is a research-based, global pharmaceutical company which discovers, develops, manufactures and markets leading prescription medicines for humans and animals as well as many of the world's best known consumer healthcare products.

United Parcel Service, Inc. is the world's largest package delivery company and a global leader in supply chain solutions, delivering packages for 1.8 million shipping customers in over 200 countries and territories each business day.

Exxon Mobil Corporation is primarily engaged in the energy business, involving exploration for, and production of, crude oil and natural gas, manufacture of petroleum products and transportation and sale of crude oil, natural gas and petroleum products.

You should independently investigate the component stock issuers and decide whether an investment in the notes linked to the component stocks included in the basket is appropriate for you.

Because each component stock is registered under the Securities Exchange Act of 1934, as amended (the Exchange Act), each component stock issuer is required to file periodically certain financial and other information specified by the Securities and Exchange Commission (the SEC). Information filed with the SEC by Automatic Data Processing, Inc., Berkshire Hathaway Inc., General Electric Company, Johnson & Johnson, Pfizer Inc., United Parcel Service, Inc. and Exxon Mobil Corporation under the Exchange Act can be located by reference to SEC files numbers 001-05397, 001-14905, 001-00035, 001-03215, 001-03619, 001-15451 and 001-02256, respectively and inspected at the SEC's public reference facilities or accessed over the Internet through the SEC's website. The address of the SEC's website is <http://www.sec.gov>. In addition, information regarding the component stocks may be obtained from other sources, including, but not limited to, press releases, newspaper articles and other publicly disseminated information. We make no representation or warranty as to the accuracy or completeness of any such information. For further information, please see the section entitled "The Basket - The Component Stock Issuers" in this prospectus supplement.

What is the role of the component stock issuers in the notes?

The component stock issuers have no obligations relating to the notes or amounts to be paid to you, including no obligation to take the needs of Wachovia or of holders of the notes into consideration for any reason. The component stock issuers will not receive any of the proceeds of the offering of the notes, are not responsible for, and have not participated in, the offering of the notes and are not responsible for, and will not participate in, the determination or calculation of the maturity payment amount. Wachovia is not affiliated with the component stock issuers.

Table of Contents

How have the component stocks performed historically?

You can find a table with the high, low and closing prices per share of each component stock during each calendar quarter from calendar year 2003 to the present in the section entitled "The Basket - Historical Closing Prices of the Component Stocks" in this prospectus supplement. We have provided this historical information to help you evaluate the behavior of the component stocks in the recent past; however, past performance of the component stocks is not indicative of how each component stock will perform in the future.

What about taxes?

The notes will be treated as debt instruments subject to special rules governing contingent payment obligations for United States federal income tax purposes. If you are a U.S. individual or taxable entity, you generally will be required to pay taxes on ordinary income from the notes over their term based on the comparable yield for the notes, even though you will not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amount on which you will be taxed prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. In addition, any gain you may recognize on the sale or maturity of the notes will be taxed as ordinary interest income. If you purchase the notes at a time other than the original issue date, the tax consequences to you may be different.

For further discussion, see "Supplemental Tax Considerations" beginning on page S-32.

Will the notes be listed on a stock exchange?

We have applied to list the notes on the American Stock Exchange under the symbol "PRN". We cannot predict whether or when the American Stock Exchange will approve our application or whether this offering will satisfy the listing criteria of the American Stock Exchange. If we are unable to list the notes on the American Stock Exchange, the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market or any electronic communications network. You should be aware that even if the notes are listed on the American Stock Exchange, a liquid trading market will not necessarily develop for the notes. Accordingly, if you sell your notes prior to the maturity date, 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 notes" in this prospectus supplement.

Are there any risks associated with my investment?

Yes, an investment in the notes is subject to significant risks. We urge you to read the detailed explanation of risks in "Risk Factors" beginning on page S-8.

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.

Table of Contents

RISK FACTORS

An investment in the notes 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 notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the component stocks, i.e., the common stocks underlying the component indices to which your notes are linked. You should carefully consider whether the notes are suited to your particular circumstances.

