

SOUTHTRUST CORP

Form 425

October 15, 2004

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Filed by Wachovia Corporation pursuant to

Rule 425 under the Securities Act of 1933,

as amended, and deemed filed pursuant to

Rule 14a-6(b) under the Securities Exchange

Act of 1934, as amended

Subject Company: SouthTrust Corporation

Commission File No.: 333-117283

Date: October 15, 2004

This filing contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, with respect to each of Wachovia Corporation, SouthTrust Corporation and the combined company following the proposed merger between Wachovia and SouthTrust, as well as the goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of Wachovia, including, without limitation, (i) statements relating to the benefits of the merger, including future financial and operating results, cost savings, enhanced revenues and the accretion or dilution to reported earnings that may be realized from the merger, (ii) statements relating to the benefits of the retail securities brokerage combination transaction between Wachovia and Prudential Financial, Inc. completed on July 1, 2003, including future financial and operating results, cost savings, enhanced revenues and the accretion of reported earnings that may be realized from the brokerage transaction, (iii) statements regarding certain of Wachovia's and/or SouthTrust's goals and expectations with respect to earnings, earnings per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and (iv) statements preceded by, followed by or that include the words "may", "could", "should", "would", "believe", "anticipate", "estimate", "expect", "intend", "plan", "projects", "outlook" or similar expressions. These statements are based upon the current beliefs and expectations of Wachovia's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond Wachovia's control).

The following factors, among others, could cause Wachovia's or SouthTrust's financial performance to differ materially from that expressed in such forward-looking statements: (1) the risk that the businesses of Wachovia and SouthTrust in connection with the merger or the businesses of Wachovia and Prudential in the brokerage transaction will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the merger or the brokerage transaction may not be fully realized or realized within the expected time frame; (3) revenues following the merger or the brokerage transaction may be lower than expected; (4) deposit attrition, operating costs, customer loss and business disruption

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following the merger or the brokerage transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (6) the failure of Wachovia's or SouthTrust's shareholders to approve the merger; (7) the strength of the United States economy in general and the strength of the local economies in which Wachovia and/or SouthTrust conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia's and/or SouthTrust's loan portfolio and allowance for loan losses; (8) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (9) inflation, interest rate, market and monetary fluctuations; and (10) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on Wachovia's capital markets and capital management activities, including, without limitation, Wachovia's mergers and acquisition advisory business, equity and debt underwriting activities, private equity investment activities, derivative securities activities, investment and wealth management advisory businesses, and brokerage activities. Additional factors that could cause Wachovia's and SouthTrust's results to differ materially from those described in the forward-looking statements can be found in Wachovia's and SouthTrust's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning Wachovia or the proposed merger or other matters and attributable to Wachovia or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Wachovia and SouthTrust do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this filing.

The proposed merger will be submitted to Wachovia's and SouthTrust's shareholders for their consideration. Shareholders are urged to read the definitive joint proxy statement/prospectus regarding the proposed merger and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they contain important information. You may obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Wachovia and SouthTrust, at the SEC's Internet site (<http://www.sec.gov>). You may also obtain these documents, free of charge, at [www.wachovia.com](http://www.wachovia.com) under the tab "Inside Wachovia Investor Relations" and then under the heading "Financial Reports SEC Filings". You may also obtain these documents, free of charge, at [www.southtrust.com](http://www.southtrust.com) under the tab "About SouthTrust", then under "Investor Relations" and then under "SEC Documents". Copies of the joint proxy statement/prospectus and the SEC filings incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to Wachovia Corporation, Investor Relations, One Wachovia Center, 301 South College Street, Charlotte, NC 28288-0206, (704)-374-6782, or to SouthTrust Corporation, P. O. Box 2554, Birmingham, AL 35290, (205)-254-5187. Copies of the joint proxy statement/prospectus may also be obtained from Wachovia's proxy solicitor, Georgeson Shareholder Communications, by calling 1-800-255-8670, and from SouthTrust's proxy solicitor, Morrow & Co., Inc., at 1-877-366-1576.

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The following is a news release issued on October 15, 2004, regarding Wachovia's results of operations for the quarter ended September 30, 2004.

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Press Release October 15, 2004

**WACHOVIA S 3<sup>rd</sup> QUARTER 2004 EARNINGS UP 16% TO 96 CENTS PER SHARE***Record net income of \$1.26 billion fueled by strong execution in core businesses***3<sup>rd</sup> QUARTER 2004 COMPARED WITH 3<sup>rd</sup> QUARTER 2003**

Record revenue in the General Bank, Wealth Management, and the Corporate and Investment Bank driven by market share gains. Retail brokerage activity declined.

Average core deposits up 25 percent and average loans up 7 percent.

Exceptional credit quality with net charge-offs of 0.15 percent of average loans; total nonperforming assets declined 43 percent and were 0.50 percent of loans, foreclosed properties and loans held for sale.

Sustained strong customer satisfaction scores and record customer acquisition results.

Proposed merger with SouthTrust expected to close in the fourth quarter.

**Earnings Highlights**

	Three Months Ended					
	September 30,		June 30,		September 30,	
	2004		2004		2003	
(In millions, except per share data)	Amount	EPS	Amount	EPS	Amount	EPS
<b>Earnings</b>						
Net income (GAAP)	\$ 1,263	0.96	1,252	0.95	1,105	0.83
Net merger-related expenses and other items (a)	55	0.04	47	0.03	66	0.05
Earnings excluding net merger-related expenses and other items (a)	<b>\$ 1,318</b>	<b>1.00</b>	1,299	0.98	1,171	0.88
<b>Financial ratios</b>						
Return on average common stockholders' equity	15.12%		15.49		13.71	

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Net interest margin	<b>3.36</b>	3.37	3.57
Fee and other income as % of total revenue	<b>46.13%</b>	47.24	49.05
<b>Capital adequacy (b)</b>			
Tier 1 capital ratio	<b>8.40%</b>	8.36	8.67
Total capital ratio	<b>11.67</b>	11.32	12.21
Leverage ratio	<b>6.21%</b>	6.23	6.56
<b>Asset quality</b>			
Allowance for loan losses as % of nonaccrual and restructured loans	<b>291%</b>	270	178
Allowance for loan losses as % of loans, net	<b>1.33</b>	1.35	1.49
Allowance for credit losses as % of loans, net (c)	<b>1.41</b>	1.43	1.59
Net charge-offs as % of average loans, net	<b>0.15</b>	0.17	0.33
Nonperforming assets as % of loans, net, foreclosed properties and loans held for sale	<b>0.50%</b>	0.55	0.95

- (a) Net merger-related expenses and other items include merger-related and restructuring expenses in each period and cumulative effect of a change in accounting principle in the third quarter of 2003.
- (b) The third quarter of 2004 is based on estimates.
- (c) The allowance for credit losses is the sum of the allowance for loan losses and the reserve for unfunded lending commitments.

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**Table of Contents****WACHOVIA S 3<sup>rd</sup> QUARTER 2004 EARNINGS UP 16%/page 2**

CHARLOTTE, N.C. Wachovia Corp. (NYSE:WB) today reported record third quarter 2004 net income of \$1.26 billion, or 96 cents per share, compared with \$1.11 billion, or 83 cents per share, in the third quarter of 2003.

Excluding after-tax net merger-related expenses and other items of 4 cents per share in the third quarter of 2004 and 6 cents per share in the third quarter of 2003, offset by 1 cent per share related to a cumulative effect of a change in accounting principle in the year ago quarter, third quarter 2004 earnings were \$1.32 billion, or \$1.00 per share, compared with \$1.17 billion, or 88 cents per share, in the third quarter of 2003.

Our company produced another record quarter that once again highlights the strength of our balanced business model and how well we are positioned for the future, said Ken Thompson, Wachovia chairman, president and chief executive officer. Our General Bank, Corporate and Investment Bank, and Wealth Management businesses generated record revenues and gained market share, while Capital Management continued to reduce costs in the face of declining retail brokerage activity. Our employees' dedication to providing the highest levels of customer service and sales produced outstanding deposit and loan growth. The integration of our nationwide retail brokerage business is nearly complete, and we're looking forward to delivering more products and services to more customers across the fast-growing Southeast after we complete our merger with SouthTrust Corporation later this year.

**Wachovia Corporation**

(In millions)	Three Months Ended		
	September 30,	June 30,	September 30,
	2004	2004	2003
Total revenue (Tax-equivalent)	\$ 5,620	5,502	5,333
Provision for credit losses	43	61	81
Noninterest expense	3,662	3,487	3,570
Net income	1,263	1,252	1,105
Average loans, net	168,552	163,642	157,994
Average core deposits	\$ 232,989	223,809	185,715

Revenue increased 5 percent and noninterest expense increased 3 percent from the third quarter of 2003. Provision expense declined from the third quarter a year ago to \$43 million in the third quarter this year, reflecting continued improvement in asset quality. Third quarter 2004 net charge-offs declined 51 percent from the third quarter of 2003 to \$65 million, or an annualized 0.15 percent of average net loans. Total nonperforming assets including loans held for sale declined 43 percent from the prior year to \$956 million, or 0.50 percent of loans, foreclosed properties and loans held for sale at September 30, 2004.

Average loans in the third quarter of 2004 were \$168.6 billion, a 7 percent increase from the third quarter of 2003, with strong growth in commercial, driven by middle-market commercial, small business and asset-based lending, and consumer loans, largely in consumer real estate-secured loans and student loans. The increase in average loans included a \$2.6 billion impact resulting from a second quarter resolution of tax matters related to the commercial leasing portfolio. Excluding this impact, average loans were up 5 percent from the year ago period.

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Average core deposits were \$233.0 billion, up 25 percent, and average low-cost core deposits were \$194.4 billion, up 34 percent from the third quarter of 2003. The increase included an average \$27.4 billion of core deposits associated with an FDIC-insured money market sweep

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**Table of Contents****WACHOVIA S 3<sup>rd</sup> QUARTER 2004 EARNINGS UP 16%/page 3**

product Wachovia introduced in the fourth quarter of 2003. Low-cost core deposits are those in demand deposit, interest checking, savings and money market accounts, and exclude CAP accounts and CDs.

**Lines of Business**

The following discussion covers the results for Wachovia's four core business segments and is on a segment earnings basis, which excludes net merger-related and restructuring expenses and other intangible amortization. Segment earnings are the basis upon which Wachovia manages and allocates capital to its business segments. Pages 12 and 13 include a reconciliation of segment results to Wachovia's consolidated results of operations in accordance with GAAP.

**General Bank****General Bank Highlights**

<b>(In millions)</b>	<b>Three Months Ended</b>		
	<b>September 30, 2004</b>	<b>June 30, 2004</b>	<b>September 30, 2003</b>
Total revenue (Tax-equivalent)	\$ 2,638	2,541	2,491
Provision for credit losses	74	65	120
Noninterest expense	1,354	1,298	1,319
Segment earnings	770	751	668
Average loans, net	124,585	122,049	114,574
Average core deposits	170,459	166,603	155,336
Economic capital, average	\$ 5,200	5,246	5,681

The General Bank includes retail and small business, and commercial customers. The General Bank produced record quarterly segment earnings of \$770 million, up 15 percent from the prior year's third quarter. Record total revenue increased 6 percent from the third quarter a year ago, driven by outstanding core deposit growth and continued strength in consumer real estate-secured lending. Fee and other income increased 7 percent from the third quarter a year ago on strong service charge growth, offset by declines in mortgage banking income. Excluding the decline in mortgage banking revenue, fees rose 20 percent from the third quarter a year ago. Noninterest expense increased 3 percent from the third quarter a year ago primarily due to higher variable expenses due to strong revenue production.

Average core deposits increased 10 percent from the prior year quarter, including 16 percent year over year growth in average low-cost core deposits. Average loans increased 9 percent year over year, despite the decline in mortgage lending, largely due to growth in consumer real estate-secured loans, student loans, middle-market commercial loans and small business loans. Provision expense declined 38 percent from the third quarter of 2003, primarily reflecting risk reduction strategies implemented in 2003, as well as solid improvements in both commercial and consumer loan losses and a strengthening economy.

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**Table of Contents**WACHOVIA S 3<sup>rd</sup> QUARTER 2004 EARNINGS UP 16%/page 4**Capital Management****Capital Management Highlights**

(In millions)	Three Months Ended		
	September 30,	June 30,	September 30,
	2004	2004	2003
Total revenue (Tax-equivalent)	\$ 1,270	1,364	1,365
Provision for credit losses			
Noninterest expense	1,099	1,147	1,161
Segment earnings	108	138	130
Average loans, net	346	254	135
Average core deposits	29,091	24,725	1,615
Economic capital, average	\$ 1,268	1,336	1,299

Capital Management includes asset management and retail brokerage services. Year over year earnings were down 17 percent on a revenue decline of 7 percent, largely due to lower brokerage commissions in the challenging retail brokerage environment. Noninterest expense declined 5 percent from the third quarter of 2003, driven by lower broker compensation.

