WACHOVIA CORP NEW
Form DEF 14A
March 10, 2008

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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 þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o 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)

PAYMENT OF FILING FEE (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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:

o Fee paid previously with preliminary materials:

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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:

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March 10, 2008

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 22, 2008, 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.

This year, we are pleased to be using the new Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing many of our stockholders a notice instead of a paper copy of this proxy statement and 2007 annual report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including this proxy statement, our 2007 annual report and a form of proxy card. All stockholders who do not receive a notice will receive a paper copy of the proxy materials by mail. We welcome these new rules as conserving natural resources and reducing the costs of printing and distributing our proxy materials.

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 submit the proxy card at your earliest convenience or vote through the telephone or Internet. Voting procedures are described on the proxy card or on the notice of Internet availability of the proxy materials if you did not receive paper copies of the proxy materials. 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

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

NOTICE OF ANNUAL MEETING
TO BE HELD ON APRIL 22, 2008

March 10, 2008

The Annual Meeting of Stockholders will be held at the Charlotte Marriott City Center, 100 West Trade Street, Charlotte, North Carolina 28202, on Tuesday, April 22, 2008, at 9:30 a.m., to consider the following:

A Wachovia proposal to elect the 17 nominees named in the attached proxy statement as directors, with terms expiring at the 2009 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 2008.

A number of stockholder proposals, which management and Wachovia s board of directors oppose.

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

Only holders of record of Wachovia common stock on February 14, 2008, are entitled to notice of and to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be Held on April 22, 2008. The 2008 proxy statement and the annual report to stockholders for the year ended December 31, 2007 are also available at *www.wachovia.com*.

By order of the board of directors,

Mark C. Treanor
Secretary

Whether or not you plan to attend, please submit the proxy card or vote through the telephone or Internet voting procedures described on your proxy card or on the notice of Internet availability of the proxy materials if you did not receive paper copies of the proxy materials, to ensure your shares are voted at the meeting. Your vote is important, whether you own a few shares or many.

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PROXY MATERIALS

General Information

Wachovia s board of directors has made these proxy materials available to you on the Internet or delivered paper copies of these materials to you by mail in connection with Wachovia s 2008 Annual Meeting of Stockholders to be held at the Charlotte Marriott City Center, 100 West Trade Street, Charlotte, North Carolina 28202, on Tuesday, April 22, 2008, at 9:30 a.m., and at any adjournment, referred to as the meeting . As a stockholder, you are invited to attend the meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

The proxy materials include our proxy statement for the meeting and Wachovia s 2007 Annual Report to Stockholders. If you received a paper copy of these materials by mail, the proxy materials also include a proxy card for the meeting.

This year, we are pleased to be using the new Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and may request to receive a paper copy of the proxy materials by mail or e-mail. Instructions on how to access the proxy materials over the Internet, including the proxy card, or to request a paper copy may be found on the notice. In addition, the notice contains instructions on how stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. We are providing some of our stockholders, including stockholders who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of a notice about the Internet availability of the proxy materials. Stockholders who do not receive the notice will receive a paper copy of the proxy materials by mail.

Choosing to receive your future proxy materials by e-mail will help us conserve natural resources and reduce the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by e-mail, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

This proxy statement, the proxy card and Wachovia s 2007 Annual Report to Stockholders are being first mailed to our stockholders and being made available to our stockholders on the Internet on or about March 10, 2008. In addition to Internet availability as specified on the notice discussed above, the proxy materials are available on our website at *www.wachovia.com* under the tab About Wachovia Investor Relations .

The proxy card 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 or on the notice of Internet availability of the proxy materials if you did not receive paper copies of the proxy materials. 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.

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 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.

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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 14, 2008. Each share of Wachovia common stock is entitled to one vote. At the close of business on February 14, 2008, 1,981,588,825 shares of Wachovia common stock were outstanding and eligible to vote. Your 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 proxy card 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 at the address shown on your proxy card or on the notice of Internet availability of the proxy materials if you did not receive paper copies of the proxy materials;

By telephone through the number shown on your proxy card;

By mail, if you received paper copies of the proxy materials, by completing, signing, dating and returning the enclosed proxy card; or

By attending the meeting and voting your shares in person.

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. Directions to the meeting are on the proxy card.

If you hold your Wachovia shares in nominee or 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 five proposals that will be presented for your consideration at the meeting:

Electing directors;

Ratifying the appointment of KPMG LLP as Wachovia s auditors for 2008;

If properly presented, three stockholder proposals:

Regarding a non-binding stockholder vote ratifying executive compensation;

Regarding reporting political contributions; and

Regarding the nomination of directors.

The first two proposals have been submitted on behalf of Wachovia s board of directors. The remaining proposals have been submitted on behalf of certain stockholders. 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 at the meeting. 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

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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 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 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, 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. However, the remaining proposals are deemed non-routine which means that the nominee cannot vote your shares on those proposals if you do not timely provide instructions for voting your shares.

What Vote Is Needed

Wachovia amended its articles of incorporation following the 2007 annual meeting of stockholders to provide for majority voting in the election of directors. As a result, in an uncontested director election (*i.e.,* an election where the only nominees are those proposed by our board, such as at the meeting), our directors are elected by a majority of the votes cast by holders of our common stock present in person or by proxy at the meeting. For purposes of uncontested director elections, a majority of votes cast means that the number of votes cast FOR a director s election exceeds the number of votes cast AGAINST that director s election. Abstentions will not be counted as votes cast for the election of directors and will have no effect on the outcome of the election of our directors. Under North Carolina law, if an incumbent director is not re-elected at the annual meeting, the director will continue to serve in office as a holdover director until his or her successor is elected or until there is a decrease in the number of directors. North Carolina law also provides that if the stockholders fail to elect the full authorized number of directors, the board may fill the vacancy by electing a successor. Accordingly, as provided in Wachovia s articles of incorporation and in the board s Corporate Governance Guidelines, if an incumbent director fails to receive the required majority vote, the board may decrease the number of directors, fill any vacancy, or take other appropriate action, taking into account the recommendation of the Corporate Governance & Nominating Committee. The board s Corporate Governance Guidelines provide that the board will act on the Corporate Governance & Nominating Committee s recommendation within 90 days following the stockholders meeting at which the election occurred, and will promptly disclose its decision in a SEC filing.

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A majority of votes cast at the meeting is also required to approve the remaining proposals. Abstentions will not be counted as votes cast for these proposals. In addition, broker non-votes will not be counted as votes cast for proposals 3-5.

Our Voting Recommendations

Our board of directors recommends that you vote:

- FOR each of our nominees to the board of directors;
- FOR ratifying KPMG LLP as our auditors;
- AGAINST the stockholder proposal regarding a non-binding stockholder vote ratifying executive compensation;
- AGAINST the stockholder proposal regarding reporting political contributions; and
- AGAINST the stockholder proposal regarding the nomination of directors.

Proxy cards that are timely signed, dated and submitted 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 2008.

Cost of This Proxy Solicitation

Wachovia will pay the costs of the solicitation. We have hired Georgeson Inc. as proxy solicitors to assist in the proxy solicitation and tabulation. Their base fee is $22,500, 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, if you hold shares directly registered in your own name, 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. If your shares are held in the name of a bank, broker, or other nominee and you wish to receive separate copies of our proxy statement and annual report, or request that they send only one set of these materials to you if you are receiving multiple copies, please contact the bank, broker or other nominee.

Electronic Delivery of Proxy Materials

If you received a paper copy of the proxy materials by mail, you can also access Wachovia s proxy statement and 2007 Annual Report on Form 10-K, which includes our annual report to stockholders, via the Internet at *www.wachovia.com* under the tab About 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 by e-mail. 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 received paper copies of the proxy materials, or the Internet voting website set forth on your notice of Internet availability of the proxy materials if you did not receive paper copies of the proxy materials. 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 until you revoke it by sending a written request to: Investor Relations, Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288-0206.

A copy of our 2007 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 amended its articles of incorporation following our 2007 annual meeting of stockholders to eliminate provisions classifying the terms of our board of directors. Following that amendment, all of our directors are elected to serve for terms of one year and are elected annually at our annual meeting of stockholders. 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 17.