The notes are intended to be held to maturity; your principal is only protected if you hold your notes to maturity

You will receive at least the principal amount of your notes if you hold your notes to maturity. If you sell your notes in the secondary market prior to maturity, you will not receive principal protection on the notes you sell. You should be willing to hold your notes to maturity.

You will not receive interest payments on the notes; Your yield may be lower than the yield on a standard debt security of comparable maturity

You will not receive any periodic interest payments on the notes.

In addition, the yield that you will receive on your notes, which could be zero, 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.

If the final average basket value is less than the initial basket value, the maturity payment amount with respect to your notes will be limited to the principal amount of the note. This will be true even if the value of the basket on some basket determination date or dates prior to the final basket determination date may have been greater than the initial basket value because the maturity payment amount will be calculated based on the arithmetic average of the closing values of the basket (or otherwise determined by the calculation agent, in the case of a market disruption event) on each basket determination date. You should therefore be prepared to realize no return at maturity over the principal amount of your notes.

Owning the notes is not the same as owning the component stocks included in the basket

The return on your notes will not reflect the return you would realize if you actually owned and held the component stocks comprising the basket for a similar period because the maturity payment amount will be determined without taking into consideration the value of any dividends that may be paid on the component stocks. In addition, you will not receive any dividend payments or other distributions on the component stocks comprising the basket, and as a holder of the notes, you will not have voting rights or any other rights that holders of the component stocks comprising the basket may have. Even if the value of the basket increases above the initial basket value during the term of the notes, the market value of the notes may not increase by the same amount.

There may not be an active trading market for the notes

We have applied to list the notes on the American Stock Exchange under the symbol PRN . If we are unable to list the notes on the American Stock Exchange the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market or any electronic communications network. You should be aware that even if the notes are listed on the American Stock Exchange a liquid trading market will not necessarily develop for the notes. The development of a trading market for the notes 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 notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your note in any secondary market could be substantial. If you sell your notes 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.

Wachovia Capital Markets, LLC and other broker-dealer affiliates of Wachovia currently intend to make a market for the notes, although they are not required to do so and may stop any market-making activities at any time. As market makers, trading of the notes may cause Wachovia Capital Markets, LLC or any other broker-dealer affiliates of Wachovia

Table of Contents

to have long or short positions of the notes in their inventory. The supply and demand for the notes, including inventory positions of market makers, may affect the secondary market for the notes.

Many factors affect the market value of the notes

The market value of the notes 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 notes caused by another factor and that the effect of one factor may exacerbate the decrease in the market value of the notes caused by another factor. For example, a change in the volatility of the component stocks may offset some or all of any increase in the market value of the notes attributable to another factor, such as an increase in the price per share of the component stocks. In addition, a change in interest rates may offset other factors that would otherwise change the price per share of the component stocks and, therefore, may change the market value of the notes. The following paragraphs describe the expected impact on the market value of the notes given a change in a specific factor, assuming all other conditions remain constant.

the value of the basket at any given point in time as well as the value of the basket on each of the basket valuation dates as they occur;

the volatility (frequency and magnitude of changes in market prices) of the component stocks and in particular market expectations regarding the volatility of the component stocks;

interest rates generally as well as changes in interest rates and the yield curve;

the dividend yields on the component stocks;

the time remaining to maturity;

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

geopolitical, economic, financial, political, regulatory or judicial events as well as other conditions that affect stock markets in general and that may affect the component stock issuers and the market prices of the component stocks;

the offset in market prices of one or more of the component stocks.

Industry consolidation and other corporate events may alter the composition of the basket

If a component stock issuer is acquired in a stock-for-stock transaction, the shares of common stock of the acquiring company will assume that component stock's place in the basket even if the shares of common stock of the acquirer is already a component stock in the basket. Consequently, consolidation among the component stock issuers will result in an increased weighting for the surviving company or companies. If a component stock is subject to a going-private transaction, or other transaction in which holders of the component stock receive cash or other property in exchange for their component stock and the common stock of the surviving entity is not publicly traded the component stock's representation in the basket will be replaced by the common stocks of three companies that are in the same industry group as the component stock issuer. The effect on the basket and the exchange ratios of consolidation transactions and other reorganization events with respect to the component stocks is described under "Specific Terms of the Notes - Antidilution Adjustments".