Net equity mutual fund sales continued to be positive, and mutual fund equity assets grew 24 percent from the third quarter of 2003. Deposit balances related to the FDIC-insured money market sweep product grew to \$28.9 billion compared with \$11.8 billion at year-end 2003, contributing to net interest income growth. The asset shift to the FDIC-insured product more than accounted for the 6 percent decline in mutual fund assets from the third quarter of 2003 to \$106.8 billion. Despite the decline in mutual fund assets, total assets under management at September 30, 2004, increased 4 percent from September 30, 2003, to \$249.2 billion. Total assets under management and securities lending grew 16 percent from year-end 2003 to \$285.4 billion, largely attributable to \$37.8 billion from the January 1, 2004, acquisition of a securities lending firm.

**Wealth Management****Wealth Management Highlights**

(In millions)	Three Months Ended		
	September 30,	June 30,	September 30,
	2004	2004	2003
Total revenue (Tax-equivalent)	\$ 268	266	245
Provision for credit losses	(1)		2
Noninterest expense	189	190	183
Segment earnings	50	48	38

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Average loans, net	<b>11,461</b>	10,859	9,703
Average core deposits	<b>12,327</b>	12,107	11,054
Economic capital, average	<b>\$ 372</b>	374	384

Wealth Management includes private banking, personal trust, investment advisory services, charitable services, financial planning and insurance brokerage. Record Wealth Management revenue rose 9 percent from the third quarter of 2003 and segment earnings were a record \$50 million, up 32 percent. Net interest income grew 15 percent on average loan growth of 18 percent from both consumer and commercial lending. Average core deposits grew 12 percent year over year, largely in money market balances. Fee and other income increased 4 percent largely due to improved trust and investment management fees related to pricing and market improvements as well as solid growth in insurance brokerage commissions. Noninterest expense increased 3 percent year over year largely due to higher incentives related to improved revenues. Provision expense declined due to improved credit quality and recoveries.

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**Table of Contents**WACHOVIA S 3<sup>rd</sup> QUARTER 2004 EARNINGS UP 16%/page 5**Corporate and Investment Bank****Corporate and Investment Bank Highlights**

(In millions)	Three Months Ended		
	September 30,	June 30,	September 30,
	2004	2004	2003
Total revenue (Tax-equivalent)	\$ 1,352	1,297	1,080
Provision for credit losses	(15)	(4)	10
Noninterest expense	680	616	577
Segment earnings	435	432	310
Average loans, net	33,250	29,827	31,911
Average core deposits	19,380	18,722	16,391
Economic capital, average	\$ 4,865	4,756	5,404

The Corporate and Investment Bank includes corporate lending, investment banking, global treasury and trade finance, and principal investing. Record Corporate and Investment Bank revenue grew 25 percent from the third quarter of 2003 and segment earnings were \$435 million, up 40 percent year over year. Revenue growth was fueled by robust principal investing net gains of \$201 million compared with \$25 million in net losses a year ago, as well as strong loan syndications, investment grade and merger and acquisition advisory results. The increase in average loans reflected a \$2.6 billion impact resulting from a second quarter resolution of tax matters related to the commercial leasing portfolio. Provision expense and capital usage declined year over year due to improving credit quality. Noninterest expense rose 18 percent due to increased personnel and higher incentives related to improved revenues and earnings. Average core deposits grew 18 percent primarily from higher commercial mortgage servicing and trade finance.

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Wachovia Corporation (NYSE:WB) is one of the largest providers of financial services to retail, brokerage and corporate customers, with retail operations from Connecticut to Florida and retail brokerage operations nationwide. Wachovia had assets of \$436.7 billion, market capitalization of \$61.4 billion and stockholders' equity of \$33.9 billion at September 30, 2004. Its four core businesses, the General Bank, Capital Management, Wealth Management, and the Corporate and Investment Bank, serve 12 million client relationships (including households and businesses), primarily in 11 states and Washington, D.C. Its full-service retail brokerage firm, Wachovia Securities, LLC, serves clients in 49 states. Global services are offered through 33 international offices. Online banking and brokerage products and services also are available through Wachovia.com.

**Forward-Looking Statements**

This news release contains various forward-looking statements. A discussion of various factors that could cause Wachovia Corporation's actual results to differ materially from those expressed in such forward-looking statements is included in Wachovia's filings with the Securities and Exchange Commission, including its Current Report on Form 8-K dated October 15, 2004.

**Explanation of Wachovia's Use of Certain Non-GAAP Financial Measures**

In addition to results presented in accordance with GAAP, this news release includes certain non-GAAP financial measures, including those presented on page 2 and on page 9 under the captions "Earnings Excluding Merger-Related and Restructuring Expenses and Cumulative Effect of a Change in Accounting Principle" and "Earnings Excluding Merger-Related and Restructuring Expenses, Other Intangible Amortization and Cumulative Effect of a Change in Accounting Principle", and which are reconciled to GAAP financial measures on pages 20 and 21. In addition, in this news release certain designated net interest income amounts are presented on a tax-equivalent basis, including the calculation of the overhead efficiency ratio.

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Wachovia believes these non-GAAP financial measures provide information useful to investors in understanding the underlying operational performance of the company, its business and performance trends and facilitates comparisons with the performance of others in the financial services industry. Specifically, Wachovia believes that the exclusion of merger-related and restructuring expenses, and the cumulative effect of a change in accounting principle permits evaluation and a comparison of results for on-going business operations, and it is on this basis that Wachovia's management internally assesses the company's performance. Those non-operating items are excluded from Wachovia's segment measures used internally to evaluate segment performance in accordance with GAAP because management does not consider them particularly relevant or useful in evaluating the operating performance of our business segments. In addition, because of the significant amount of deposit base intangible amortization, Wachovia believes that the exclusion of this expense provides investors with consistent and meaningful comparisons to other financial services firms. Wachovia's management makes recommendations to its board of directors about dividend payments based on reported earnings excluding merger-related and restructuring expenses, other intangible amortization and the cumulative effect of a change in accounting principle, and has communicated certain dividend payout ratio goals to investors on this basis. Management believes that this payout ratio is useful to investors because it provides investors with a better understanding of and permits investors to monitor Wachovia's dividend payout policy. Wachovia also believes the presentation of net interest income on a tax-equivalent basis ensures comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry standards. Wachovia operates one of the largest retail brokerage businesses in our industry, and we have presented an overhead efficiency ratio excluding these brokerage services, which management believes is useful to investors in comparing the performance of our banking business with other banking companies.

Although Wachovia believes the above non-GAAP financial measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP basis financial measures.

**Additional Information**

The proposed merger between Wachovia Corporation and SouthTrust Corporation will be submitted to Wachovia's and SouthTrust's shareholders for their consideration. Shareholders are urged to read the definitive joint proxy statement/prospectus regarding the proposed transaction and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they contain important information. Shareholders may obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Wachovia and SouthTrust, at the SEC's Internet site (<http://www.sec.gov>). These documents also are available, free of charge, at [www.wachovia.com](http://www.wachovia.com) under the tab "Inside Wachovia-Investor Relations" and then under the heading "Financial Reports-SEC Filings". These documents are also available, free of charge, at [www.southtrust.com](http://www.southtrust.com) under the tab "About SouthTrust", then under "Investor Relations" and then under "SEC Documents". Copies of the joint proxy statement/prospectus and the SEC filings incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to Wachovia Corporation, Investor Relations, One Wachovia Center, 301 South College Street, Charlotte, NC 28288-0206, (704)-374-6782, or to SouthTrust Corporation, P. O. Box 2554, Birmingham, AL 35290, (205)-254-5187. Copies of the joint proxy statement/prospectus may also be obtained from Wachovia's proxy solicitor, Georgeson Shareholder Communications, by calling 1-800-255-8670, and from SouthTrust's proxy solicitor, Morrow & Co. Inc., at 1-877-366-1576.

**Earnings Conference Call and Supplemental Materials**

Wachovia CEO Ken Thompson and CFO Bob Kelly will review Wachovia's third quarter 2004 results in a conference call and audio webcast beginning at 10 a.m. Eastern Time today. This review may include a discussion of certain non-GAAP financial measures. Supplemental materials relating to third quarter results, which also include a reconciliation of any non-GAAP measures to Wachovia's reported financials, are available on the Internet at [Wachovia.com/investor](http://Wachovia.com/investor), and investors are encouraged to access these materials in advance of the conference call.

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**Webcast Instructions:** To gain access to the webcast, which will be listen-only, go to [Wachovia.com/investor](http://Wachovia.com/investor) and click on the link Wachovia Third Quarter Earnings Audio Webcast. In order to listen to the webcast, you will need to download either Real Player or Media Player.

**Teleconference Instructions:** The telephone number for the conference call is 1-888-357-9787 for U.S. callers or 1-706-679-7342 for international callers. You will be asked to tell the answering coordinator your name and the name of your firm. Mention the conference Access Code: Wachovia.

**Replay:** Friday, October 15 at approximately noon Eastern Time through 11 p.m. Eastern Time on Friday, November 19. Replay telephone number is 1-706-645-9291; access code 76176.

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*Investors seeking further information should contact the Investor Relations team: Alice Lehman at 704-374-4139, Ellen Taylor at 704-383-1381, or Jeff Richardson at 704-383-8250. Media seeking further information should contact the Corporate Media Relations team: Mary Eshet at 704-383-7777 or Christy Phillips at 704-383-8178.*

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**WACHOVIA CORPORATION AND SUBSIDIARIES****FINANCIAL HIGHLIGHTS**

(Unaudited)

(Dollars in millions, except per share data)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>EARNINGS SUMMARY</b>					
Net interest income (GAAP)	\$ 2,965	2,838	2,861	2,877	2,653
Tax-equivalent adjustment	63	65	62	65	64
Net interest income (Tax-equivalent)	3,028	2,903	2,923	2,942	2,717
Fee and other income	2,592	2,599	2,757	2,604	2,616
Total revenue (Tax-equivalent)	5,620	5,502	5,680	5,546	5,333
Provision for credit losses	43	61	44	86	81
Other noninterest expense	3,436	3,278	3,445	3,511	3,295
Merger-related and restructuring expenses	127	102	99	135	148
Other intangible amortization	99	107	112	120	127
Total noninterest expense	3,662	3,487	3,656	3,766	3,570
Minority interest in income of consolidated subsidiaries	28	45	57	63	55
Income before income taxes and cumulative effect of a change in accounting principle (Tax-equivalent)	1,887	1,909	1,923	1,631	1,627
Tax-equivalent adjustment	63	65	62	65	64
Income taxes	561	592	610	466	475
Income before cumulative effect of a change in accounting principle	1,263	1,252	1,251	1,100	1,088
Cumulative effect of a change in accounting principle, net of income taxes					17
Net income	\$ 1,263	1,252	1,251	1,100	1,105
Diluted earnings per common share	\$ 0.96	0.95	0.94	0.83	0.83
Return on average common stockholders' equity	15.12%	15.49	15.37	13.58	13.71
Return on average assets	1.18	1.22	1.26	1.12	1.16
Overhead efficiency ratio	65.15%	63.40	64.36	67.90	66.95
Operating leverage	\$ (55)	(11)	244	18	2
<b>ASSET QUALITY</b>					
Allowance for loan losses as % of loans, net	1.33%	1.35	1.40	1.42	1.49
Allowance for loan losses as % of nonperforming assets	258	241	218	205	164



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Allowance for credit losses as % of loans, net	<b>1.41</b>	1.43	1.49	1.51	1.59
Net charge-offs as % of average loans, net	<b>0.15</b>	0.17	0.13	0.39	0.33
Nonperforming assets as % of loans, net, foreclosed properties and loans held for sale	<b>0.50%</b>	0.55	0.63	0.69	0.95
<b>CAPITAL ADEQUACY (a)</b>					
Tier I capital ratio	<b>8.40%</b>	8.36	8.54	8.52	8.67
Total capital ratio	<b>11.67</b>	11.32	11.67	11.82	12.21
Leverage ratio	<b>6.21%</b>	6.23	6.33	6.36	6.56
<b>OTHER DATA</b>					
Average diluted common shares (In millions)	<b>1,316</b>	1,320	1,326	1,332	1,338
Actual common shares (In millions)	<b>1,308</b>	1,309	1,312	1,312	1,328
Dividends paid per common share	<b>\$ 0.40</b>	0.40	0.40	0.35	0.35
Dividend payout ratio on common shares	<b>41.67%</b>	42.11	42.55	42.17	42.17
Book value per common share	<b>\$ 25.92</b>	24.93	25.42	24.71	24.71
Common stock price	<b>46.95</b>	44.50	47.00	46.59	41.19
Market capitalization	<b>\$ 61,395</b>	58,268	61,650	61,139	54,701
Common stock price to book value	<b>181%</b>	178	185	189	167
FTE employees	<b>84,503</b>	85,042	85,460	86,114	86,635
Total financial centers/brokerage offices	<b>3,252</b>	3,271	3,305	3,360	3,399
ATMs	<b>4,395</b>	4,396	4,404	4,408	4,420

(a) The third quarter of 2004 is based on estimates.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****OTHER FINANCIAL DATA**

(Unaudited)