To facilitate the prompt transition from our board s classified term structure to the new one-year term structure, each Wachovia director whose term, under the classified term structure, was to expire at the annual meeting of stockholders in 2009 or 2010 resigned as a director, effective on February 25, 2008, and each such director was immediately reappointed as a director with a term expiring at the meeting. Therefore, all director nominees have terms expiring at the meeting, or until their successors are duly elected and qualified.

Should any nominee be unavailable for election by reason of death or other unexpected occurrence, the 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.

Proxies, unless indicated to the contrary, will be voted FOR the election of the 17 nominees named below as directors of Wachovia with terms expiring at the 2009 annual meeting of stockholders.

All of the nominees are currently directors. Listed below are the names of the nominees to serve as directors, together with: their ages; their principal occupations during the past five years; any other directorships they serve with any company with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the 1934 Act), or subject to Section 15(d) of the 1934 Act or any investment company registered under the Investment Company Act of 1940; and the year during which each was first elected a director of Wachovia.

JOHN D. BAKER, II (59). President and Chief Executive Officer, Patriot Transportation Holding, Inc., Jacksonville, Florida, a motor carrier and flatbed transportation hauler and real estate management company, since February 2008. Previously, President and Chief Executive Officer, Florida Rock Industries, Inc., Jacksonville, Florida, a heavy building materials company, prior to November

2007. Director, Patriot Transportation Holding, Inc. and Vulcan Materials Company. A director since 2001.

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PETER C. BROWNING (66). Lead Director of Nucor Corporation, Charlotte, North Carolina, a steel products manufacturing company, since May 2006. Previously, Non-Executive Chairman of Nucor Corporation, prior to May 2006 and Dean, McColl Graduate School of Business, Queens University of Charlotte, from March 2002 to May 2005. Also, Chief Executive Officer of Sonoco Products Company, from 1998 to 2000, and Chief Executive Officer of National Gypsum Company, from 1990 to 1993. Director, Acuity Brands Inc., EnPro Industries, Inc., Lowe s Companies, Inc., Nucor Corporation and The Phoenix Companies, Inc. A director since 2001.

JOHN T. CASTEEN, III (64). President of the University of Virginia, Charlottesville, Virginia. A director since 2001.

JERRY GITT (65). Retired, Palm Desert, California. Previously, First Vice President of Equity Research, Merrill, Lynch & Company, prior to 2000. A director since 2006.

WILLIAM H. GOODWIN, JR. (67). 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.

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MARYELLEN C. HERRINGER (64). Attorney-at-law, Piedmont, California. Also, Non-Executive Chair of ABM Industries Incorporated, San Francisco, California, a facilities services company, since March 2006. Previously, Executive Vice President, General Counsel and Secretary, APL Limited, Oakland, California, an intermodal shipping and rail transportation company, until 1997. Director, ABM Industries Incorporated, Pacific Gas & Electric Company and PG & E Corporation. A director since 2006.

ROBERT A. INGRAM (65). 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, and Lead Director, Valeant Pharmaceuticals International, Aliso Viejo, California, a specialty pharmaceutical company focused on neurology, dermatology and infectious disease, since February 2008. Previously, Chief Operating Officer and President, Pharmaceutical Operations, of GlaxoSmithKline plc, from December 2000 to January 2003 and Chairman of the Board, Valeant Pharmaceuticals International, from August 2007 to February 2008. Director, Allergan, Inc., Edwards Lifesciences Corporation, Lowe s Companies, Inc., OSI Pharmaceuticals, Inc. and Valeant Pharmaceuticals International. A director since 2001.

DONALD M. JAMES (59). Chairman and Chief Executive Officer, Vulcan Materials Company, Birmingham, Alabama, a construction materials company. Director, The Southern Company and Vulcan Materials Company. A director since 2004.

MACKEY J. MCDONALD (61). Chairman, VF Corporation, Greensboro, North Carolina, an apparel manufacturer. Previously, Chief Executive Officer prior to January 2008 and President prior to March 2006, VF Corporation. Director, VF Corporation. A director since 1997.

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JOSEPH NEUBAUER (66). Chairman and Chief Executive Officer, ARAMARK Holdings Corporation, Philadelphia, Pennsylvania, a service management company, since January 2007. Previously, Chairman and Chief Executive Officer, ARAMARK Corporation, from September 2004 to January 2007, 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, Macy s, Inc. and Verizon Communications, Inc. A director since 1996.

TIMOTHY D. PROCTOR (58). General Counsel, Diageo plc, London, England, a premium spirits, beer and wine company, since January 2000. A director since 2006.

ERNEST S. RADY (70). Principal shareholder, manager and consultant to a group of companies engaged in real estate management and development, property and casualty insurance and investment management through American Assets, Inc. (President and founder) and Insurance Company of the West (Chairman), Irvine, California. Previously, Chairman of Dealer Finance business and California banking business, Wachovia Corporation, from March 2006 to March 2007 and Chairman and Chief Executive Officer, Westcorp, and Chairman, WFS Financial Inc, Irvine, California, commercial banking and automobile finance companies, prior to March 2006. A director since 2006.

VAN L. RICHEY (58). 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.

RUTH G. SHAW (60). Retired, Charlotte, North Carolina. Also, Executive Advisor to the Chairman and Chief Executive Officer, Duke Energy Corporation, Charlotte, North Carolina, one of the largest electric power companies in the United States, since October 2006. Previously, Group Executive Public Policy and President, Duke Nuclear, from April 2006 to October 2006, President (from March 2003 to April 2006) and Chief Executive Officer (from October 2004 to April 2006), Duke Power Company, and Executive Vice President and Chief Administrative Officer, Duke Energy Corporation, prior to March 2003. Director, The Dow Chemical Company and DTE Energy Company. A director since 1990.

LANTY L. SMITH (65). Chairman and Chief Executive Officer, Tippet Capital, LLC, Raleigh, North Carolina, an investment and merchant banking firm, since 2007. Also, Chairman, Precision Fabrics Group, Inc., Greensboro, North Carolina, a manufacturer of high technology specification textile products. Previously, Chairman, Soles Brower Smith & Co., Greensboro, North Carolina, an investment and merchant banking firm, prior to 2007. A director since 1987.

G. KENNEDY THOMPSON (57). Chairman (since February 2003), President and Chief Executive Officer, Wachovia Corporation. Director, Hewlett-Packard Company and Wachovia Preferred Funding Corp. A director since 1999.

DONA DAVIS YOUNG (54). Chairman (since April 2003), President and Chief Executive Officer (since January 2003) of The Phoenix Companies, Inc., Hartford, Connecticut, a provider of a broad array of life insurance, annuity and investment products and services, and its subsidiary Phoenix Life Insurance Company. Previously, Chief Operating Officer (February 2001 to January 2003) of The Phoenix Companies, Inc., and President (since February 2000) and Chief Operating Officer (since February 2001) of Phoenix Life Insurance Company. Director, Foot Locker, Inc. and The Phoenix Companies, Inc. A director since 2001.

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.

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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 the current charters for the Audit, Management Resources & Compensation, Corporate Governance & Nominating and Risk Committees are available on Wachovia s website at *www.wachovia.com* under the tab About 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 2007. 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 Young.

Risk Committee. The Risk Committee held six meetings in 2007. 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), Goodwin, Herringer, James, Rady and Richey.

Management Resources & Compensation Committee. The Management Resources & Compensation Committee (the Compensation Committee) held six meetings in 2007. The Compensation Committee s principal responsibilities are described below under Compensation of Directors and Compensation Discussion & Analysis and include assisting 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), Browning, Ingram, McDonald and Proctor. The board has determined that all of 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 five meetings in 2007. 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

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(Chair), Browning, Goodwin, McDonald, Neubauer, Shaw 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 held 14 meetings in 2007. The Committee s principal responsibilities are described below under Audit Committee Report and include assisting the board in overseeing Wachovia s financial reporting process. The following directors are the current members of the Committee: Neubauer (Chair), Baker, Casteen, Gitt 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 has also 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.

Meetings and Attendance.

The board held eight meetings in 2007. In 2007, all of the directors attended at least 75% of the meetings of the board and the committees on which they served.

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;
- increased reliance on stock-based compensation for senior management and the board;
- adopted stock ownership guidelines for senior executives and the board;
- amended, following stockholder approval, Wachovia s articles of incorporation to remove the requirement of having a classified board;
- amended, following stockholder approval, Wachovia s articles of incorporation to provide for majority voting in uncontested director elections; and
- adopted a policy that requires stockholder approval of future severance agreements for executive officers that provide for benefits above certain limits.