There is no guarantee that the component stocks will continue to be listed

Edgar Filing: WACHOVIA CORP NEW - Form 424B5

If any of the component stocks are not listed or traded on any U.S. national securities exchange or through the facilities of a U.S. national securities system, the basket will be adjusted so that the portion of the basket comprised of the delisted component stock is distributed proportionately among the remaining component stocks at their then current proportion of the basket. As a result, the liquidity and market prices of the notes may be adversely affected. No assurance may be given that any of the component stocks will not be delisted.

S-9

Table of Contents

Wachovia and its affiliates have no affiliation with the component stock issuers and are not responsible for their public disclosure of information

Wachovia and its affiliates are not affiliated with the component stock issuers in any way and have no ability to control or predict their actions, including any corporate actions of the type that would require the calculation agent to adjust the exchange ratio, and have no ability to control the public disclosure of these corporate actions or any events or circumstances affecting them.

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

This prospectus supplement relates only to the notes and does not relate to the component stocks. We have derived the information about the component stock issuers in this prospectus supplement from publicly available documents, without independent verification. We have not participated in the preparation of any of the documents or made any due diligence investigation or any inquiry of the component stock issuers in connection with the offering of the notes. Neither we nor any of our affiliates assumes any responsibility for the adequacy or accuracy of the information about the component stock issuers contained in this prospectus supplement. Furthermore, we do not know whether the component stock issuers have disclosed all events occurring before the date of this prospectus supplement including events that could affect the accuracy or completeness of the publicly available documents referred to above, the market value of the component stocks and, therefore, the closing price per share of the component stocks that the calculation agent will use to determine the maturity payment amount with respect to your notes. You, as an investor in the notes, should investigate the component stock issuers on your own.

You have limited antidilution protection

WBNA, as calculation agent for your notes, will, in its sole discretion, adjust the exchange ratios for certain corporate events affecting the component stock issuers, such as stock splits and stock dividends, and certain other corporate actions involving the component stock issuers, such as mergers. However, the calculation agent is not required to make an adjustment for every corporate event that can affect the component stocks. For example, the calculation agent is not required to make any adjustments to the exchange ratios if the component stock issuers or anyone else makes a partial tender or partial exchange offer for a component stock. If an event occurs that does not require the calculation agent to adjust the exchange ratios, the market value of the notes may be materially and adversely affected. You should refer to Specific Terms of the Notes Antidilution Adjustments beginning on page S-16 for a description of the general circumstances in which the calculation agent will make adjustments to the exchange ratios.

Historical prices of the component stocks should not be taken as an indication of the future prices of the component stocks during the term of the notes

The market prices of the component stocks included in the basket will determine the value of the basket at any given time. The component stocks included in the basket 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 value of the basket will rise or fall. Market prices of the component stocks underlying the basket will be influenced by complex and interrelated political, economic, financial and other factors that can affect the component stock issuers.

Purchases and sales by us and our affiliates may affect the return on the notes

As described below under Use of Proceeds and Hedging on page S-35 we or one or more of our affiliates may hedge our obligations under the notes by purchasing the component stocks, futures or options on the component stocks, or other derivative instruments with returns linked or related to changes in the market prices of the component stocks, and we may adjust these hedges by, among other things, purchasing or selling the component stocks, futures, options, or other derivative instruments with returns linked to the component stocks at any time. Although they are not expected to, any of these hedging activities may affect the market prices of component stocks and, therefore, the market value of the notes. 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 notes declines.

Table of Contents

The basket is not a recognized market index

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

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 notes 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 notes, as well as the projected profit included in the cost of hedging our obligations under the notes. 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.