(In millions)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>EARNINGS EXCLUDING MERGER-RELATED AND RESTRUCTURING EXPENSES, AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE (a) (b)</b>					
Return on average common stockholders' equity	15.72%	16.04	15.95	14.41	14.46
Return on average assets	1.24	1.27	1.31	1.20	1.23
Overhead efficiency ratio	62.90	61.54	62.61	65.45	64.18
Overhead efficiency ratio excluding brokerage	57.41%	55.34	56.53	60.00	58.23
Operating leverage	\$ (30)	(8)	208	6	54
<b>EARNINGS EXCLUDING MERGER-RELATED AND RESTRUCTURING EXPENSES, OTHER INTANGIBLE AMORTIZATION AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE (a) (b) (c)</b>					
Dividend payout ratio on common shares	38.10%	38.83	38.83	37.23	37.63
Return on average tangible common stockholders' equity	26.28	27.15	26.97	24.83	24.97
Return on average tangible assets	1.33	1.38	1.42	1.32	1.36
Overhead efficiency ratio	61.14	59.60	60.64	63.28	61.79
Overhead efficiency ratio excluding brokerage	55.28%	52.95	54.06	57.30	55.24
Operating leverage	\$ (38)	(13)	200	(1)	50
<b>OTHER FINANCIAL DATA</b>					
Net interest margin	3.36%	3.37	3.55	3.64	3.57
Fee and other income as % of total revenue	46.13	47.24	48.53	46.95	49.05
Effective income tax rate	30.71	32.19	32.73	29.76	30.41
Tax rate (Tax-equivalent) (d)	33.04%	34.44	34.93	32.57	33.10
<b>AVERAGE BALANCE SHEET DATA</b>					
Commercial loans, net	\$ 96,860	92,107	90,368	90,628	90,912
Consumer loans, net	71,692	71,535	68,813	68,972	67,082
Loans, net	168,552	163,642	159,181	159,600	157,994
Earning assets	359,909	344,847	330,320	322,274	303,503
Total assets	424,399	411,074	398,688	388,987	376,894
Core deposits	232,989	223,809	208,673	194,109	185,715
Total deposits	248,245	238,692	224,022	212,277	200,395
Interest-bearing liabilities	314,310	301,652	289,741	284,005	266,351
Stockholders' equity	\$ 33,246	32,496	32,737	32,141	31,985

<b>PERIOD-END BALANCE SHEET DATA</b>					
Commercial loans, net	<b>\$ 102,524</b>	101,581	97,742	97,030	96,705
Consumer loans, net	<b>71,980</b>	71,336	69,561	68,541	69,220
Loans, net	<b>174,504</b>	172,917	167,303	165,571	165,925
Goodwill and other intangible assets					
Goodwill	<b>11,481</b>	11,481	11,233	11,149	11,094
Deposit base	<b>484</b>	568	659	757	863
Customer relationships	<b>372</b>	387	401	396	400
Tradename	<b>90</b>	90	90	90	90
Total assets	<b>436,698</b>	418,441	411,140	401,188	388,924
Core deposits	<b>237,315</b>	228,204	217,954	204,660	187,516
Total deposits	<b>252,981</b>	243,380	232,338	221,225	203,495
Stockholders' equity	<b>\$ 33,897</b>	32,646	33,337	32,428	32,813

- (a) These financial measures are calculated by excluding from GAAP computed net income presented on page 8, \$55 million, \$47 million, \$48 million, \$75 million and \$83 million in the third, second and first quarters of 2004, and in the fourth and third quarters of 2003, respectively, of after-tax net merger-related and restructuring expenses, and \$17 million after tax in the third quarter of 2003 related to the change in accounting principle.
- (b) See page 8 for the most directly comparable GAAP financial measure and pages 20 and 21 for a more detailed reconciliation.
- (c) These financial measures are calculated by excluding from GAAP computed net income presented on page 8, \$62 million, \$67 million, \$69 million, \$74 million and \$79 million in the third, second and first quarters of 2004, and in the fourth and third quarters of 2003, respectively, of deposit base and other intangible amortization.
- (d) The tax-equivalent tax rate applies to fully tax-equivalized revenues.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

(In millions, except per share data)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>INTEREST INCOME</b>					
Interest and fees on loans	\$ 2,393	\$ 2,316	2,335	2,357	2,352
Interest and dividends on securities	1,156	1,110	1,141	1,104	885
Trading account interest	325	237	197	189	174
Other interest income	427	356	326	301	301
Total interest income	4,301	4,019	3,999	3,951	3,712
<b>INTEREST EXPENSE</b>					
Interest on deposits	691	654	648	568	534
Interest on short-term borrowings	396	316	299	311	317
Interest on long-term debt	249	211	191	195	208
Total interest expense	1,336	1,181	1,138	1,074	1,059
Net interest income	2,965	2,838	2,861	2,877	2,653
Provision for credit losses	43	61	44	86	81
Net interest income after provision for credit losses	2,922	2,777	2,817	2,791	2,572
<b>FEE AND OTHER INCOME</b>					
Service charges	499	489	471	436	439
Other banking fees	304	293	259	241	257
Commissions	584	682	792	778	765
Fiduciary and asset management fees	665	675	679	672	662
Advisory, underwriting and other investment banking fees	233	197	192	213	191
Trading account profits (losses)	(69)	39	74	5	(46)
Principal investing	201	15	38	(13)	(25)
Securities gains (losses)	(71)	36	2	(24)	22
Other income	246	173	250	296	351
Total fee and other income	2,592	2,599	2,757	2,604	2,616
<b>NONINTEREST EXPENSE</b>					
Salaries and employee benefits	2,118	2,164	2,182	2,152	2,109

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Occupancy	234	224	229	244	220
Equipment	268	253	259	285	264
Advertising	46	48	48	56	38
Communications and supplies	149	157	151	156	159
Professional and consulting fees	134	126	109	146	109
Other intangible amortization	99	107	112	120	127
Merger-related and restructuring expenses	127	102	99	135	148
Sundry expense	487	306	467	472	396
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total noninterest expense	3,662	3,487	3,656	3,766	3,570
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Minority interest in income of consolidated subsidiaries	28	45	57	63	55
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income before income taxes and cumulative effect of a change in accounting principle	1,824	1,844	1,861	1,566	1,563
Income taxes	561	592	610	466	475
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income before cumulative effect of a change in accounting principle	1,263	1,252	1,251	1,100	1,088
Cumulative effect of a change in accounting principle, net of income taxes					17
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income	\$ 1,263	1,252	1,251	1,100	1,105
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>PER COMMON SHARE DATA</b>					
Basic					
Income before change in accounting principle	\$ 0.97	0.96	0.96	0.84	0.83
Net income	0.97	0.96	0.96	0.84	0.84
Diluted					
Income before change in accounting principle	0.96	0.95	0.94	0.83	0.82
Net income	0.96	0.95	0.94	0.83	0.83
Cash dividends	\$ 0.40	0.40	0.40	0.35	0.35
<b>AVERAGE COMMON SHARES</b>					
Basic	1,296	1,300	1,302	1,311	1,321
Diluted	1,316	1,320	1,326	1,332	1,338
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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**WACHOVIA CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Nine Months Ended September 30,	
	2004	2003
<b>(In millions, except per share data)</b>		
<b>INTEREST INCOME (a)</b>		
Interest and fees on loans	\$ 7,044	7,150
Interest and dividends on securities	3,407	2,724
Trading account interest	759	535
Other interest income	1,109	720
Total interest income	<u>12,319</u>	<u>11,129</u>
<b>INTEREST EXPENSE (a)</b>		
Interest on deposits	1,993	1,792
Interest on short-term borrowings	1,011	908
Interest on long-term debt	651	699
Total interest expense	<u>3,655</u>	<u>3,399</u>
Net interest income	8,664	7,730
Provision for credit losses	148	500
Net interest income after provision for credit losses	<u>8,516</u>	<u>7,230</u>
<b>FEE AND OTHER INCOME (a)</b>		
Service charges	1,459	1,295
Other banking fees	856	738
Commissions	2,058	1,651
Fiduciary and asset management fees	2,019	1,605
Advisory, underwriting and other investment banking fees	622	556
Trading account profits	44	80
Principal investing	254	(126)
Securities gains (losses)	(33)	69
Other income	669	972
Total fee and other income	<u>7,948</u>	<u>6,840</u>
<b>NONINTEREST EXPENSE (a)</b>		
Salaries and employee benefits	6,464	5,556

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Occupancy	687	607
Equipment	780	736
Advertising	142	104
Communications and supplies	457	442
Professional and consulting fees	369	314
Other intangible amortization	318	398
Merger-related and restructuring expenses	328	308
Sundry expense	1,260	1,011
	<u>          </u>	<u>          </u>
Total noninterest expense	10,805	9,476
	<u>          </u>	<u>          </u>
Minority interest in income of consolidated subsidiaries	130	80
	<u>          </u>	<u>          </u>
Income before income taxes and cumulative effect of a change in accounting principle	5,529	4,514
Income taxes (a)	1,763	1,367
	<u>          </u>	<u>          </u>
Income before cumulative effect of a change in accounting principle	3,766	3,147
Cumulative effect of a change in accounting principle, net of income taxes		17
	<u>          </u>	<u>          </u>
Net income	3,766	3,164
Dividends on preferred stock		5
	<u>          </u>	<u>          </u>
Net income available to common stockholders	\$ 3,766	3,159
	<u>          </u>	<u>          </u>
<b>PER COMMON SHARE DATA</b>		
Basic		
Income before change in accounting principle	\$ 2.90	2.37
Net income	2.90	2.38
Diluted		
Income before change in accounting principle	2.85	2.34
Net income	2.85	2.35
Cash dividends	\$ 1.20	0.90
<b>AVERAGE COMMON SHARES</b>		
Basic	1,299	1,330
Diluted	1,321	1,343
	<u>          </u>	<u>          </u>

(a) Certain amounts presented in 2003 have been reclassified to conform to the presentation in 2004.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****BUSINESS SEGMENTS**

(Unaudited)

**Three Months Ended September 30, 2004**

(In millions)	General Bank	Capital Management	Wealth Management	Corporate and Investment Bank	Parent	Net Merger- Related and Restructuring Expenses (b)	Total
<b>CONSOLIDATED</b>							
Net interest income (a)	\$ 1,994	152	130	598	154	(63)	2,965
Fee and other income	601	1,131	136	787	(63)		2,592
Intersegment revenue	43	(13)	2	(33)	1		
Total revenue (a)	2,638	1,270	268	1,352	92	(63)	5,557
Provision for credit losses	74		(1)	(15)	(15)		43
Noninterest expense	1,354	1,099	189	680	213	127	3,662
Minority interest					65	(37)	28
Income taxes (benefits)	430	63	30	222	(149)	(35)	561
Tax-equivalent adjustment	10			30	23	(63)	
Net income (loss)	\$ 770	108	50	435	(45)	(55)	1,263

**Three Months Ended June 30, 2004**

(In millions)	General Bank	Capital Management	Wealth Management	Corporate and Investment Bank	Parent	Net Merger- Related and Restructuring Expenses (b)	Total
<b>CONSOLIDATED</b>							
Net interest income (a)	\$ 1,901	131	120	611	140	(65)	2,838
Fee and other income	600	1,245	144	716	(106)		2,599
Intersegment revenue	40	(12)	2	(30)			
Total revenue (a)	2,541	1,364	266	1,297	34	(65)	5,437
Provision for credit losses	65			(4)			61
Noninterest expense	1,298	1,147	190	616	134	102	3,487
Minority interest					70	(25)	45
Income taxes (benefits)	416	79	28	222	(123)	(30)	592
Tax-equivalent adjustment	11			31	23	(65)	



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Net income (loss)	\$ 751	138	48	432	(70)	(47)	1,252
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**WACHOVIA CORPORATION AND SUBSIDIARIES****BUSINESS SEGMENTS****(Unaudited)****Three Months Ended September 30, 2003**

<b>(In millions)</b>	<b>General Bank</b>	<b>Capital Management</b>	<b>Wealth Management</b>	<b>Corporate and Investment Bank</b>	<b>Parent</b>	<b>Net Merger- Related and Restructuring Expenses (b)</b>	<b>Total</b>
<b>CONSOLIDATED</b>							
Net interest income (a)	\$ 1,884	78	113	572	70	(64)	2,653
Fee and other income	561	1,304	131	539	81		2,616
Intersegment revenue	46	(17)	1	(31)	1		
Total revenue (a)	2,491	1,365	245	1,080	152	(64)	5,269
Provision for credit losses	120		2	10	(51)		81
Noninterest expense	1,319	1,161	183	577	182	148	3,570
Minority interest					71	(16)	55
Income taxes (benefits)	375	74	22	151	(98)	(49)	475
Tax-equivalent adjustment	9			32	23	(64)	
Income before cumulative effect of a change in accounting principle	668	130	38	310	25	(83)	1,088
Cumulative effect of a change in accounting principle, net of income taxes					17		17
Net income	\$ 668	130	38	310	42	(83)	1,105

(a) Tax-equivalent.