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 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* under the tab About 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.

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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 15 of the board s 17 current directors and nominees, or approximately 88%, 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 Director Independence Standards to assist the board in determining whether a director has a material relationship with Wachovia. The Director Independence Standards should be read together with the NYSE rules. The Director Independence Standards are attached to this proxy statement as *Appendix A* and are also available on Wachovia s website at *www.wachovia.com* under the tab About Wachovia Investor Relations and then under the heading Corporate Governance Director Independence .

In February 2008, 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.

As a result of this evaluation, the board affirmatively determined that each of Mr. Baker, Mr. Browning, Mr. Casteen, Mr. Gitt, Mr. Goodwin, Ms. Herringer, Mr. Ingram, Mr. James, Mr. McDonald, Mr. Neubauer, Mr. Proctor, Mr. Richey, Dr. Shaw, Mr. Smith, and Ms. Young is an independent director under the Director Independence Standards, the NYSE rules and the applicable SEC rules and regulations. Each member of the Audit, Management Resources & Compensation and Corporate Governance & Nominating Committees is independent. Robert J. Brown was an independent director prior to his retirement as a director in April 2007, and John C. Whitaker, Jr. was an independent director prior to his retirement in December 2007.

In connection with its independence evaluation, the board considered the following relationships and transactions, as described by category or type in the Director Independence Standards:

Customer Relationships

Wachovia provides in the ordinary course of business lending and/or other financial services to all of its directors, some of their immediate family members and their affiliated organizations, including to former directors who retired in 2007.

Supplier or Other Business Relationships

Some entities affiliated with some of our directors or their immediate family members may provide services to or do business with Wachovia in the ordinary course of business, including the following entities:

ARAMARK Holdings Corporation, where Mr. Neubauer is the chief executive officer and beneficially owns approximately 9.0% of the voting securities, is a service management company, and in 2007, ARAMARK provided food and vending services to Wachovia;

The Riverstone Group, LLC, where Mr. Goodwin is the chief executive officer and which is owned by members of Mr. Goodwin s immediate family, is an owner and operator of, among

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other things, resort and hospitality properties, and in 2007, the Riverstone Group, LLC provided certain hotel, restaurant and meeting services to Wachovia;

Bradley Arant Rose & White LLP, where a relative of Mr. James is a partner, is a large law firm, and in 2007, Bradley Arant provided legal services to Wachovia. The relative, however, was not directly involved in providing legal services to Wachovia; and

The University of Virginia and the Phoenix Companies, where Mr. Casteen and Ms. Young, respectively, are employed provide services or may otherwise do business with Wachovia. The University of Virginia is one of several educational institutions that participates in sports marketing sponsorship arrangements with Wachovia, and Wachovia offers some of the Phoenix Companies products to its customers.

Family Relationships

A relative of Mr. Proctor is employed as a customer relations manager at Wachovia, but is not an executive officer or officer required to file reports with the SEC under Section 16(a) of the 1934 Act, and a relative of Mr. Whitaker, who retired as a director in December 2007, was employed at Wachovia until March 2006, but not as an executive officer or Section 16(a) reporting officer.

Charitable and Other Relationships

Mr. Casteen is employed at an organization that received contributions from Wachovia that did not exceed the thresholds described in the Director Independence Standards. In addition, some Wachovia directors or their immediate family members are non-management directors or trustees, but not officers or significant equity owners, of entities that may be customers of Wachovia or otherwise do business in the ordinary course with, or may have received charitable contributions from, Wachovia. Under the Director Independence Standards, these relationships are not deemed to be material and are not considered by the board in determining independence.

The board determined pursuant to the Director Independence Standards and the NYSE rules that each of the above relationships was not material. In particular, in considering the supplier and other business relationships described above, the amounts Wachovia paid to or Wachovia received from each of the above entities did not approach the 2% of consolidated gross revenues threshold contained in the Director Independence Standards and the NYSE rules, and in each case those amounts were less than 1% of the consolidated revenues of the entity. The board determined pursuant to the Director Independence Standards that these relationships were not material to Wachovia or the other entity and that none of the above directors or, to the extent applicable, their immediate family members had a direct or indirect material interest in the relationships or transactions with these entities.

The board also determined that Mr. Thompson and Mr. Rady are not independent because Wachovia currently employs Mr. Thompson and employed Mr. Rady prior to his retirement as an employee in March 2007.

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 2008, 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;

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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

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.

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 regularly scheduled executive sessions of the non-management directors. Three of these executive sessions were held in 2007, including at least one session where only the independent directors were present. The Corporate Governance Guidelines also provide that the board will meet in executive sessions 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 Corporate Governance & Nominating Committee may use the services of consultants or a search firm, although it has not done so in the past.

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 Corporate Governance & Nominating Committee uses the same process for evaluating all nominees, including those recommended by stockholders.

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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 condition that stockholders comply with the advance notice time frame requirements described below 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, Mr. Smith, 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 lead independent director or 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* under the tab About 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 2007, 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* under the tab About 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.

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Stock Ownership Requirements

Our board has adopted a common stock ownership policy for members of the board and our executive officers. For a description of our ownership policy, see Compensation Discussion & Analysis; Compensation Decisions for 2007 Performance Long-Term Stock-Based Compensation . See also Security Ownership of Management .

Compensation of Directors

Non-employee directors receive a quarterly cash retainer and quarterly credits under Wachovia s Deferred Compensation Plan for Non-Employee Directors, which is described below, in each director s common stock equivalent deferred account. In addition, the lead independent director and the Chair of each committee receive a quarterly fee.

The Compensation Committee is responsible for studying the compensation of directors and recommending changes for consideration by the full board when appropriate. The Compensation Committee annually reviews market data provided by professionals in our Human Resources Division, outside independent compensation consultants engaged by the Compensation Committee, and legal counsel. The analysis of outside director compensation in 2007 indicated that Wachovia s total compensation for outside directors was less than the median of the primary competitive peer group comprised of 10 large financial services companies as listed in Compensation Discussion & Analysis . Based on this analysis, the Compensation Committee recommended, and the board of directors approved, increases to director compensation effective July 1, 2007. See Compensation Discussion & Analysis .

Based on the 2007 analysis of outside director compensation and in consultation with the independent consultant to the Compensation Committee, the Compensation Committee recommended, and the board of directors approved, a $5,000 increase to the annual cash retainer and a $15,000 increase to the annual mandatory deferred common stock equivalent contribution effective July 1, 2007. The Compensation Committee considered the outside director compensation levels and practices of the primary peer companies and reaffirmed their desire to emphasize board and committee Chair service as opposed to meeting fees. In making its recommendation, the Compensation Committee sought to maintain greater emphasis on compensation tied to Wachovia common stock performance by maintaining the annual mandatory deferred common stock equivalent contribution at slightly more than two times the annual cash-based retainer. In addition, the Compensation Committee noted that compensation for outside directors had not been increased since August 2005.

The following table summarizes Wachovia s 2007 director compensation amounts:

	Annualized Compensation Levels		
Compensation Element	**January 1, 2007 to June 30, 2007**	**July 1, 2007 to December 31, 2007**	**Total 2007 Compensation**
Annual Cash Retainer	$ 70,000	$ 75,000	$ 72,500
Annual Mandatory Common Stock Equivalent Deferred Account Contribution	150,000	165,000	157,500
Total Annual Compensation	220,000	240,000	230,000
Annual Committee Chair Fee	15,000	15,000	15,000
Annual Audit Committee Chair Fee	25,000	25,000	25,000
Annual Lead Independent Director Fee	25,000	25,000	25,000

Special Board Meeting Fee *	2,000	2,000
Special Committee Meeting Fee *	1,500	1,500

* 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.

Wachovia reimburses directors for travel and accommodation expenses. Directors who are Wachovia employees do not receive any directors fees.

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Director Compensation Table

The following table sets forth with respect to each person who served as a director of Wachovia in 2007: (i) their name (column (a)); (ii) the aggregate dollar amount of all fees earned or paid in cash for services as a director, including annual retainer fees, committee and/or chairmanship fees, and meeting fees (column (b)); (iii) for awards of stock, the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with Statement of Financial Accounting Standards No. 123R (SFAS 123R) (column (c)); (iv) above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on nonqualified defined contribution plans (column (d)); (v) all other compensation for the covered fiscal year that Wachovia could not properly report in columns (b)-(d) (column (e)); and (vi) the dollar value of total compensation for the covered fiscal year (column (f)), representing the sum of all amounts reported in columns (b)-(e).