Potential conflicts of interest could arise

Our subsidiary, WBNA, is our agent for the purposes of determining, among other things; the final average basket value and the maturity payment amount. Under certain circumstances, WBNA's role as our subsidiary and its responsibilities as calculation agent for the notes could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the closing price per share of the component stocks can be calculated on a particular trading day. See the section entitled "Specific Terms of the Notes" Market Disruption Event on page S-16. 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 component stock issuers. 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 acquire non-public information relating to these companies and, in addition, one or more affiliates of Wachovia may currently or in the future publish or distribute third-party research reports with respect to the component stocks, and these reports may or may not recommend that investors sell a particular component stock. It is important to note, too, that these recommendations are likely to change over time, whereas the composition of the component stocks included in the basket will remain static, except to reflect adjustments in connection with certain corporate events relating to the component stock issuers. Wachovia does not make any representation to any purchasers of the notes regarding any matters whatsoever relating to the component stock issuers included in the basket. Any prospective purchaser of the notes should undertake an independent investigation of these companies as in its judgment is appropriate to make an informed decision regarding an investment in the notes. The composition of the component stocks included in the basket does not necessarily reflect any investment or sell recommendations of Wachovia or its affiliates.

The calculation agent may postpone the determination of the final average basket value and the maturity date if a market disruption event occurs on the final basket determination date

The final basket determination date and, therefore, the determination of the final average basket value may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on the final basket determination date with respect to a component stock. If a postponement occurs, the calculation agent will use the closing price of the affected component stock on the next succeeding trading day on which no market disruption event occurs or is continuing for purposes of calculating the final average basket value. As a result, the maturity date for the notes 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 prices per share of any component stock after the final basket determination date. See "Specific Terms of the Notes" Market Disruption Event beginning on page S-16.

Table of Contents

U.S. taxpayers will be required to pay taxes on the notes each year

The notes will be treated as debt instruments subject to special rules governing contingent payment obligations for United States federal income tax purposes. If you are a U.S. individual or taxable entity, you generally will be required to pay taxes on ordinary income from the notes over their term based on the comparable yield for the notes, even though you will not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amount on which you will be taxed prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. In addition, any gain you may recognize on the sale or maturity of the notes will be taxed as ordinary interest income. Any loss you may recognize upon the sale of the notes will be ordinary loss to the extent of interest you included as income in the current or previous taxable years in respect of the notes, and thereafter, capital loss. If you hold your notes until maturity and the maturity payment is less than the projected payment at maturity, the difference will first reduce interest that would otherwise accrue in respect of the notes in such taxable year, and any remainder will be ordinary loss to the extent you previously accrued interest income in respect of the notes and thereafter will be capital loss. If you purchase the notes at a time other than the original issue date, the tax consequences to you may be different. You should consult your tax advisor about your own tax situation.

For further discussion, see Supplemental Tax Considerations beginning on page S-32.

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 notes with the assets of a plan, should consult with its counsel regarding whether the purchase or holding of the notes 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-34.

Table of Contents

SPECIFIC TERMS OF THE NOTES

Please note that in this section entitled *Specific Terms of the Notes*, references to *holders* mean those who own notes 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 notes registered in street name or in notes 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 notes 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 notes 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 notes. 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 notes in more detail below.

No Interest

While at maturity a beneficial owner of a note will receive a cash payment equal to the maturity payment amount, there will be no other payment of interest, periodic or otherwise.

Denominations

Wachovia will issue the notes in principal amount of \$10 per note and integral multiples thereof.

Offering Price

Each note will be offered at an initial public offering price equal to \$10.

Maturity Payment Amount

At maturity, for each note you own, you will receive a cash payment equal to the sum of the principal amount of the note and the basket performance amount. The basket performance amount per note will equal the greater of (i) \$0, and (ii) the basket performance amount, which equals the product of the principal amount of the note and the percentage change in the value of the basket over the term of the notes. *If the final average basket value is less than or equal to the initial basket value, the basket performance amount will be zero and the maturity payment amount will be \$10.*

Determination of the basket performance amount

The basket performance amount per note will be determined by the calculation agent and will equal the greater of:

(i) \$0, and

(ii) $\$10 \times \left(\frac{\text{final average basket value} - \text{initial basket value}}{\text{initial basket value}} \right)$

Table of Contents

Determination of the final average basket value

The initial basket value is \$•, the closing value of the basket on the pricing date.

The final average basket value will be determined by the calculation agent on the final basket determination date and will equal the arithmetic average of the closing values of the basket on each basket determination date. The closing values of the basket on each basket determination date will be calculated based on the weighted values of the component stocks, and will equal the sum of the products of (i) the exchange ratio of each component stock and (ii) the closing price per share of the respective component stock on that basket determination date.