(b) The tax-equivalent amounts are eliminated herein in order for Total amounts to agree with amounts appearing in the *Consolidated Statements of Income*.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****LOANS ON-BALANCE SHEET, AND MANAGED AND SERVICING PORTFOLIOS**

(Unaudited)

(In millions)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>ON-BALANCE SHEET LOAN PORTFOLIO</b>					
<b>COMMERCIAL</b>					
Commercial, financial and agricultural	\$ 59,271	58,340	55,999	55,453	55,181
Real estate construction and other	6,985	6,433	6,120	5,969	5,741
Real estate mortgage	14,771	14,927	15,099	15,186	15,746
Lease financing	24,042	23,894	23,688	23,978	23,598
Foreign	7,402	8,075	7,054	6,880	6,815
<b>Total commercial</b>	<b>112,471</b>	111,669	107,960	107,466	107,081
<b>CONSUMER</b>					
Real estate secured	54,965	53,759	51,207	50,726	51,516
Student loans	10,207	9,838	8,876	8,435	8,160
Installment loans	6,410	7,330	9,054	8,965	9,110
<b>Total consumer</b>	<b>71,582</b>	70,927	69,137	68,126	68,786
<b>Total loans</b>	<b>184,053</b>	182,596	177,097	175,592	175,867
Unearned income	9,549	9,679	9,794	10,021	9,942
<b>Loans, net (On-balance sheet)</b>	<b>\$ 174,504</b>	172,917	167,303	165,571	165,925
<b>MANAGED PORTFOLIO (a)</b>					
<b>COMMERCIAL</b>					
On-balance sheet loan portfolio	\$ 112,471	111,669	107,960	107,466	107,081
Securitized loans off-balance sheet	1,823	1,868	1,927	2,001	2,071
Loans held for sale	1,993	1,887	2,242	2,574	1,347
<b>Total commercial</b>	<b>116,287</b>	115,424	112,129	112,041	110,499
<b>CONSUMER</b>					
Real estate secured					
On-balance sheet loan portfolio	54,965	53,759	51,207	50,726	51,516
Securitized loans off-balance sheet	6,567	7,194	8,218	8,897	10,192
Securitized loans included in securities	8,909	9,506	10,261	10,905	11,809

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Loans held for sale	<b>15,602</b>	14,003	11,607	9,618	8,368
<b>Total real estate secured</b>	<b>86,043</b>	84,462	81,293	80,146	81,885
<b>Student</b>					
On-balance sheet loan portfolio	<b>10,207</b>	9,838	8,876	8,435	8,160
Securitized loans off-balance sheet	<b>554</b>	612	1,532	1,658	1,786
Loans held for sale	<b>160</b>	367	433	433	458
<b>Total student</b>	<b>10,921</b>	10,817	10,841	10,526	10,404
<b>Installment</b>					
On-balance sheet loan portfolio	<b>6,410</b>	7,330	9,054	8,965	9,110
Securitized loans off-balance sheet	<b>2,489</b>	1,794			
Securitized loans included in securities	<b>195</b>	130			
<b>Total installment</b>	<b>9,094</b>	9,254	9,054	8,965	9,110
<b>Total consumer</b>	<b>106,058</b>	104,533	101,188	99,637	101,399
<b>Total managed portfolio</b>	<b>\$ 222,345</b>	219,957	213,317	211,678	211,898
<b>SERVICING PORTFOLIO (b)</b>					
Commercial	<b>\$ 130,313</b>	108,207	99,601	85,693	80,207
Consumer	<b>\$ 31,549</b>	24,475	16,240	13,279	8,465

- (a) The managed portfolio includes the on-balance sheet loan portfolio, loans securitized for which the assets are classified in securities on-balance sheet, loans held for sale that are on-balance sheet and the off-balance sheet portfolio of securitized loans sold, where we service the loans.
- (b) The servicing portfolio consists of third party commercial and consumer loans for which our sole function is that of servicing the loans for the third parties.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****ALLOWANCE FOR LOAN LOSSES AND NONPERFORMING ASSETS**

(Unaudited)

(In millions)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>ALLOWANCE FOR LOAN LOSSES (a)</b>					
Balance, beginning of period	\$ 2,331	2,338	2,348	2,474	2,510
Provision for credit losses	63	73	59	63	118
Provision for credit losses relating to loans transferred to loans held for sale or sold	(8)	(9)	(8)	24	
Allowance relating to loans acquired, transferred to loans held for sale or sold	3	(3)	(9)	(57)	(22)
Net charge-offs	(65)	(68)	(52)	(156)	(132)
Balance, end of period	\$ 2,324	2,331	2,338	2,348	2,474
as % of loans, net	1.33%	1.35	1.40	1.42	1.49
as % of nonaccrual and restructured loans (b)	291%	270	242	227	178
as % of nonperforming assets (b)	258%	241	218	205	164
<b>LOAN LOSSES</b>					
Commercial, financial and agricultural	\$ 50	41	48	105	88
Commercial real estate construction and mortgage	3	1	1	4	5
Consumer	70	66	86	106	106
Total loan losses	123	108	135	215	199
<b>LOAN RECOVERIES</b>					
Commercial, financial and agricultural	41	23	57	37	45
Commercial real estate construction and mortgage	1		2	2	1
Consumer	16	17	24	20	21
Total loan recoveries	58	40	83	59	67
Net charge-offs	\$ 65	68	52	156	132
Commercial loans net charge-offs as % of average commercial loans, net (c)	0.05%	0.08	(0.05)	0.31	0.21

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Consumer loans net charge-offs as % of average consumer loans, net (c)	<b>0.30</b>	0.28	0.36	0.50	0.51
Total net charge-offs as % of average loans, net (c)	<b>0.15%</b>	0.17	0.13	0.39	0.33
<b>NONPERFORMING ASSETS</b>					
Nonaccrual loans					
Commercial, financial and agricultural	<b>\$ 534</b>	610	700	765	1,072
Commercial real estate construction and mortgage	<b>42</b>	33	47	54	76
Consumer real estate secured	<b>211</b>	207	199	192	215
Installment loans	<b>11</b>	13	22	24	28
Total nonaccrual loans	<b>798</b>	863	968	1,035	1,391
Foreclosed properties (d)	<b>101</b>	104	103	111	116
Total nonperforming assets	<b>\$ 899</b>	967	1,071	1,146	1,507
Nonperforming loans included in loans held for sale (e)	<b>\$ 57</b>	68	67	82	160
Nonperforming assets included in loans and in loans held for sale	<b>\$ 956</b>	1,035	1,138	1,228	1,667
as % of loans, net, and foreclosed properties (b)	<b>0.51%</b>	0.56	0.64	0.69	0.91
as % of loans, net, foreclosed properties and loans held for sale (e)	<b>0.50%</b>	0.55	0.63	0.69	0.95
Accruing loans past due 90 days	<b>\$ 428</b>	419	328	341	291

- (a) At September 30, 2004, the reserve for unfunded lending commitments was \$134 million.
- (b) These ratios do not include nonperforming loans included in loans held for sale.
- (c) Annualized.
- (d) Restructured loans are not significant.
- (e) These ratios reflect nonperforming loans included in loans held for sale. Loans held for sale are recorded at the lower of cost or market value, and accordingly, the amounts shown and included in the ratios are net of the transferred allowance for loan losses and the lower of cost or market value adjustments.

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## WACHOVIA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except per share data)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>ASSETS</b>					
Cash and due from banks	\$ 10,355	10,701	10,564	11,479	11,178
Interest-bearing bank balances	7,664	2,059	5,881	2,308	3,664
Federal funds sold and securities purchased under resale agreements	30,629	21,970	23,845	24,725	22,491
Total cash and cash equivalents	48,648	34,730	40,290	38,512	37,333
Trading account assets	45,129	39,659	36,893	34,714	36,392
Securities	102,157	102,934	104,203	100,445	87,176
Loans, net of unearned income	174,504	172,917	167,303	165,571	165,925
Allowance for loan losses	(2,324)	(2,331)	(2,338)	(2,348)	(2,474)
Loans, net	172,180	170,586	164,965	163,223	163,451
Premises and equipment	4,150	4,522	4,620	4,619	4,746
Due from customers on acceptances	563	703	605	854	732
Goodwill	11,481	11,481	11,233	11,149	11,094
Other intangible assets	946	1,045	1,150	1,243	1,353
Loans held for sale (a)	17,755	16,257	14,282	12,625	10,173
Other assets (a)	33,689	36,524	32,899	33,804	36,474
Total assets	\$ 436,698	418,441	411,140	401,188	388,924
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
Deposits					
Noninterest-bearing deposits	52,524	51,613	49,018	48,683	45,493
Interest-bearing deposits	200,457	191,767	183,320	172,542	158,002
Total deposits	252,981	243,380	232,338	221,225	203,495
Short-term borrowings	67,589	66,360	65,452	71,290	65,474
Bank acceptances outstanding	570	708	613	876	743
Trading account liabilities	22,704	20,327	21,956	19,184	23,959
Other liabilities	14,838	15,321	15,564	16,945	22,800
Long-term debt	41,444	37,022	39,352	36,730	37,541

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Total liabilities	<b>400,126</b>	383,118	375,275	366,250	354,012
Minority interest in net assets of consolidated subsidiaries	<b>2,675</b>	2,677	2,528	2,510	2,099
<b>STOCKHOLDERS EQUITY</b>					
Dividend Equalization Preferred shares, no par value, 97 million shares issued and outstanding at September 30, 2004					
Common stock, \$3.33 1/3 par value; authorized 3 billion shares, outstanding 1.308 billion shares at September 30, 2004					
	<b>4,359</b>	4,365	4,372	4,374	4,427
Paid-in capital	<b>18,095</b>	17,920	17,869	17,811	17,882
Retained earnings	<b>10,449</b>	9,890	9,382	8,904	8,829
Accumulated other comprehensive income, net	<b>994</b>	471	1,714	1,339	1,675
Total stockholders equity	<b>33,897</b>	32,646	33,337	32,428	32,813
Total liabilities and stockholders equity	<b>\$ 436,698</b>	418,441	411,140	401,188	388,924

(a) Certain amounts presented prior to the third quarter of 2004 have been reclassified to conform to the presentation in the third quarter of 2004.



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**WACHOVIA CORPORATION AND SUBSIDIARIES****NET INTEREST INCOME SUMMARIES**

(Unaudited)

(In millions)	THIRD QUARTER 2004			SECOND QUARTER 2004		
	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid
<b>ASSETS</b>						
Interest-bearing bank balances	\$ 3,153	12	1.52%	\$ 4,015	11	1.13%
Federal funds sold and securities purchased under resale agreements	26,419	96	1.44	23,800	62	1.05
Trading account assets	32,052	348	4.34	26,135	260	3.98
Securities	101,493	1,237	4.88	100,209	1,196	4.77
Loans						
Commercial						
Commercial, financial and agricultural	58,278	642	4.40	56,648	599	4.25
Real estate construction and other	6,683	67	4.02	6,309	56	3.56
Real estate mortgage	14,877	170	4.54	15,029	158	4.21
Lease financing	9,692	178	7.33	7,011	180	10.28
Foreign	7,330	47	2.51	7,110	41	2.32
Total commercial	96,860	1,104	4.54	92,107	1,034	4.51
Consumer						
Real estate secured	54,288	732	5.38	52,389	691	5.29
Student loans	10,145	97	3.80	9,941	90	3.63
Installment loans	7,259	107	5.86	9,205	126	5.48
Total consumer	71,692	936	5.21	71,535	907	5.08
Total loans	168,552	2,040	4.83	163,642	1,941	4.76
Loans held for sale	17,119	186	4.34	15,603	161	4.12
Other earning assets	11,121	96	3.43	11,443	82	2.91
Total earning assets excluding derivatives	359,909	4,015	4.45	344,847	3,713	4.32
Risk management derivatives (a)		349	0.39		371	0.43
Total earning assets including derivatives	359,909	4,364	4.84	344,847	4,084	4.75
Cash and due from banks	11,159			11,254		

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Other assets	53,331			54,973		
<b>Total assets</b>	<b>\$ 424,399</b>			<b>\$ 411,074</b>		
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>						
Interest-bearing deposits						
Savings and NOW accounts	73,171	93	0.51	70,205	78	0.45
Money market accounts	81,525	197	0.96	76,850	172	0.90
Other consumer time	26,860	180	2.68	26,288	176	2.69
Foreign	7,453	27	1.42	7,110	20	1.14
Other time	7,803	39	1.98	7,773	34	1.76
<b>Total interest-bearing deposits</b>	<b>196,812</b>	<b>536</b>	<b>1.08</b>	<b>188,226</b>	<b>480</b>	<b>1.03</b>
Federal funds purchased and securities sold under repurchase agreements						
Commercial paper	47,052	164	1.39	46,620	116	1.00
Securities sold short	12,065	43	1.42	12,382	32	1.04
Other short-term borrowings	12,388	96	3.09	10,571	73	2.78
Long-term debt	6,042	15	0.91	6,013	11	0.80
	39,951	404	4.05	37,840	378	3.99
<b>Total interest-bearing liabilities excluding derivatives</b>	<b>314,310</b>	<b>1,258</b>	<b>1.60</b>	<b>301,652</b>	<b>1,090</b>	<b>1.45</b>
Risk management derivatives (a)		78	0.09		91	0.12
<b>Total interest-bearing liabilities including derivatives</b>	<b>314,310</b>	<b>1,336</b>	<b>1.69</b>	<b>301,652</b>	<b>1,181</b>	<b>1.57</b>
Noninterest-bearing deposits						
Other liabilities	51,433			50,466		
Stockholders equity	25,410			26,460		
	33,246			32,496		
<b>Total liabilities and stockholders equity</b>	<b>\$ 424,399</b>			<b>\$ 411,074</b>		
Interest income and rate earned including derivatives						
Interest expense and equivalent rate paid including derivatives	\$ 4,364	4.84%		\$ 4,084	4.75%	
	1,336	1.48		1,181	1.38	
<b>Net interest income and margin including derivatives</b>	<b>\$ 3,028</b>	<b>3.36%</b>		<b>\$ 2,903</b>	<b>3.37%</b>	