2007 DIRECTORS COMPENSATION

Name (a)	Fees Earned or Paid in Cash ($) (4) (b)	Stock Awards ($) (5) (c)	Nonqualified Deferred Compensation Earnings ($) (6) (d)	All Other Compensation ($) (7) (e)	Total Compensation in 2007 ($) (f)
Baker II, John	82,000	157,500	0	0	239,500
Brown, Robert (1)	17,500	37,500	13,540	0	68,540
Browning, Peter	74,500	157,500	0	1,250	233,250
Casteen III, John	85,000	157,500	0	1,000	243,500
Gitt, Jerry	85,000	157,500	0	1,500	244,000
Goodwin Jr., William	74,500	157,500	0	2,000	234,000
Herringer, Maryellen	74,500	157,500	3,074	0	235,074
Ingram, Robert	89,500	157,500	0	0	247,000
James, Donald	74,500	157,500	3,536	0	235,536
McDonald, Mackey	74,500	157,500	0	2,000	234,000
Neubauer, Joseph	107,000	157,500	7,220	0	271,720
Proctor, Timothy	74,500	157,500	479	0	232,479
Rady, Ernest (2)	62,833	132,500	0	0	195,333
Richey, Van	74,500	157,500	0	0	232,000
Shaw, Ruth	89,500	157,500	2,836	0	249,836
Smith, Lanty	125,000	157,500	0	0	282,500
Thompson, G. Kennedy (3)	0	0	0	0	0
Whitaker Jr., John (1)	74,500	157,500	0	0	232,000
Young, Dona	89,500	157,500	0	0	247,000
Total	1,428,833	2,690,000	30,685	7,750	4,157,268

(1)

Mr. Brown retired as a director on April 17, 2007. Reported compensation reflects amounts earned or accrued for fiscal year 2007 through his retirement date. Mr. Whitaker retired as a director on December 31, 2007.

(2) Wachovia and Mr. Rady signed an offer letter at the time Wachovia and Westcorp entered into their merger agreement that became effective upon completion of the Westcorp merger regarding Mr. Rady s role with Wachovia. Pursuant to that letter, upon his retirement as an employee of Wachovia in March 2007, he received $691,667 in post-termination payments in 2007. Following termination of employment, Mr. Rady became eligible to receive normal director fees applicable to all non-employee directors. The amounts shown in the table reflect such fees earned or accrued after his retirement in March 2007 through year-end.

(3) Wachovia employees do not receive compensation for their role as directors.

(4) All or a portion of the reported cash compensation may be deferred through the Deferred Compensation Plan for Non-Employee Directors, which is discussed below. See table on page 16 for elements of director compensation.

(5) Amounts reflect the annual mandatory deferred common stock equivalent contribution provided to non-employee directors. Awards are made in the form of fully vested common stock unit equivalents and have been reported at the SFAS 123R value which reflects the closing price of Wachovia common stock on the date deferred common stock units were contributed to individual accounts. In 2007, deferred common stock unit contribution dates and the corresponding SFAS 123R cost per unit were as follows:

January 3, 2007	$56.81
April 23, 2007	$55.49
July 2, 2007	$52.30
October 1, 2007	$50.92

These phantom stock units are hypothetical shares with the underlying value tied to the market price of Wachovia common stock. See Wachovia Deferred Compensation Plan for Non-Employee Directors below for additional information.

(6) Amounts reflect only that interest earned on deferred compensation amounts considered to be above-market. Interest paid on deferred compensation is deemed to be above-market if it exceeds 120% of the applicable federal long-term rate.

(7) Amounts reflect the Wachovia matching contribution component of the Board of Directors Matching Gift Program. Under this program, Wachovia will match, on a $2 for $1 basis, a director s contributions to accredited educational institutions or other nonprofit institutions in accordance with section 501(c) of the Internal Revenue Code. Wachovia s contribution is limited to $4,000 in any given year.

Effective January 1, 2008, the matching contribution component of the Board of Directors Matching Gift Program was amended to provide for a Wachovia match on a $1 for $1 basis to align with the matching gift program available to Wachovia employees.

Wachovia 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. Non-employee directors make these deferral elections prior to each year or upon appointment to the board. In conjunction with this deferral election, non-employee directors also elect whether deferred balances will earn interest set at the prime rate plus 2% compounding quarterly or invested in deferred stock units with the value tied to the market value of Wachovia common stock. The $165,000 annual mandatory deferred stock unit component of the directors retainer is provided through quarterly contributions of $41,250 to the stock unit component of the plan. In the first and second quarters of 2007, the quarterly contributions equaled $37,500 and increased to $41,250 in the third and fourth quarters of 2007 to reflect the change in director compensation discussed above. These contributions must be invested in deferred stock units during the year of contribution.

Directors having their fees in deferred stock units are investing in common stock equivalents that are valued based on the market value of Wachovia common stock. 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. Common stock equivalents do not have voting rights. Deferred stock units do not receive dividends when declared on shares of Wachovia common stock but do receive dividend equivalents that are re-invested into additional deferred stock units. 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.

The following table sets forth with respect to each person who served as a director of Wachovia in 2007: (i) their name (column (a)); (ii) the aggregate interest-bearing balance in the director s Deferred Compensation Plan for Non-Employee Directors account at December 31, 2007 (column (b)); (iii) the aggregate number of deferred stock units in the director s Deferred Compensation Plan for Non-Employee Directors account at December 31, 2007 (column (c)); (iv) the aggregate dollar value of the deferred stock units in the director s Deferred Compensation Plan for Non-Employee Directors account at December 31, 2007 (column (d)); and (v) the aggregate value of the director s Deferred Compensation Plan for Non-Employee Directors account at December 31, 2007 (the sum of columns (b) and (d)) (column (e)).

Name (a)	**Interest Bearing Balance at 12/31/2007 ($)** (b)	**Deferred Stock Units Held at 12/31/2007 (#) (1)** (c)	**Deferred Stock Units Held at 12/31/2007 ($)** (d)	**Total Deferred Balances at 12/31/2007 ($)** (e)
Baker II, John	0	27,478	1,044,997	1,044,997
Brown, Robert (2)	366,368	22,516	856,272	1,222,640
Browning, Peter	0	28,595	1,087,487	1,087,487
Casteen III, John	0	27,828	1,058,295	1,058,295
Gitt, Jerry	0	3,744	142,403	142,403
Goodwin Jr., William	0	60,599	2,304,578	2,304,578
Herringer, Maryellen	98,726	3,744	142,403	241,129
Ingram, Robert	0	42,060	1,599,560	1,599,560
James, Donald	95,688	12,287	467,266	562,954
McDonald, Mackey	0	46,668	1,774,786	1,774,786
Neubauer, Joseph	195,367	48,080	1,828,472	2,023,839
Proctor, Timothy	12,964	4,944	188,024	200,988
Rady, Ernest	0	2,573	97,864	97,864
Richey, Van	0	13,888	528,166	528,166
Shaw, Ruth	94,937	44,856	1,705,867	1,800,804
Smith, Lanty	0	103,408	3,932,612	3,932,612
Thompson, G. Kennedy	0	0	0	0
Whitaker Jr., John (2)	0	45,556	1,732,484	1,732,484
Young, Dona	0	32,309	1,228,727	1,228,727
Total	864,050	571,133	21,720,263	22,584,313

(1) Rounded to the nearest whole share, based on Wachovia s common stock price on December 31, 2007.

(2) Mr. Brown retired as a director on April 17, 2007. Mr. Whitaker retired as a director on December 31, 2007.

In conjunction with the First Union Wachovia merger, Wachovia terminated and froze accrued benefits under the legacy First Union Retirement Plan for Non-Employee Directors program. The net present value of the accrued benefits at the time the plan was frozen were rolled into the Deferred Compensation Plan for Non-Employee Directors. As a former participant in that retirement plan, upon his retirement as a director, Mr. Brown will receive an annual payment of $86,991 for a period of two additional years.

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.

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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 an audit of Wachovia s financial statements, expressing an opinion as to their conformity with generally accepted accounting principles and annually opining on 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. 114, *The Auditor s Communication with Those Charged with Governance,* as currently in effect (which Statement on Auditing Standards superseded Statement on Auditing Standards No. 61, *Communications with Audit Committees*). 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, 2007, to be filed with the SEC.

Joseph Neubauer, *Chair*
John D. Baker, II
John T. Casteen, III
Jerry Gitt
Lanty L. Smith

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Security Ownership of Management

The following table shows the number of shares of common stock and common stock equivalents beneficially owned as of February 14, 2008, by each nominee for 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 1934 Act, by all directors, nominees and executive officers as a group totals approximately 2.48% of the outstanding common stock as of February 14, 2008.

Name of Individual	Common Stock (2)
John D. Baker, II (1)	104,185
Peter C. Browning (1)	33,662
David M. Carroll (3)	1,087,552
John T. Casteen, III	35,740
Stephen E. Cummings (1)(3)	610,402
Jerry Gitt	5,379
William H. Goodwin, Jr.	1,618,266
Maryellen C. Herringer (1)	21,366
Robert A. Ingram	48,229
Donald M. James(3)	35,218
Benjamin P. Jenkins, III (1)(3)(4)	1,776,713
Mackey J. McDonald	50,766
Joseph Neubauer	58,324
Timothy D. Proctor	10,612
Ernest S. Rady (3)(4)	35,920,066
Van L. Richey (3)	32,818
Ruth G. Shaw (1)	47,665
Lanty L. Smith	365,425
G. Kennedy Thompson (1)(3)	4,478,392
Thomas J. Wurtz (3)(4)	327,842
Dona Davis Young (1)	41,298
All directors, nominees, Named Officers and executive officers as a group (27 persons)	49,237,384

(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 14, 2008, 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. Browning: 3,500 shares; Mr. Cummings: 2,400 shares; Ms. Herringer: 3,900 shares; Mr. Jenkins: 37,200 shares; Dr. Shaw: 700 shares; Mr. Thompson: 42,726 shares; and Ms. Young: 7,219 shares.

(2) The amounts reported include the number of units of common stock equivalents held by directors, as of February 14, 2008, under deferred compensation arrangements, rounded down to the nearest whole share, as follows: Mr. Baker: 29,226 units; Mr. Browning: 29,759 units; Mr. Casteen: 29,038 units; Mr. Gitt: 4,854 units;

Mr. Goodwin: 62,266 units; Ms. Herringer: 4,854 units; Mr. Ingram: 43,829 units; Mr. James: 13,954 units; Mr. McDonald: 48,336 units; Mr. Neubauer: 49,996 units; Mr. Proctor: 6,612 units; Mr. Rady: 3,683 units; Mr. Richey: 15,556 units; Dr. Shaw: 45,965 units; Mr. Smith: 105,425 units; Ms. Young: 34,079 units; and all directors as a group: 527,432 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, the following persons own shares of Wachovia preferred stock as of February 14, 2008, which securities do not have voting rights at the meeting: Wachovia Dividend Equalization Preferred shares Mr. Rady: 4,400 shares and Ms. Young: 2,000 shares. No such persons own any shares of Wachovia s other preferred stock. See Corporate Governance Policies and Practices Compensation of Directors .

(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 14, 2008, 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: 880,502 shares; Mr. Cummings: 396,880 shares; Mr. James: 2,670 shares; Mr. Jenkins: 1,496,773 shares; Mr. Rady: 50,951 shares; Mr. Richey: 2,670 shares; Mr. Thompson: 3,502,560 shares; Mr. Wurtz: 228,267 shares; and members of the group (including the foregoing): 8,439,710 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 Corporation stock option plans, which Wachovia assumed in that merger.

(4) Of the shares owned by Mr. Rady and certain entities that he controls, 22,173,164 of such shares have been pledged as security in lending transactions in the ordinary course of business for those entities. Of the shares owned by Mr. Wurtz, 42,726 of such shares are subject to pledge in a securities brokerage account. Of the shares owned by Mr. Jenkins, 62,000 of such shares have been pledged as security for a loan from an unaffiliated financial institution.

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 our common stock on December 31, 2007, the most recent practicable date for determining such ownership.

Compensation Discussion & Analysis

Objectives of Wachovia s Executive Compensation Program

Wachovia s goal is to be the best, most trusted and admired company in the financial services industry. To further that goal, Wachovia has adopted strategic priorities, including:

- Strengthening employee engagement;
- Building customer loyalty;
- Executing revenue growth strategies;
- Improving cost structure and operating efficiencies;
- Ensuring financial strength and strong corporate governance; and
- Successfully integrating mergers and acquisitions.

In support of these strategic priorities, Wachovia s operating committee established goals focusing on achieving earnings per share and revenue growth in the top quartile of the top 20 financial institutions to ensure sustained performance over 1-, 3- and 5-year periods.

Wachovia s compensation policies, practices and programs are intended to align executive compensation within the framework of these strategic goals. Wachovia s compensation policies are intended to be strong motivators for achieving expected levels of performance which are in the stockholders interests.

In order to achieve these goals, the Compensation Committee has established guiding principles for Wachovia s compensation program that are intended to:

Emphasize performance-based compensation over fixed salary;

Align the interests of senior management with the interests of Wachovia s stockholders;

Motivate executives with competitive total compensation opportunities based on the sustained performance of Wachovia and each individual executive s contributions to that performance;

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Use long-term equity programs based on the performance of Wachovia s common stock to further align the interests of senior management with our stockholders; and

Attract and retain key talent needed to succeed in an intensely competitive environment.

The Compensation Committee, working with management and with its independent, external consultant, has approved executive compensation programs that are designed to attract, retain and motivate executives in the best interests of Wachovia and its stockholders and to create long-term value for our stockholders.

Wachovia s compensation program consists of the following primary elements, each of which is discussed in further detail later in this Compensation Discussion & Analysis:

Compensation Element	Objective
Base Salary	Intended to provide competitive fixed compensation at levels commensurate with the scope of responsibility and the complexity of the executive s role. Base salary is a relatively small component of total compensation (less than 10% of target levels for Named Officers).
Annual Incentive	Intended to provide competitive, variable compensation tied to performance on key objectives established for the performance year. Annual incentive is a significant component of total compensation (27% to 48% of target compensation levels for Named Officers).
Stock-Based Compensation	Intended to provide significant and meaningful performance-based, variable compensation that aligns management s objectives with stockholders long-term interests by focusing management on the creation of long-term stockholder value. Stock-based compensation is the most significant component of total compensation (45% to 68% of target compensation levels for Named Officers). Stock-based compensation incorporates both stock options and performance-based restricted stock awards: Stock options comprise 20% of the targeted stock award value and generate value for participants only through stock price appreciation. Performance-based restricted stock awards comprise 80% of the targeted stock award value and provide an immediate stock ownership stake with the value appreciating or depreciating in a direct relationship with Wachovia s stock price. In 2007, funding for the target performance-based restricted stock was based on 2007 Cash EPS performance (as discussed below).

Role of the Compensation Committee

The Compensation Committee is composed of independent, non-employee directors who are not eligible to participate in management compensation programs. The Corporate Governance & Nominating Committee determined that Compensation Committee members are independent as defined by NYSE rules, applicable SEC rules and regulations and Wachovia s Director Independence Standards. The current members of the Compensation Committee are: Ruth G. Shaw, Chair, Peter C. Browning, Robert A. Ingram, Mackey J. McDonald, and Timothy D. Proctor. None of these individuals is, or has been, an officer or employee of Wachovia. The Compensation Committee meets in executive session without management for part of each scheduled meeting to ensure impartiality.

The Compensation Committee is assisted in performing its duties by professionals in our Human Resources Division, outside compensation consultants, legal counsel, and when appropriate, senior management. The Compensation Committee reviews Wachovia s executive compensation programs at six regularly scheduled meetings and one special meeting each year. A consultant with Towers Perrin, a nationally recognized executive compensation consulting firm, attended all six of the regularly scheduled meetings in 2007 and reviewed Wachovia s executive compensation programs with the Compensation Committee. Towers Perrin is independent from Wachovia. The Compensation Committee engaged Towers Perrin, and the consulting

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firm reports directly to the Compensation Committee. Towers Perrin, which was paid $256,345 by Wachovia in 2007, does not have any significant business relationships with Wachovia beyond the services provided as the independent consultant to the Compensation Committee. Other services provided to Wachovia by Towers Perrin in 2007 included compensation and benefit survey data and related survey subscriptions in which Wachovia participates and which are used for compensation benchmarking of positions throughout Wachovia. In 2007, the Compensation Committee also engaged, and received advice from, a law firm that does not otherwise provide legal services to Wachovia.