(a) The rates earned and the rates paid on risk management derivatives are based on off-balance sheet notional amounts. The fair value of these instruments is included in other assets and other liabilities.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****NET INTEREST INCOME SUMMARIES**

(Unaudited)

FIRST QUARTER 2004			FOURTH QUARTER 2003			THIRD QUARTER 2003		
Average Balances	Interest Income/Expense	Average Rates Earned/Paid	Average Balances	Interest Income/Expense	Average Rates Earned/Paid	Average Balances	Interest Income/Expense	Average Rates Earned/Paid
\$ 3,237	10	1.18%	\$ 2,569	7	1.17%	\$ 4,342	14	1.27%
24,806	61	0.99	23,591	60	1.00	22,080	48	0.88
20,956	220	4.21	20,038	213	4.24	18,941	197	4.15
98,222	1,221	4.97	94,584	1,184	5.00	78,436	962	4.90
55,476	576	4.18	55,439	593	4.25	55,596	588	4.19
6,022	53	3.52	5,789	52	3.53	5,574	48	3.47
15,241	160	4.23	15,555	166	4.23	16,075	174	4.31
6,945	183	10.52	7,084	185	10.45	6,911	183	10.61
6,684	41	2.49	6,761	45	2.66	6,756	47	2.73
90,368	1,013	4.50	90,628	1,041	4.56	90,912	1,040	4.55
50,879	705	5.55	51,380	718	5.58	49,438	707	5.70
8,908	78	3.53	8,502	78	3.62	7,962	74	3.70
9,026	130	5.80	9,090	137	5.99	9,682	152	6.18
68,813	913	5.32	68,972	933	5.39	67,082	933	5.54
159,181	1,926	4.86	159,600	1,974	4.92	157,994	1,973	4.97
12,759	131	4.12	10,627	109	4.10	10,244	111	4.34
11,159	84	3.02	11,265	83	2.95	11,466	87	2.98
330,320	3,653	4.43	322,274	3,630	4.49	303,503	3,392	4.45
	408	0.50		386	0.47		384	0.50
330,320	4,061	4.93	322,274	4,016	4.96	303,503	3,776	4.95

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10,957			10,728			11,092		
57,411			55,985			62,299		
<hr/>			<hr/>			<hr/>		
\$ 398,688			\$ 388,987			\$ 376,894		
<hr/>			<hr/>			<hr/>		
65,366	70	0.43	56,755	58	0.40	52,570	52	0.39
69,208	154	0.90	63,202	141	0.89	58,576	126	0.85
27,496	189	2.76	28,456	200	2.80	29,814	217	2.89
7,673	22	1.17	10,648	31	1.13	7,581	22	1.17
7,676	34	1.75	7,520	33	1.77	7,099	33	1.80
<hr/>			<hr/>			<hr/>		
177,419	469	1.06	166,581	463	1.10	155,640	450	1.15
48,353	124	1.03	55,378	133	0.95	46,359	114	0.98
11,852	30	1.01	11,670	31	1.06	11,978	32	1.05
8,412	47	2.25	7,970	50	2.48	8,850	57	2.58
6,436	10	0.59	6,551	9	0.53	7,136	15	0.87
37,269	364	3.91	35,855	357	3.97	36,388	365	4.02
<hr/>			<hr/>			<hr/>		
289,741	1,044	1.45	284,005	1,043	1.46	266,351	1,033	1.54
	94	0.13		31	0.04		26	0.04
<hr/>			<hr/>			<hr/>		
289,741	1,138	1.58	284,005	1,074	1.50	266,351	1,059	1.58
<hr/>			<hr/>			<hr/>		
46,603			45,696			44,755		
29,607			27,145			33,803		
32,737			32,141			31,985		
<hr/>			<hr/>			<hr/>		
\$ 398,688			\$ 388,987			\$ 376,894		
<hr/>			<hr/>			<hr/>		
	\$ 4,061	4.93%		\$ 4,016	4.96%		\$ 3,776	4.95%
	1,138	1.38		1,074	1.32		1,059	1.38
<hr/>			<hr/>			<hr/>		
	\$ 2,923	3.55%		\$ 2,942	3.64%		\$ 2,717	3.57%
<hr/>			<hr/>			<hr/>		

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**WACHOVIA CORPORATION AND SUBSIDIARIES****NET INTEREST INCOME SUMMARIES (a)**

(Unaudited)

(In millions)	NINE MONTHS ENDED SEPTEMBER 30, 2004			NINE MONTHS ENDED SEPTEMBER 30, 2003		
	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid
<b>ASSETS</b>						
Interest-bearing bank balances	\$ 3,467	33	1.27%	\$ 4,262	43	1.34%
Federal funds sold and securities purchased under resale agreements	25,013	219	1.17	14,485	112	1.04
Trading account assets	26,402	828	4.18	17,841	601	4.50
Securities	99,980	3,654	4.87	73,205	2,959	5.39
Loans						
Commercial						
Commercial, financial and agricultural	56,805	1,817	4.28	56,728	1,797	4.23
Real estate construction and other	6,339	176	3.71	5,260	138	3.52
Real estate mortgage	15,048	488	4.33	16,669	554	4.45
Lease financing	7,890	541	9.14	6,858	554	10.78
Foreign	7,043	129	2.44	6,616	144	2.91
Total commercial	93,125	3,151	4.52	92,131	3,187	4.62
Consumer						
Real estate secured	52,525	2,128	5.40	48,056	2,106	5.85
Student loans	9,666	265	3.66	7,723	227	3.93
Installment loans	8,493	363	5.70	9,988	493	6.59
Total consumer	70,684	2,756	5.20	65,767	2,826	5.74
Total loans	163,809	5,907	4.81	157,898	6,013	5.09
Loans held for sale	15,168	478	4.20	8,599	286	4.44
Other earning assets	11,241	262	3.12	5,829	160	3.66
Total earning assets excluding derivatives	345,080	11,381	4.40	282,119	10,174	4.81
Risk management derivatives (b)		1,128	0.44		1,146	0.55
Total earning assets including derivatives	345,080	12,509	4.84	282,119	11,320	5.36

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Cash and due from banks	11,123			10,942		
Other assets	55,231			59,177		
<b>Total assets</b>	<b>\$ 411,434</b>			<b>\$ 352,238</b>		
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>						
Interest-bearing deposits						
Savings and NOW accounts	69,594	241	0.46	51,890	202	0.52
Money market accounts	75,881	523	0.92	53,327	424	1.06
Other consumer time	26,881	545	2.71	31,262	723	3.09
Foreign	7,412	69	1.25	7,243	73	1.36
Other time	7,751	107	1.83	7,760	110	1.89
<b>Total interest-bearing deposits</b>	<b>187,519</b>	<b>1,485</b>	<b>1.06</b>	<b>151,482</b>	<b>1,532</b>	<b>1.35</b>
Federal funds purchased and securities sold under repurchase agreements						
Commercial paper	47,340	404	1.14	40,602	392	1.29
Securities sold short	12,099	105	1.16	5,689	41	0.96
Other short-term borrowings	10,464	216	2.76	7,909	159	2.69
Long-term debt	6,165	36	0.76	4,697	31	0.88
	38,359	1,146	3.99	36,953	1,119	4.04
<b>Total interest-bearing liabilities excluding derivatives</b>	<b>301,946</b>	<b>3,392</b>	<b>1.50</b>	<b>247,332</b>	<b>3,274</b>	<b>1.77</b>
Risk management derivatives (b)		263	0.12		125	0.07
<b>Total interest-bearing liabilities including derivatives</b>	<b>301,946</b>	<b>3,655</b>	<b>1.62</b>	<b>247,332</b>	<b>3,399</b>	<b>1.84</b>
Noninterest-bearing deposits						
Other liabilities	49,508			42,941		
Stockholders equity	27,152			29,833		
	32,828			32,132		
<b>Total liabilities and stockholders equity</b>	<b>\$ 411,434</b>			<b>\$ 352,238</b>		
Interest income and rate earned including derivatives						
Interest expense and equivalent rate paid including derivatives	\$ 12,509	4.84%		\$ 11,320	5.36%	
	3,655	1.42		3,399	1.61	
<b>Net interest income and margin including derivatives</b>	<b>\$ 8,854</b>	<b>3.42%</b>		<b>\$ 7,921</b>	<b>3.75%</b>	

(a) Certain amounts presented in 2003 have been reclassified to conform to the presentation in 2004.

(b) The rates earned and the rates paid on risk management derivatives are based on off-balance sheet notional amounts. The fair value of these instruments is included in other assets and other liabilities.

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**WACHOVIA CORPORATION AND SUBSIDIARIES****RECONCILIATION OF CERTAIN NON-GAAP FINANCIAL MEASURES**

(Unaudited)

(Dollars in millions, except per share data)	*	2004			2003	
		Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>INCOME BEFORE CHANGE IN ACCOUNTING PRINCIPLE</b>						
Net income (GAAP)	A	\$ 1,263	1,252	1,251	1,100	1,105
After tax change in accounting principle (GAAP)						(17)
Income before change in accounting principle (GAAP)		1,263	1,252	1,251	1,100	1,088
After tax merger-related and restructuring expenses (GAAP)		55	47	48	75	83
Income before change in accounting principle, excluding merger-related and restructuring expenses	B	1,318	1,299	1,299	1,175	1,171
After tax other intangible amortization (GAAP)		62	67	69	74	79
Income before change in accounting principle, excluding after tax merger-related and restructuring expenses, and other intangible amortization	C	\$ 1,380	1,366	1,368	1,249	1,250
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>						
Net income available to common stockholders (GAAP)	D	\$ 1,263	1,252	1,251	1,100	1,105
After tax merger-related and restructuring expenses (GAAP)		55	47	48	75	83
After tax change in accounting principle (GAAP)						(17)
Net income available to common stockholders, excluding merger-related and restructuring expenses	E	1,318	1,299	1,299	1,175	1,171
After tax other intangible amortization (GAAP)		62	67	69	74	79
Net income available to common stockholders, excluding after tax merger-related and restructuring expenses, and other intangible amortization	F	\$ 1,380	1,366	1,368	1,249	1,250
<b>RETURN ON AVERAGE COMMON STOCKHOLDERS EQUITY</b>						
Average common stockholders equity (GAAP)	G	\$ 33,246	32,496	32,737	32,141	31,985
Merger-related and restructuring expenses (GAAP)		116	69	20	199	138
Change in accounting principle						(14)

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Average common stockholders' equity, excluding merger-related and restructuring expenses, and change in accounting principle	<b>H</b>	<b>33,362</b>	32,565	32,757	32,340	32,109
Average intangible assets (GAAP)	<b>I</b>	<b>(12,473)</b>	(12,326)	(12,351)	(12,380)	(12,250)
<hr/>						
Average common stockholders' equity, excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>J</b>	<b>\$ 20,889</b>	20,239	20,406	19,960	19,859
<hr/>						
Return on average common stockholders' equity						
GAAP	<b>D/G</b>	<b>15.12%</b>	15.49	15.37	13.58	13.71
Excluding merger-related and restructuring expenses, and change in accounting principle	<b>E/H</b>	<b>15.72</b>	16.04	15.95	14.41	14.46
Return on average tangible common stockholders' equity						
GAAP	<b>D/G+I</b>	<b>24.20</b>	24.96	24.68	22.09	22.22
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>F/J</b>	<b>26.28%</b>	27.15	26.97	24.83	24.97
<hr/>						
<b>RETURN ON AVERAGE ASSETS</b>						
Average assets (GAAP)	<b>K</b>	<b>\$ 424,399</b>	411,074	398,688	388,987	376,894
Average intangible assets (GAAP)		<b>(12,473)</b>	(12,326)	(12,351)	(12,380)	(12,250)
<hr/>						
Average tangible assets (GAAP)	<b>L</b>	<b>411,926</b>	398,748	386,337	376,607	364,644
<hr/>						
Average assets (GAAP)		<b>424,399</b>	411,074	398,688	388,987	376,894
Merger-related and restructuring expenses (GAAP)		<b>117</b>	69	20	199	138
Change in accounting principle						(14)
<hr/>						
Average assets, excluding merger-related and restructuring expenses, and change in accounting principle	<b>M</b>	<b>424,516</b>	411,143	398,708	389,186	377,018
Average intangible assets (GAAP)		<b>(12,473)</b>	(12,326)	(12,351)	(12,380)	(12,250)
<hr/>						
Average tangible assets, excluding merger-related and restructuring expenses, and change in accounting principle	<b>N</b>	<b>\$ 412,043</b>	398,817	386,357	376,806	364,768
<hr/>						
Return on average assets						
GAAP	<b>A/K</b>	<b>1.18%</b>	1.22	1.26	1.12	1.16
Excluding merger-related and restructuring expenses	<b>B/M</b>	<b>1.24</b>	1.27	1.31	1.20	1.23
Return on average tangible assets						
GAAP	<b>A/L</b>	<b>1.22</b>	1.26	1.30	1.16	1.20
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>C/N</b>	<b>1.33%</b>	1.38	1.42	1.32	1.36
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**WACHOVIA CORPORATION AND SUBSIDIARIES****RECONCILIATION OF CERTAIN NON-GAAP FINANCIAL MEASURES**