The Compensation Committee analyzes objectively produced competitive market data concerning executive compensation programs to evaluate Wachovia s compensation practices against those of the companies against which Wachovia competes financially and for executive talent. The Compensation Committee also relies upon advice from Wachovia s CEO, Mr. Thompson, our head of Human Resources and Corporate Relations, and the Directors of Compensation and Executive Compensation in assessing, designing and recommending compensation programs, plans and awards for executive officers other than the CEO. Mr. Thompson s advice regarding the executive officers that report directly to him is of importance to the Compensation Committee in analyzing the subjective aspects of the performance goals of those executive officers. No other Wachovia executive officer provides information to the Compensation Committee for its deliberations in establishing executive compensation for executive officers. The Compensation Committee meets in executive session, without the presence of management, including the CEO, to determine the CEO s compensation.

In addition to its other responsibilities, the Compensation Committee annually reviews, with the non-management members of the board and the CEO, succession planning and management development activities and strategies regarding the CEO and other members of senior management. The Compensation Committee s activities regarding succession planning are linked to and reinforce the Compensation Committee s decisions regarding Wachovia s overall management resources, including total compensation, for the CEO and other executive officers.

Determining Executive Compensation Benchmarks

Our compensation program uses competitive peer group information to assist in determining base salary, targeted and maximum incentive cash compensation levels and stock award guidelines. The Compensation Committee carefully considers this information, the basis for differences in peer compensation strategies and relevance to Wachovia s markets and strategies. In setting individual compensation targets for executive officers, the Compensation Committee also reviews and considers the relationship of target compensation levels for each executive officer relative to the CEO s compensation target. In addition, the Compensation Committee periodically reviews comparable internal pay relationships for comparable positions across peer financial services companies. The peer and internal pay relationships are among the factors, including applicable succession planning considerations, which the Compensation Committee considers in making award decisions. The Compensation Committee also receives advice from its independent, external consultant in determining applicability of peer information.

Wachovia looks to provide compensation, consisting of base salary, annual cash incentives and stock-based compensation, for its senior management at approximately the median of the peer market when target levels of performance are achieved. Actual compensation levels may vary with annual cash incentive and stock-based compensation award values dependent upon performance relative to strategic business objectives and stock option values dependent on stockholder value creation. In making compensation decisions, the Compensation Committee takes into consideration individual performance, experience, skill and how critical the position is to Wachovia s success. The peer groups generally consist of those comparable financial institutions that compete in the same markets and provide similar financial services and products. The peer groups will change over time and will consist of other major U.S. and global bank holding companies and other selected competitors that will vary by business unit. The Compensation Committee believes that the most direct competitors for executive talent are not necessarily the same as those we use to compare total stockholder value.

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The following are those companies that the Compensation Committee, in consultation with management and the independent consultant to the Compensation Committee, identified as the primary competitive market considered in analyzing market data for 2007 executive compensation:

Bank of America Corporation

Citigroup Inc.

JPMorgan Chase & Co.

Merrill Lynch & Co. Inc.

Morgan Stanley

National City Corporation

SunTrust Banks, Inc.

U.S. Bancorp

Washington Mutual, Inc.

Wells Fargo & Company

In evaluating the 2007 compensation benchmark for Mr. Cummings (the head of the Corporate and Investment Bank), the Compensation Committee expanded the competitive market to include Credit Suisse, Deutsche Bank and UBS to better reflect the corporate and investment banking market. In evaluating the 2007 compensation benchmark for Mr. Carroll (the head of the Capital Management Group), the Compensation Committee expanded the competitive market to reflect a broader investment management market, including Allianz Dresdner, The Bank of New York Mellon, Barclays, BlackRock, Deutsche Bank, IXIS, Northern Trust, Oppenheimer and State Street and a broader retail securities brokerage market, including Legg Mason, Raymond James and RBC Dain Rauscher.

Compensation Program

The Compensation Committee considers factors such as market practices of the peer groups discussed above; corporate, business unit and individual performance goals; retention; and share ownership requirements, when determining the overall mixture in total executive compensation, including short-term versus long-term compensation and cash versus non-cash compensation. Decisions regarding annual cash incentive compensation are made at the same time as decisions regarding stock awards, effectively linking the performance-based variable compensation decision-making processes in the context of the annual performance review. In addition, the Compensation Committee annually reviews a tally sheet showing all compensation and benefit programs, including retirement benefits, employment agreement obligations and other programs, in which each executive participates as well as the cumulative value of these benefits and considers what the separate components will cost when making the stock award and annual cash incentive award determinations.

The Compensation Committee reviewed 2007 compensation for the Named Officers relative to the competitive market and relative to results delivered on established objectives. The Compensation Committee concluded that their compensation is consistent with market practice based on company and individual performance.

In addition, Towers Perrin, the independent consultant retained by the Compensation Committee, has reviewed compensation for the Named Officers, and has affirmed the Compensation Committee s conclusion that the compensation is market-competitive and well within competitive norms based on results achieved.

Compensation Decisions for 2007 Performance

Base Salary

The base salaries of senior managers are determined in consideration of their position s scope of responsibilities and their personal skills and experience. Because base salary is fixed, the Compensation Committee believes it should comprise a smaller portion of total executive compensation, while a larger component of total executive compensation is variable and based upon performance. Base salaries represent a small component of the executive s total compensation, typically 10% or less and are targeted to be at about the median of the competitive market. Members of senior management are eligible for periodic increases in their base salary as a result of individual performance or significant increases in their duties and responsibilities. The amount and timing of an increase depends upon the individual s performance, position of salary relative to the competitive market median salary, and the time interval and any added

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responsibilities since the last salary increase. The Compensation Committee annually reviews and approves any salary increases for executive officers, including the CEO.

Based on the Compensation Committee s review of the competitive market, the base salaries for Mr. Wurtz and Mr. Carroll were increased in 2007, as shown in Summary Compensation Table . Based on that review, the other Named Officers did not receive an increase in base salary in 2007.

In approving increases for Messrs. Carroll and Wurtz, the Compensation Committee considered the scope of responsibility for the respective positions and determined that an increase was appropriate to better position base salary in line with the market median benchmark reference for their respective positions, taking into consideration market trends for each position over the prior two years. The Compensation Committee also considered these increases for Messrs. Carroll and Wurtz in light of the overall compensation targets for both of these executives and the mix of their total compensation with respect to fixed and variable pay.

As noted in Post-Termination Compensation and Benefits Employment Agreements below, Messrs. Wurtz, Jenkins, Cummings and Carroll are subject to employment agreements that include base salary provisions that are taken into consideration by the Compensation Committee in approving base salaries.

Annual Cash Incentive

Wachovia provides executives with the opportunity to earn annual cash incentive compensation that is variable, with funding depending upon performance relative to established goals for the year. The annual cash incentive opportunity is a substantial component of total executive compensation. Because the annual cash incentive opportunity depends upon Wachovia s and the individual executive s performance, the Compensation Committee believes this form of compensation greatly benefits Wachovia s stockholders. The Compensation Committee determines the amount of this compensation element at the end of the fiscal year so that all relevant data are available regarding the corporate and individual performance measures, relying upon audited financial results as well as the results of peer financial services firms.

Wachovia provides the annual cash incentive award opportunities to our executive officers, including the CEO, under the Operating Committee incentive component of the Wachovia 2003 Stock Incentive Plan (as amended, the SIP). The maximum individual award, including annual cash incentive and restricted stock awards, under the SIP is 0.5% of Wachovia s adjusted net income, which was equal to $32.7 million in 2007. The Compensation Committee determines funding for actual incentive awards based on their analysis of relevant facts and circumstances, including Wachovia s attainment of specific funding objectives, as discussed below.

Subject to the maximum award limit under the SIP, the Compensation Committee s funding formulae for the 2007 SIP annual cash incentive award is based on the Compensation Committee s assessment of Wachovia s actual financial performance relative to the performance goals established by the Compensation Committee. For 2007, those performance goals were for cash earnings per share (Cash EPS) and economic profit:

Measure	**Purpose**
Cash EPS	Cash EPS is a measure of corporate profitability and is an effective means to evaluate corporate performance in a manner consistent with how stockholders evaluate performance. Cash EPS excludes non-cash transactions, including merger-related and restructuring charges and intangible amortization expense from net income, to provide a better perspective on operating results.