(Unaudited)

(Dollars in millions, except per share data)	*	2004			2003	
		Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>OVERHEAD EFFICIENCY RATIOS</b>						
Noninterest expense (GAAP)	<b>O</b>	\$ 3,662	3,487	3,656	3,766	3,570
Merger-related and restructuring expenses (GAAP)		(127)	(102)	(99)	(135)	(148)
Noninterest expense, excluding merger-related and restructuring expenses	<b>P</b>	3,535	3,385	3,557	3,631	3,422
Other intangible amortization (GAAP)		(99)	(107)	(112)	(120)	(127)
Noninterest expense, excluding merger-related and restructuring expenses, and other intangible amortization	<b>Q</b>	\$ 3,436	3,278	3,445	3,511	3,295
Net interest income (GAAP)		\$ 2,965	2,838	2,861	2,877	2,653
Tax-equivalent adjustment		63	65	62	65	64
Net interest income (Tax-equivalent)		3,028	2,903	2,923	2,942	2,717
Fee and other income (GAAP)		2,592	2,599	2,757	2,604	2,616
Total	<b>R</b>	\$ 5,620	5,502	5,680	5,546	5,333
<b>Retail Brokerage Services, excluding insurance</b>						
Noninterest expense (GAAP)	<b>S</b>	\$ 863	908	989	957	941
Net interest income (GAAP)		\$ 139	118	106	82	69
Tax-equivalent adjustment					1	
Net interest income (Tax-equivalent)		139	118	106	83	69
Fee and other income (GAAP)		827	907	1,031	1,008	1,001
Total	<b>T</b>	\$ 966	1,025	1,137	1,091	1,070
<b>Overhead efficiency ratios</b>						
GAAP	<b>O/R</b>	65.15%	63.40	64.36	67.90	66.95
Excluding merger-related and restructuring expenses	<b>P/R</b>	62.90	61.54	62.61	65.45	64.18
Excluding merger-related and restructuring expenses, and brokerage	<b>P-S/R-T</b>	57.41	55.34	56.53	60.00	58.23

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Excluding merger-related and restructuring expenses, and other intangible amortization	<b>Q/R</b>	<b>61.14</b>	59.60	60.64	63.28	61.79
Excluding merger-related and restructuring expenses, other intangible amortization and brokerage	<b>Q-S/R-T</b>	<b>55.28%</b>	52.95	54.06	57.30	55.24
<b>OPERATING LEVERAGE</b>						
Operating leverage (GAAP)		<b>\$ (55)</b>	(11)	244	18	2
After tax merger-related and restructuring expenses (GAAP)		<b>25</b>	3	(36)	(12)	52
Operating leverage, excluding merger-related and restructuring expenses		<b>(30)</b>	(8)	208	6	54
After tax other intangible amortization (GAAP)		<b>(8)</b>	(5)	(8)	(7)	(4)
Operating leverage, excluding merger-related and restructuring expenses, and other intangible amortization		<b>\$ (38)</b>	(13)	200	(1)	50
<b>DIVIDEND PAYOUT RATIOS ON COMMON SHARES</b>						
Dividends paid per common share	<b>U</b>	<b>\$ 0.40</b>	0.40	0.40	0.35	0.35
Diluted earnings per common share (GAAP)	<b>V</b>	<b>\$ 0.96</b>	0.95	0.94	0.83	0.83
Merger-related and restructuring expenses (GAAP)		<b>0.04</b>	0.03	0.04	0.05	0.06
Other intangible amortization (GAAP)		<b>0.05</b>	0.05	0.05	0.06	0.05
Change in accounting principle (GAAP)						(0.01)
Diluted earnings per common share, excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>W</b>	<b>\$ 1.05</b>	1.03	1.03	0.94	0.93
Dividend payout ratios						
GAAP	<b>U/V</b>	<b>41.67%</b>	42.11	42.55	42.17	42.17
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>U/W</b>	<b>38.10%</b>	38.83	38.83	37.23	37.63

\* The letters included in the columns are provided to show how the various ratios presented in the tables on pages 20 and 21 are calculated. For example, return on average assets on a GAAP basis is calculated by dividing income before change in accounting principle (GAAP) by average assets (GAAP) (i.e., A/K) and annualized where appropriate.

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The following are supplemental earnings materials for the quarter ended September 30, 2004 made available by Wachovia on October 15, 2004.

**Wachovia**  
**Third Quarter 2004**  
**Quarterly Earnings Report**  
**October 15, 2004**

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**READERS ARE ENCOURAGED TO REFER TO WACHOVIA'S RESULTS FOR THE QUARTER ENDED JUNE 30, 2004, PRESENTED IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ( GAAP ), WHICH MAY BE FOUND IN WACHOVIA'S SECOND QUARTER REPORT ON FORM 10-Q.**

ALL NARRATIVE COMPARISONS ARE WITH SECOND QUARTER 2004 UNLESS OTHERWISE NOTED.

THE INFORMATION CONTAINED HEREIN INCLUDES CERTAIN NON-GAAP FINANCIAL MEASURES. PLEASE REFER TO PAGES 36-39 FOR AN IMPORTANT EXPLANATION OF OUR USE OF NON-GAAP MEASURES AND RECONCILIATION OF THOSE NON-GAAP MEASURES TO GAAP.

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Wachovia 3Q04 Quarterly Earnings Report

**Third Quarter 2004 Financial Highlights**

**Versus 2Q04**

Record earnings of \$1.3 billion, up 1% and 14% over 3Q03; EPS of \$0.96 up 1% and up 16% from 3Q03

Excluding \$0.04 per share of net merger-related and restructuring expenses, EPS of \$1.00 up 2% and 14% from 3Q03

Segment earnings reflect continued strong execution in core banking businesses

General Bank a record \$770 million, up 3% and up 15% from 3Q03

Wealth Management a record \$50 million, up 4% and up 32% from 3Q03

Corporate and Investment Bank \$435 million, up 1% and up 40% from 3Q03

Capital Management, down 22% and down 17% from 3Q03 due to lower retail brokerage volumes

Record revenue in three of four businesses

Net interest income rose \$125 million, or 4%; up 11% from 3Q03

Strong core deposit and loan growth of 4% and 3%, respectively

Fee and other income of \$2.6 billion relatively unchanged strong principal investing results of \$201 million more than offset by net trading and securities losses and weaker brokerage commissions

Total noninterest expense increased 5% largely due to higher legal costs

Net charge-offs of 15 bps of average loans, total NPAs a record low of 50 bps of loans

Average diluted share count decreased 4.9 million shares to 1,316 million

Proposed merger with SouthTrust expected to close 4Q04; shareholder meetings to be held on October 28th



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Wachovia 3Q04 Quarterly Earnings Report

Earnings Reconciliation

Earnings Reconciliation  (After-tax in millions,  except per share data)	2004						2003				3 Q 04 EPS	
	Third Quarter		Second Quarter		First Quarter		Fourth Quarter		Third Quarter		vs	vs
	Amount	EPS	Amount	EPS	Amount	EPS	Amount	EPS	Amount	EPS	2 Q 04	3 Q 03
<b>Net income (GAAP)</b>	<b>\$ 1,263</b>	<b>0.96</b>	1,252	0.95	1,251	0.94	1,100	0.83	1,105	0.83	1%	16
Cumulative effect of a change in accounting principle									(17)	(0.01)		
Net merger-related and restructuring expenses	<b>55</b>	<b>0.04</b>	47	0.03	48	0.04	75	0.05	83	0.06	33	(33)
<b>Earnings excluding merger-related and restructuring expenses, and cumulative effect of a change in accounting principle</b>	<b>1,318</b>	<b>1.00</b>	1,299	0.98	1,299	0.98	1,175	0.88	1,171	0.88	2	14
Deposit base and other intangible amortization	<b>62</b>	<b>0.05</b>	67	0.05	69	0.05	74	0.06	79	0.05		
<b>Earnings excluding merger-related and restructuring expenses, other intangible amortization and cumulative effect of a change in accounting principle</b>	<b>\$ 1,380</b>	<b>1.05</b>	1,366	1.03	1,368	1.03	1,249	0.94	1,250	0.93	2%	13

Expect 4Q04 amortization of existing intangibles of \$0.04 per share

Expect additional amortization of intangibles resulting from the proposed merger with SouthTrust Corporation of approximately \$0.01 - \$0.02 per share in 4Q04

(See Appendix, page 15 for further detail)

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Wachovia 3Q04 Quarterly Earnings Report

**Summary Results**

Earnings Summary	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Vs 2 Q 04	Vs 3 Q 03
(In millions, except per share data)							
Net interest income (Tax-equivalent)	\$ 3,028	2,903	2,923	2,942	2,717	4%	11
Fee and other income	2,592	2,599	2,757	2,604	2,616		(1)
Total revenue (Tax-equivalent)	5,620	5,502	5,680	5,546	5,333	2	5
Provision for credit losses	43	61	44	86	81	(30)	(47)
Other noninterest expense	3,436	3,278	3,445	3,511	3,295	5	4
Merger-related and restructuring expenses	127	102	99	135	148	25	(14)
Other intangible amortization	99	107	112	120	127	(7)	(22)
Total noninterest expense	3,662	3,487	3,656	3,766	3,570	5	3
Minority interest in income of consolidated subsidiaries	28	45	57	63	55	(38)	(49)
Income before income taxes and cumulative effect of a change in accounting principle (Tax-equivalent)	1,887	1,909	1,923	1,631	1,627	(1)	16
Income taxes (Tax-equivalent)	624	657	672	531	539	(5)	16
Income before cumulative effect of a change in accounting principle	1,263	1,252	1,251	1,100	1,088	1	16
Cumulative effect of a change in accounting principle					17		
Net income	\$ 1,263	1,252	1,251	1,100	1,105	1%	14
Diluted earnings per common share	\$ 0.96	0.95	0.94	0.83	0.83	1%	16
Dividend payout ratio on common shares	41.67%	42.11	42.55	42.17	42.17		
Return on average common stockholders' equity	15.12	15.49	15.37	13.58	13.71		
Return on average assets	1.18	1.22	1.26	1.12	1.16		
Overhead efficiency ratio (Tax-equivalent)	65.15%	63.40	64.36	67.90	66.95		
Operating leverage (Tax-equivalent)	\$ (55)	(11)	244	18	2	%	

Net interest income rose \$125 million to \$3.0 billion; up \$311 million from 3Q03

Improved spreads, continued loan and deposit growth and higher trading assets fueled results

Fee and other income consistent with 2Q04, as strength in principal investing, higher other income, and stronger advisory and underwriting results were largely offset by trading and securities losses and lower retail brokerage commissions

Provision expense decreased \$18 million to \$43 million on continued strong credit quality

Expenses rose 5% largely on higher legal costs

Minority interest expense lower due to Prudential Financial's \$37 million share of 3Q04 one-time merger costs and lower retail brokerage results

(See Appendix, pages 15 - 18 for further detail)

**MINORITY INTEREST IN PRE-TAX INCOME OF CONSOLIDATED ENTITIES IS ACCOUNTED FOR AS AN EXPENSE ON OUR INCOME STATEMENT. MINORITY INTEREST INCLUDES THE EXPENSE REPRESENTED BY PRUDENTIAL FINANCIAL, INC.'S 38% OWNERSHIP INTEREST IN WACHOVIA SECURITIES FINANCIAL HOLDINGS, LLC (WSFH), IN ADDITION TO THE EXPENSE ASSOCIATED WITH OTHER MINORITY INTERESTS IN OUR CONSOLIDATED SUBSIDIARIES.**

**THIS GAAP BASIS MINORITY INTEREST EXPENSE IS NOT ACCOUNTED FOR IN THE SAME MANNER IN THE FINANCIAL STATEMENTS OF PRUDENTIAL FINANCIAL, INC. UNDER PURCHASE ACCOUNTING, EACH ENTITY CONTRIBUTING BUSINESSES TO WSFH RECORDS FAIR VALUE ADJUSTMENTS TO THE ASSETS AND LIABILITIES CONTRIBUTED BY THE OTHER ENTITY. THEREFORE, THE AMOUNT REFLECTED HEREIN SHOULD NOT BE USED TO FORECAST THE IMPACT OF PRUDENTIAL FINANCIAL'S MINORITY INTEREST IN WSFH ON ITS RESULTS.**



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Wachovia 3Q04 Quarterly Earnings Report

**Other Financial Measures****Performance Highlights**

	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>(Dollars in millions, except per share data)</b>							
<b>Earnings excluding merger-related and restructuring expenses, and cumulative effect of a change in accounting principle (a)(b)</b>							
Net income	\$ 1,318	1,299	1,299	1,175	1,171	1 %	13
Return on average assets	1.24%	1.27	1.31	1.20	1.23		
Return on average common stockholders' equity	15.72	16.04	15.95	14.41	14.46		
Overhead efficiency ratio (Tax-equivalent)	62.90	61.54	62.61	65.45	64.18		
Overhead efficiency ratio excluding brokerage (Tax-equivalent)	57.41%	55.34	56.53	60.00	58.23		
Operating leverage (Tax-equivalent)	\$ (30)	(8)	208	6	54	%	
<b>Earnings excluding merger-related and restructuring expenses, other intangible amortization and cumulative effect of a change in accounting principle (a)(b)</b>							
Net income	\$ 1,380	1,366	1,368	1,249	1,250	1 %	10
Dividend payout ratio on common shares	38.10%	38.83	38.83	37.23	37.63		
Return on average tangible assets	1.33	1.38	1.42	1.32	1.36		
Return on average tangible common stockholders' equity	26.28	27.15	26.97	24.83	24.97		
Overhead efficiency ratio (Tax-equivalent)	61.14	59.60	60.64	63.28	61.79		
Overhead efficiency ratio excluding brokerage (Tax-equivalent)	55.28%	52.95	54.06	57.30	55.24		
Operating leverage (Tax-equivalent)	\$ (38)	(13)	200	(1)	50	%	
<b>Other financial data</b>							
Net interest margin	3.36%	3.37	3.55	3.64	3.57		
Fee and other income as % of total revenue	46.13	47.24	48.53	46.95	49.05		
Effective income tax rate	30.71	32.19	32.73	29.76	30.41		
Tax rate (Tax-equivalent) (c)	33.04%	34.44	34.93	32.57	33.10		
<b>Asset quality</b>							
Allowance for loan losses as % of loans, net	1.33%	1.35	1.40	1.42	1.49		
Allowance for credit losses as % of loans, net	1.41	1.43	1.49	1.51	1.59		
Allowance for loan losses as % of nonperforming assets	258	241	218	205	164		
Net charge-offs as % of average loans, net	0.15	0.17	0.13	0.39	0.33		
Nonperforming assets as % of loans, net, foreclosed properties and loans held for sale	0.50%	0.55	0.63	0.69	0.95		
<b>Capital adequacy</b>							
Tier 1 capital ratio (d)	8.40%	8.36	8.54	8.52	8.67		
Tangible capital ratio (including FAS 115/133)	5.06	4.96	5.25	5.15	5.41		

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Tangible capital ratio (excluding FAS 115/133)	<b>4.84</b>	4.85	4.85	4.83	4.99		
Leverage ratio (d)	<b>6.21%</b>	6.23	6.33	6.36	6.56		
<b>Other</b>							
Average diluted common shares	<b>1,316</b>	1,320	1,326	1,332	1,338	%	(2)
Actual common shares	<b>1,308</b>	1,309	1,312	1,312	1,328		(2)
Dividends paid per common share	<b>\$ 0.40</b>	0.40	0.40	0.35	0.35		14
Book value per common share	<b>25.92</b>	24.93	25.42	24.71	24.71	4	5
Common stock price	<b>46.95</b>	44.50	47.00	46.59	41.19	6	14
Market capitalization	<b>\$ 61,395</b>	58,268	61,650	61,139	54,701	5	12
Common stock price to book value	<b>181%</b>	178	185	189	167		
FTE employees	<b>84,503</b>	85,042	85,460	86,114	86,635	(1)	(2)
Total financial centers/brokerage offices	<b>3,252</b>	3,271	3,305	3,360	3,399	(1)	(4)
ATMs	<b>4,395</b>	4,396	4,404	4,408	4,420	%	(1)

- (a) See tables on page 2, and on pages 37 through 39 for reconciliation to earnings prepared in accordance with GAAP.
- (b) See page 3 for the most directly comparable GAAP financial measure and pages 37 through 39 for reconciliation to earnings prepared in accordance with GAAP.
- (c) The tax-equivalent tax rate applies to fully tax-equivalized revenues.
- (d) The third quarter of 2004 is based on estimates.

**Key Points**

Cash overhead efficiency ratio increased to 61.14% largely due to higher legal costs

Tax-equivalent tax rate declined to 33.04% due to resolution of a number of small tax matters

2Q04 resolution of commercial leasing matters had no effect on 3Q04 tax rate

Average diluted shares down 4.9 million reflecting repurchase of 6.4 million shares at an average cost of \$45.57 per share, partially offset by shares associated with the net effect of employee stock option activity

**(See Appendix, pages 15 - 18 for further detail)**

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Wachovia 3Q04 Quarterly Earnings Report

**Loan and Deposit Growth****Average Balance Sheet Data**

(In millions)	2004			2003		3 Q 04	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	3 Q 04 vs 3 Q 03
<b>Assets</b>							
Trading assets	\$ 32,052	26,135	20,956	20,038	18,941	23%	69
Securities	101,493	100,209	98,222	94,584	78,436	1	29
Commercial loans, net							
General Bank	53,073	52,089	50,874	50,502	50,046	2	6
Corporate and Investment Bank	33,244	29,819	29,707	30,826	31,903	11	4
Other	10,543	10,199	9,787	9,300	8,963	3	18
Total commercial loans, net	96,860	92,107	90,368	90,628	90,912	5	7
Consumer loans, net	71,692	71,535	68,813	68,972	67,082		7
Total loans, net	168,552	163,642	159,181	159,600	157,994	3	7
Loans held for sale	17,119	15,603	12,759	10,627	10,244	10	67
Other earning assets (a)	40,693	39,258	39,202	37,425	37,888	4	7
Total earning assets	359,909	344,847	330,320	322,274	303,503	4	19
Cash	11,159	11,254	10,957	10,728	11,092	(1)	1
Other assets	53,331	54,973	57,411	55,985	62,299	(3)	(14)
Total assets	\$ 424,399	411,074	398,688	388,987	376,894	3%	13
<b>Liabilities and Stockholders Equity</b>							
Core interest-bearing deposits	181,556	173,343	162,070	148,413	140,960	5	29
Foreign and other time deposits	15,256	14,883	15,349	18,168	14,680	3	4
Total interest-bearing deposits	196,812	188,226	177,419	166,581	155,640	5	26
Short-term borrowings	77,547	75,586	75,053	81,569	74,323	3	4
Long-term debt	39,951	37,840	37,269	35,855	36,388	6	10
Total interest-bearing liabilities	314,310	301,652	289,741	284,005	266,351	4	18
Noninterest-bearing deposits	51,433	50,466	46,603	45,696	44,755	2	15
Other liabilities	25,410	26,460	29,607	27,145	33,803	(4)	(25)
Total liabilities	391,153	378,578	365,951	356,846	344,909	3	13
Stockholders equity	33,246	32,496	32,737	32,141	31,985	2	4

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Total liabilities and stockholders' equity	\$ 424,399	411,074	398,688	388,987	376,894	3%	13
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(a) Includes interest-bearing bank balances, federal funds sold and securities purchased under resale agreements.

**Memoranda**

Low-cost core deposits	\$ 194,404	184,094	167,765	154,176	145,558	6%	34
Other core deposits	38,585	39,715	40,908	39,933	40,157	(3)	(4)
Total core deposits	\$ 232,989	223,809	208,673	194,109	185,715	4%	25

**Key Points**

Trading assets up \$5.9 billion largely due to growth in interest rate products business and temporarily higher customer transaction activity

Average VAR declined to \$19 million from \$20 million in 2Q04

Securities increased \$1.3 billion

Duration of investment portfolio decreased to 2.6 years from 3.2 years at 2Q04, consistent with higher prepayments driven by lower long-term rates

Commercial loans increased \$4.8 billion or 5%, to \$96.9 billion, and included a \$2.6 billion increase related to a 2Q04 resolution of commercial leasing tax matters; remainder of increase due to commercial loan growth of \$2.2 billion, or 2%

Corporate and Investment Bank loans were up \$834 million excluding the \$2.6 billion discussed above

Consumer loans grew \$157 million and were up \$4.6 billion from 3Q03, as continued growth in consumer real estate secured, student and auto loans was offset by the effect of 2Q04 and 3Q04 auto loan securitizations

Consumer loans up 3% excluding the effect of auto loan securitization activity

Total earning assets include \$15.2 billion of consumer loans held for sale, up 8%, and \$6.0 billion of margin loans

FDIC-insured sweep deposits up \$4.4 billion to \$27.4 billion

(See Appendix, pages 16-17 for further detail)

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Wachovia 3Q04 Quarterly Earnings Report

**Fee and Other Income****Fee and Other Income**

<u>(In millions)</u>	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs	vs
						2 Q 04	3 Q 03
Service charges	\$ 499	489	471	436	439	2%	14
Other banking fees	304	293	259	241	257	4	18
Commissions	584	682	792	778	765	(14)	(24)
Fiduciary and asset management fees	665	675	679	672	662	(1)	
Advisory, underwriting and other investment banking fees	233	197	192	213	191	18	22
Trading account profits (losses)	(69)	39	74	5	(46)		50
Principal investing	201	15	38	(13)	(25)		
Securities gains (losses)	(71)	36	2	(24)	22		
Other income	246	173	250	296	351	42	(30)
<b>Total fee and other income</b>	<b>\$ 2,592</b>	<b>2,599</b>	<b>2,757</b>	<b>2,604</b>	<b>2,616</b>	<b>%</b>	<b>(1)</b>

**Key Points**

Fee and other income remained flat at \$2.6 billion and declined 1% from 3Q03, largely due to the weaker retail brokerage environment

Service charges grew 2% driven by 3% growth in consumer and 1% growth in commercial DDA charges; service charges up 14% over the prior year quarter

Other banking fees rose 4% reflecting higher commercial mortgage banking income; up 18% over 3Q03

Commissions decreased \$98 million, or 14%, due to lower retail brokerage transaction activity; down 24% from 3Q03

Advisory, underwriting and other investment banking fees rose 18% or \$36 million; up 22% vs. 3Q03

Strength in investment grade and high yield debt origination, M&A and loan syndication revenues drove these results

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Trading account losses were \$69 million versus profits of \$39 million in 2Q04 driven by weaker results in interest rate products and losses on economic hedges on non-trading assets

Offsetting increase in value of hedged assets not reflected in income statement results

Principal investing net gains of \$201 million driven by gains in direct portfolio and earlier than anticipated public market events

Securities losses of \$71 million primarily reflect a \$78 million loss associated with losses taken in the investment portfolio

Other income rose \$73 million from 2Q04 results which included a \$68 million loss associated with a corporate real estate sale and leaseback transaction

**(See Appendix, pages 17 18 for further detail)**

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Wachovia 3Q04 Quarterly Earnings Report

**Noninterest Expense****Noninterest Expense**

<b>(In millions)</b>	<b>2004</b>			<b>2003</b>		<b>3 Q 04</b>	<b>3 Q 04</b>
	<b>Third</b>	<b>Second</b>	<b>First</b>	<b>Fourth</b>	<b>Third</b>	<b>vs</b>	<b>vs</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>2 Q 04</b>	<b>3 Q 03</b>
Salaries and employee benefits	<b>\$ 2,118</b>	2,164	2,182	2,152	2,109	(2)%	
Occupancy	<b>234</b>	224	229	244	220	4	6
Equipment	<b>268</b>	253	259	285	264	6	2
Advertising	<b>46</b>	48	48	56	38	(4)	21
Communications and supplies	<b>149</b>	157	151	156	159	(5)	(6)
Professional and consulting fees	<b>134</b>	126	109	146	109	6	23
Sundry expense	<b>487</b>	306	467	472	396	59	23
Other noninterest expense	<b>3,436</b>	3,278	3,445	3,511	3,295	5	4
Merger-related and restructuring expenses	<b>127</b>	102	99	135	148	25	(14)
Other intangible amortization	<b>99</b>	107	112	120	127	(7)	(22)
<b>Total noninterest expense</b>	<b>\$ 3,662</b>	3,487	3,656	3,766	3,570	5%	3

**Key Points**

Other noninterest expense rose 5%; up 4% from 3Q03 on higher legal costs reflected in sundry expense and professional and consulting fees

Salaries and employee benefits were 2% lower primarily due to lower retail brokerage compensation

(See Appendix, page 18 for further detail)

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Wachovia 3Q04 Quarterly Earnings Report

**Consolidated Results Segment Summary****Wachovia Corporation****Performance Summary**

Three Months Ended September 30, 2004

(In millions)	General	Capital	Wealth	Corporate and		Merger-Related	Total
	Bank	Management	Management	Investment Bank	Parent	and Restructuring Expenses	Corporation
<b>Income statement data</b>							
Total revenue (Tax-equivalent)	\$ 2,638	1,270	268	1,352	92		5,620
Noninterest expense	1,354	1,099	189	680	213	127	3,662
Minority interest					65	(37)	28
Segment earnings (loss)	\$ 770	108	50	435	(45)	(55)	1,263
<b>Performance and other data</b>							
Economic profit	\$ 603	73	36	270	(59)		923
Risk adjusted return on capital (RAROC)	57.15%	34.07	49.09	33.08	(0.26)		37.61
Economic capital, average	\$ 5,200	1,268	372	4,865	2,098		13,803
Cash overhead efficiency ratio (Tax-equivalent)	51.35%	86.57	70.52	50.24	123.47		61.14
FTE employees	34,481	19,351	3,628	4,552	22,491		84,503
<b>Business mix/Economic capital</b>							
Based on total revenue	46.94%	22.60	4.77	24.06			
Based on segment earnings	58.42	8.19	3.79	33.00			
Average economic capital change (3Q04 vs. 3Q03)	(8)%	(2)	(3)	(10)			

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Wachovia 3Q04 Quarterly Earnings Report

**General Bank**

This segment includes Retail and Small Business and Commercial.