Economic Profit	Economic profit is a measure of earnings in excess of the costs of capital. It serves as a measure of how efficiently Wachovia utilizes available capital in making investment decisions. To determine economic profit, adjustments are made to remove non-cash transactions, including merger-related and restructuring charges and intangible amortization expense, to calculate cash-based income net of a risk-adjusted capital charge.

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In comparing actual results to the performance goals:

If actual performance does not reach a certain threshold level of goal performance, the incentive award does not fund at the threshold level;

If actual performance reaches a threshold level, the incentive award funds at 50% of target;

If actual performance reaches the target level, the incentive award funds at 100% of target; and

If actual performance reaches a superior level, the incentive award funds at 200% of target.

The Compensation Committee has discretion under the SIP to make adjustments to performance goals to include or exclude the effect of extraordinary, unusual or non-recurring items, gains or losses on the sale of Wachovia assets, changes in tax or accounting rules, or the effect of mergers or acquisitions. The Compensation Committee considered the extreme fixed income market dislocations in the second half of 2007 to be unusual and extraordinary. However, the Compensation Committee determined that the 2007 performance goals should not be adjusted for items relating to that market disruption.

For 2007, the Compensation Committee set target performance objectives for Cash EPS of $5.11 and for an economic profit of $6.496 billion. Actual Cash EPS and economic profit results were $3.48 and $4.456 billion respectively, and were below the threshold levels set for the funding formulae. The financial results for Wachovia and its peers were significantly impacted by sustained weakness in the fixed income markets that resulted in a fundamental repricing of credit and liquidity risk. The impact of this repricing risk was most notable for securities with exposure to subprime residential mortgages. Market prices for such securities declined precipitously based on actual and projected deterioration in the quality of the underlying collateral and unprecedented liquidity discounts. Wachovia s mark-to-market losses on such securities were significant. Aggregate losses in the industry on such securities were unprecedented. The impact of the deterioration in subprime mortgage portfolios and its impact on lending practices of other mortgage lenders has contributed to substantial declines in home prices in many markets where Wachovia has loans that are not considered to be subprime loans. While Wachovia s losses on residential loans in 2007 were relatively low, we anticipate losses will increase in future periods as a result of borrower defaults in geographies where home price declines have been the most severe. This outlook for increased charge-offs resulted in a substantial increase to Wachovia s loan loss provision expense in 2007, although the charge-offs are not expected to occur until future periods.

Wachovia s peers, primarily those with investment banking operations, have also taken significant write-downs related to these markets. Notwithstanding the capital markets upheaval, our General Bank performed well in 2007 and our Capital Management business also outperformed its financial goals. The Compensation Committee reviewed Wachovia s performance relative to its peers on key financial measures such as earnings per share growth and tangible return on equity. Wachovia was at or above the median of its peer group on both financial measures over 1-, 3- and 5-year periods. The Compensation Committee does not set specific targets for the performance of Wachovia s common stock compared to the performance of the peer group. The Compensation Committee may consider that performance, as well as the relationship of other performance metrics versus the peer group, as it believes appropriate.

The Compensation Committee determined that while it had discretion to approve reduced annual cash incentive awards for executive officers, including the Named Officers, under the SIP, this would be inconsistent with Wachovia s emphasis on pay for performance . Consequently, the Compensation Committee determined that no cash incentive awards should be made for 2007 performance to those officers. The Summary Compensation Table reflects this decision.

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Specifically, the Named Officers had the following target and actual cash incentive awards for 2007 performance:

	Target ($)	Actual ($)	% of Target
G. Kennedy Thompson	6,000,000	0	0
Thomas J. Wurtz	2,750,000	0	0
Benjamin P. Jenkins, III	3,500,000	0	0
Stephen E. Cummings	4,250,000	0	0
David M. Carroll	4,000,000	0	0

As noted in Post-Termination Compensation and Benefits Employment Agreements below, Messrs. Wurtz, Jenkins, Cummings and Carroll are subject to employment agreements that include annual cash incentive provisions that are taken into consideration by the Compensation Committee in approving annual cash incentive awards.

Long-Term Stock-Based Compensation

The Compensation Committee believes that common stock ownership and stock-based compensation are the most effective means of maintaining a strong link between management objectives and stockholders long-term interests by focusing senior management on the creation of long-term stockholder value. As a result, a substantial portion of the total compensation for Wachovia s executive officers is in the form of stock awards. Like the annual cash incentive award, stock-based awards are variable compensation with the value that is ultimately delivered tied to the value generated for stockholders through stock appreciation and dividends. Stock options may expire having no value at all and restricted stock awards may be forfeited if certain performance measures are not met.

In December 2006, the Compensation Committee determined to enhance the performance-based orientation of stock awards for 2007 performance, to be granted in February 2008, by incorporating the following components:

Component	Target Value	Purpose
Stock Options	20%	Rewards executive only for performance that delivers value to stockholders through stock price appreciation.
Performance-Based Restricted Stock Awards	80%	Aligns executive and stockholder interests by providing an immediate ownership stake in Wachovia that appreciates or depreciates in a direct relationship with Wachovia s stock price. Provides significant retention and recognizes Wachovia s strong dividend yield that may have a dampening impact on stock option value. The amount of restricted stock awarded is based on Cash EPS performance results relative to established objectives.

The Compensation Committee set a target performance objective for 2007 Cash EPS of $5.11 for funding the 2007 performance-based restricted stock award component:

If actual performance does not reach a certain threshold level of goal performance, the performance-based restricted stock award component does not fund at the threshold level;

If actual performance reaches a threshold level, the performance-based restricted stock award component funds at 75% of target;

If actual performance reaches the target level, the performance-based restricted stock award component funds at 100% of target; and

If actual performance reaches a superior level, the performance-based restricted stock award component funds at 125% of target.

As previously noted, target economic values for each Wachovia executive officer, including the Named Officers, are established based on a review of market median compensation levels among our benchmark peer group. The stock awards for executive officers are based on a target economic value of which 20% of the target is in the form of stock options and 80% is in the form of performance-based restricted stock. The Compensation Committee determined that this 80-20 mixture is the appropriate balance to provide a strong ownership mentality among key Wachovia employees and reinforce the link to stockholder value creation by rewarding executives through share price appreciation and for achieving performance objectives.

Performance-based restricted stock awards for executive officers represent 80% of their target economic value. The actual value is adjusted up or down based on Cash EPS performance as discussed above. As noted in Annual Cash Incentive , actual Cash EPS results were below the performance threshold. The Compensation Committee determined that reduced performance-based restricted stock awards for executive officers, including the Named Officers, would be inconsistent with Wachovia s emphasis on pay for performance . Consequently, the Compensation Committee did not grant any performance-based restricted stock awards for 2007 performance to any executive officers, including the Named Officers.

The Compensation Committee approved stock option awards for 2007 equal to 20% of the target economic value, which were granted at the Compensation Committee s meeting in February 2008. The exercise price for these stock options is the closing price of Wachovia common stock on the date of grant. With the intention to provide additional incentive to executive officers to drive stock price appreciation, the Compensation Committee also granted premium-priced stock options to certain executive officers, including certain of the Named Officers. Of these premium-priced stock options, half have an exercise price that is 20% above the fair market value of a share of Wachovia common stock on the date of grant, rounded up to the nearest whole dollar, and half have an exercise price that is 40% above the fair market value of a share of Wachovia common stock on the date of grant, rounded up to the nearest whole dollar.

These premium-priced stock option awards are not intended to replace Wachovia s current performance-based stock program but are intended to further strengthen the link between management performance and stockholders interests by providing that these executive officers benefit from stock price appreciation only after stockholders have recognized a 20% or 40%, as applicable, appreciation in the stock price after the awards are granted.

The Compensation Committee considered granting premium-priced stock options with a total economic value of all stock option awards (both market-priced options and premium-priced options) equal to between 35 and 40% of the 2007 target economic value for stock awards in the aggregate. The economic values of the premium-priced stock options actually awarded to each Named Officer was then based on an assessment of company, business unit and individual performance in 2007 and with the advice of Mr. Thompson, for those executive officers reporting to him. The premium-priced stock option awards to Messrs. Wurtz, Jenkins, Cummings and Carroll reflect these considerations. The premium-priced stock option award for Mr. Thompson is more fully discussed in CEO Compensation Summary . The Compensation Committee reviewed and discussed the premium-priced stock options awards with its independent consultant before final determinations were made.

Set out in the table below are (i) the target economic values of aggregate stock awards (including stock options and performance-based restricted stock awards) for each Named Officer for 2007 performance, (ii) the economic values the Compensation Committee used in valuing market-priced and premium-priced stock option awards for each Named Officer in February 2008, and (iii) the percentage aggregate economic values of market-priced and premium-priced stock options represent of target economic values of aggregate stock awards. These economic values are different than the values of stock awards shown in Summary Compensation Table and Grants of Plan-Based Awards Table , which are based on the SFAS 123R expense of such stock awards. The Compensation Committee uses the economic value calculation when making stock award determinations, which it believes is a better indicator of the potential value of the options granted because it takes into consideration the full 10-year option term as opposed to the expected life assumption used for SFAS 123R valuation purposes.

	Economic Value Target ($)	Economic Value of Market-Priced Stock Options ($)	Economic Value of Premium-Priced Stock Options ($)	% of Economic Value Target
G. Kennedy Thompson	15,000,000	3,000,000	8,250,000	75
Thomas J. Wurtz	3,750,000	750,000	1,030,000	47
Benjamin P. Jenkins, III	5,300,000	1,050,000	800,000	35
Stephen E. Cummings	4,250,000	850,000	0	20
David M. Carroll	3,750,000	750,000	1,250,000	53

In the Compensation Committee s opinion, the difficult environment for financial institutions that arose in 2007 will also continue in 2008. The Compensation Committee recognizes the operating environment for Wachovia in 2008 is quite different than the environment in previous years. This will require strong, motivated leadership to direct Wachovia through this period and necessitates that Wachovia retain its key executives. This leadership is critical for those businesses impacted by the residential housing and capital markets upheaval to ensure that we have considered the underlying causes and taken the appropriate steps to address them. This leadership is also critical for those businesses that performed well and need to continue to perform well for stockholders to realize value on their investment.

The Compensation Committee discussed these concerns with Wachovia s CEO, who shared the same views. Wachovia s CEO discussed with the Compensation Committee the strategic importance to Wachovia s businesses and stockholders interests in the Compensation Committee adopting appropriate retention measures for the management team reporting to the CEO, including the Named Officers other than the CEO. The Compensation Committee also considered the advice of its external, independent compensation consultant in determining an appropriate level of compensation for the retention of key executives in a market where there is a significant demand for leaders skilled in managing complex businesses in this difficult and uncertain environment.

In consideration of these factors, the Compensation Committee approved a restricted stock retention award in February 2008 for Wachovia s executive officers, including the Named Officers other than the CEO. In determining the economic value for this retention award for each such officer, the Compensation Committee reviewed market data on the total variable compensation (including cash and stock-based incentives) which is paid by peer institutions to executives in corresponding roles to ensure that the size of the retention award is sufficient to attain the retention objectives discussed above. The Compensation Committee further established that these retention awards are subject to forfeiture if Wachovia s return on tangible equity is less than 20% for 2008, excluding the impact of loan loss reserve provision in excess of charge-offs in 2008, if any. These retention awards would vest on a pro-rata basis over a 3-year period beginning on the first anniversary of the grant date if this performance goal is achieved for 2008. The total variable compensation targets (including cash and stock-based incentives) and restricted stock retention awards for each Named Officer are:

	Total Variable Compensation	Economic Value of	% of Total Variable

	Target ($)	Retention Award ($)	Compensation Target
G. Kennedy Thompson	21,000,000	0	0
Thomas J. Wurtz	6,500,000	3,250,000	50
Benjamin P. Jenkins, III	8,800,000	5,250,000	60
Stephen E. Cummings	8,500,000	3,650,000	43
David M. Carroll	7,750,000	4,250,000	55

The Compensation Committee converts the value of restricted stock awards into the number of shares granted using a 30-day average stock price, which may differ from the closing stock price on the date of grant, multiplied by the number of shares subject to the restricted stock award. However, the values of restricted stock awards presented in Summary Compensation Table for 2007 do not correspond with the

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values of restricted stock awards considered by the Compensation Committee, because that table requires a presentation of all restricted stock expenses recognized by Wachovia in 2007, including expense associated with prior years restricted stock awards.

The Compensation Committee converts the value of stock option awards into the number of stock options granted based upon an assumed option value equal to 25% of a 30-day average stock price. The Compensation Committee assumed that the options with a 20% premium exercise price had a value equal to 21% of the 30-day average stock price and that the options with a 40% premium exercise price had a value equal to 18% of the 30-day average stock price. The economic values used by the Compensation Committee in their decision-making are different from the values of stock options shown in Summary Compensation Table and Grants of Plan-Based Awards Table . The values shown in these two tables, using the Black-Scholes option pricing model and the grant-date value instead of a 30-day average, are presented according to SEC regulations using SFAS 123R, the value Wachovia records as stock option expense in our financial statements prepared in accordance with generally accepted accounting principles. For purposes of valuing executive compensation awarded to our executive officers, however, the Compensation Committee uses the economic value determination, which it believes is a better indicator of the potential value of the options granted because it takes into consideration the full 10-year option term as opposed to the expected life assumption used for SFAS 123R valuation purposes.

For stock options granted to Named Officers in February 2007 (for 2006 performance) and February 2008 (for 2007 performance), the Compensation Committee placed a vesting restriction on such options so that they vest in equal one-fifth installments over five years from the date of grant. The stock options granted in 2007 and 2008 expire at the tenth-year anniversary from the date of grant. Restricted stock awarded to our executive officers in February 2007 (for 2006 performance) was subject to forfeiture unless Wachovia achieved a 20% return on tangible equity in 2007. Return on tangible equity means Wachovia s adjusted net income as a percentage of average tangible common stockholders equity, excluding adjustment for unrealized gains or losses on debt and equity securities. Wachovia achieved a 23.1% return on tangible equity in 2007, so the restricted stock awards granted in February 2007 will vest (*i.e.*, the restrictions on transfer will lapse) in equal annual increments over the five-year period from the date of grant. As discussed above, the restricted stock retention awards granted to our executive officers in February 2008 are subject to forfeiture unless Wachovia achieves a 20% return on tangible equity in 2008. If the return on tangible equity threshold is met for fiscal year 2008, these restricted stock retention awards will vest in equal annual installments over the three-year period from the date of grant. Pursuant to the terms of the SIP, in the event of termination of employment due to death, disability or retirement or in the event of a change in control of Wachovia, any remaining vesting restrictions on restricted stock awards will lapse and all unvested stock options shall become vested and exercisable.

As noted in Grants of Plan-Based Awards Table , we present two years of stock awards in that table. Due to changes in 2006 in the SEC s executive compensation disclosure rules and the Compensation Committee s desire to grant stock awards concurrently with annual cash incentive awards, the presentation in that table aggregates two years of stock awards, rather than excluding the February 2008 awards from the table as permitted by the SEC s regulations. In years prior to the 2007 proxy statement, proxy statement information reflected stock awards *granted* in the applicable year while Wachovia s current practice also reflects stock awards *earned* for the applicable year. Hence, although market-priced and premium-priced stock option awards in February 2008 were granted in 2008, they represent compensation earned for 2007 performance and the Compensation Committee believes that this information is important to stockholders to understand total executive compensation for 2007. Pursuant to SFAS 123R, the stock awards granted in February 2008 will be expensed in 2008 and over the applicable vesting term and such expense will be presented in Wachovia s proxy statement for the 2009 annual meeting of stockholders. As the restricted stock retention awards were granted in 2008 and not earned as a result of 2007 performance, those restricted stock retention awards will be reflected in the 2009 proxy statement. Accordingly, the restricted stock retention awards are not reported in the Grants of Plan-Based Awards Table for 2008 and will be forfeited if Wachovia does not meet the 2008 performance goal.

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Except for the premium-priced stock options discussed above, which have an exercise price 20% or 40% above the grant date market price, all stock options granted to Wachovia employees have an exercise price equal to the closing stock price of Wachovia common stock on the New York Stock Exchange on the date of grant. It remains Wachovia s practice to value stock awards on the date of grant; as such, W