**General Bank****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 1,994	1,901	1,856	1,876	1,884	5%	6
Fee and other income	601	600	569	501	561		7
Intersegment revenue	43	40	38	49	46	8	(7)
Total revenue (Tax-equivalent)	2,638	2,541	2,463	2,426	2,491	4	6
Provision for credit losses	74	65	68	145	120	14	(38)
Noninterest expense	1,354	1,298	1,314	1,386	1,319	4	3
Income taxes (Tax-equivalent)	440	427	392	327	384	3	15
Segment earnings	\$ 770	751	689	568	668	3%	15
<b>Performance and other data</b>							
Economic profit	\$ 603	575	506	423	499	5%	21
Risk adjusted return on capital (RAROC)	57.15%	55.10	48.92	41.21	45.90		
Economic capital, average	\$ 5,200	5,246	5,367	5,558	5,681	(1)	(8)
Cash overhead efficiency ratio (Tax-equivalent)	51.35%	51.05	53.35	57.13	52.94		
Lending commitments	\$ 76,592	73,372	69,977	65,457	63,509	4	21
Average loans, net	124,585	122,049	118,164	116,374	114,574	2	9
Average core deposits	\$ 170,459	166,603	160,871	158,143	155,336	2	10
FTE employees	34,481	34,488	34,383	34,552	34,884	%	(1)

**General Bank Key Metrics**

	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
Customer overall satisfaction score (a)	6.57	6.57	6.58	6.57	6.55	%	
New/Lost ratio	1.44	1.38	1.41	1.28	1.17	4	23
Online product and service enrollments (In thousands) (b)	7,842	6,986	6,637	6,239	5,915	12	33
Online active customers (In thousands) (b)	2,548	2,514	2,240	2,144	1,991	1	28
Financial centers	2,507	2,519	2,531	2,565	2,580		(3)

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ATMs	<b>4,395</b>	4,396	4,404	4,408	4,420	%	(1)
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- (a) Gallup survey measured on a 1-7 scale; 6.4 = best in class .  
 (b) Retail and small business.

**Segment earnings a record \$770 million, up 3% and up 15% from 3Q03**

Record revenue of \$2.6 billion increased 4%, and was up 6% from 3Q03 driven by strength in net interest income and growth in consumer service charges

Mortgage revenue of \$89 million decreased 21% and 49% from 3Q03; otherwise, revenues of \$2.5 billion grew 5% linked-quarter and 10% year-over-year

Expenses up 4% related to higher revenue and increased allocated legal costs

Average loans up 2% on growth in home equity, middle-market commercial and small business portfolios

Core deposit momentum continued, up 2% and up 10% from 3Q03; low-cost core deposits grew 3% and 16%, respectively

Sustained industry-leading customer satisfaction scores and record customer acquisition results

**(See Appendix, pages 19-21 for further discussion of business unit results)**

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Wachovia 3Q04 Quarterly Earnings Report

**Capital Management**

This segment includes Asset Management and Retail Brokerage Services.

**Capital Management****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 152	131	117	96	78	16%	95
Fee and other income	1,131	1,245	1,350	1,327	1,304	(9)	(13)
Intersegment revenue	(13)	(12)	(13)	(17)	(17)	(8)	24
Total revenue (Tax-equivalent)	1,270	1,364	1,454	1,406	1,365	(7)	(7)
Provision for credit losses							
Noninterest expense	1,099	1,147	1,226	1,196	1,161	(4)	(5)
Income taxes (Tax-equivalent)	63	79	82	77	74	(20)	(15)
Segment earnings	\$ 108	138	146	133	130	(22)	(17)
<b>Performance and other data</b>							
Economic profit	\$ 73	102	107	95	94	(28)%	(22)
Risk adjusted return on capital (RAROC)	34.07%	41.53	41.78	38.47	39.75		
Economic capital, average	\$ 1,268	1,336	1,403	1,374	1,299	(5)	(2)
Cash overhead efficiency ratio (Tax-equivalent)	86.57%	84.12	84.27	85.08	84.99		
Average loans, net	\$ 346	254	139	156	135	36	156
Average core deposits	\$ 29,091	24,725	18,343	6,999	1,615	18	
FTE employees	19,351	19,461	19,581	19,937	20,012	(1)%	(3)

**Capital Management Key Metrics**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03

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Separate account assets	\$ 142,407	143,368	146,405	137,267	126,560	(1)%	13
Mutual fund assets	106,831	104,217	104,154	109,359	113,700	3	(6)
<b>Total assets under management (a)</b>	<b>249,238</b>	<b>247,585</b>	<b>250,559</b>	<b>246,626</b>	<b>240,260</b>	<b>1</b>	<b>4</b>
Securities lending	36,123	36,500	36,200			(1)	
<b>Total assets under management and securities lending</b>	<b>\$ 285,361</b>	<b>284,085</b>	<b>286,759</b>	<b>246,626</b>	<b>240,260</b>		<b>19</b>
Gross fluctuating mutual fund sales	\$ 2,830	3,884	4,378	3,892	4,802	(27)	(41)
Full-service financial advisors series 7	7,964	8,009	8,133	8,192	8,309	(1)	(4)
Financial center advisors series 6	2,594	2,871	3,081	3,270	3,316	(10)	(22)
Broker client assets	\$ 615,900	618,800	623,000	603,100	568,500		8
Customer receivables including margin loans	\$ 6,050	6,161	6,143	6,097	5,832	(2)	4
Brokerage offices (Actual)	3,220	3,239	3,273	3,328	3,367	(1)%	(4)

(a) Includes \$59 billion in assets managed for Wealth Management which are also reported in that segment.

### Retail Brokerage Integration

	2004			2003	Cumulative Total	Goal	% of Goal Complete
	Third Quarter	Second Quarter	First Quarter				
Merger costs (Dollars in millions)	\$ 99	432	90	203	824	1,020(a)	81%
Position reductions	299	126	107	84	616	1,750	35
Real estate square footage reduction (In millions)	0.2	0.2	0.2	0.5	1.1	2.7	41
Branches consolidated	23	32	24	22	101	146	69%

(a) Lowered original estimate of \$1.128 billion by \$108 million.

### Segment earnings of \$108 million, down 22%; including \$14 million decrease relating to 2Q04 divestitures

Total revenue down 7% both linked-quarter and vs. 3Q03, primarily due to weak retail brokerage trading activity

Net interest income up \$21 million on continued growth in FDIC-insured sweep deposits

Fee and other income down \$114 million on \$85 million decline in brokerage commissions as well as \$23 million lower revenue associated with 2Q04 sale of two non-strategic businesses

Expenses declined 4% and were down 5% from 3Q03, reflecting lower volume-based commissions

AUM rose 1% from 2Q04, driven by \$6 billion transfer of Prudential assets to Evergreen funds, partially offset by the transfer of money market funds to FDIC-insured sweep product

Retail brokerage merger integration nearing completion

Regretted broker attrition remains better than expected

Major systems integration completed; 1.9 million client accounts converted; 23 branches consolidated during the quarter

**(See Appendix, pages 22-23 for further discussion of business unit results)**

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Wachovia 3Q04 Quarterly Earnings Report

**Wealth Management**

This segment includes Private Banking, Personal Trust, Investment Advisory Services, Charitable Services, Financial Planning, and Insurance Brokerage (property and casualty, and high net worth life).

**Wealth Management****Performance Summary**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 130	120	114	114	113	8 %	15
Fee and other income	136	144	141	138	131	(6)	4
Intersegment revenue	2	2	1	2	1		
Total revenue (Tax-equivalent)	268	266	256	254	245	1	9
Provision for credit losses	(1)			1	2		
Noninterest expense	189	190	186	187	183	(1)	3
Income taxes (Tax-equivalent)	30	28	25	25	22	7	36
Segment earnings	\$ 50	48	45	41	38	4 %	32
<b>Performance and other data</b>							
Economic profit	\$ 36	33	30	25	24	9 %	50
Risk adjusted return on capital (RAROC)	49.09 %	46.77	42.61	37.31	35.40		
Economic capital, average	\$ 372	374	379	385	384	(1)	(3)
Cash overhead efficiency ratio (Tax-equivalent)	70.52%	71.66	72.55	74.31	74.48		
Lending commitments	\$ 4,497	4,445	4,117	4,012	3,843	1	17
Average loans, net	11,461	10,859	10,379	9,924	9,703	6	18
Average core deposits	\$ 12,327	12,107	11,523	11,319	11,054	2	12
FTE employees	3,628	3,674	3,745	3,791	3,802	(1)%	(5)

**Wealth Management Key Metrics**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		

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Investment assets under administration	<b>\$ 107,764</b>	108,739	109,239	107,177	100,708	(1)%	7
Assets under management (a)	<b>\$ 58,693</b>	59,401	59,602	59,010	56,484	(1)	4
Client relationships (Actual)	<b>51,926</b>	66,624	70,630	70,897	70,279	(22)	(26)
Wealth Management advisors (Actual)	<b>927</b>	958	954	960	993	(3)%	(7)

(a) These assets are managed by and reported in Capital Management. Historical periods have been restated to reflect the transfer of assets from Wealth Management to other channels that best meet client needs.

**Segment earnings a record \$50 million, up 4% and 32% from 3Q03**

Net interest income up 8% and up 15% from 3Q03 on continued strong growth in consumer loans of 6%, deposit growth of 2% and improving spreads

Fee and other income decreased 6% from strong second quarter levels, reflecting a seasonal slowdown in insurance commissions and lower asset management fees in-line with market valuation declines

4% increase from 3Q03 on growth in trust, investment management fees and insurance commissions

Cash efficiency ratio of 70.52%, improved 114 bps linked-quarter and 396 bps from 74.48% in 3Q03

AUM declined 1% largely reflecting lower market valuations; increased 4% from 3Q03 on higher market valuations and continued sales momentum

Expected 4Q04 acquisition of assets of Tanager Financial Services provides entry into Boston

**(See Appendix, page 24 for further discussion of business unit results)**

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Wachovia 3Q04 Quarterly Earnings Report

**Corporate and Investment Bank**

This segment includes Corporate Lending, Investment Banking, Global Treasury and Trade Finance, and Principal Investing.

**Corporate and Investment Bank****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 598	611	592	589	572	(2)%	5
Fee and other income	787	716	743	621	539	10	46
Intersegment revenue	(33)	(30)	(27)	(34)	(31)	10	6
Total revenue (Tax-equivalent)	1,352	1,297	1,308	1,176	1,080	4	25
Provision for credit losses	(15)	(4)	(26)	35	10		
Noninterest expense	680	616	617	648	577	10	18
Income taxes (Tax-equivalent)	252	253	263	183	183		38
Segment earnings	\$ 435	432	454	310	310	1%	40
<b>Performance and other data</b>							
Economic profit	\$ 270	273	279	161	137	(1)%	97
Risk adjusted return on capital (RAROC)	33.08%	34.11	34.43	23.42	21.08		
Economic capital, average	\$ 4,865	4,756	4,792	5,140	5,404	2	(10)
Cash overhead efficiency ratio (Tax-equivalent)	50.24%	47.59	47.12	55.07	53.38		
Lending commitments	\$ 77,007	75,295	71,147	69,728	69,481	2	11
Average loans, net	33,250	29,827	29,714	30,833	31,911	11	4
Average core deposits	\$ 19,380	18,722	16,697	16,426	16,391	4	18
FTE employees	4,552	4,525	4,355	4,317	4,224	1%	8

**Corporate and Investment Bank**



## Sub-segment Revenue

(In millions)	2004			2003		3 Q 04	vs 3 Q 03
	Third	Second	First	Fourth	Third	3 Q 04	
	Quarter	Quarter	Quarter	Quarter	Quarter	2 Q 04	
Investment Banking	\$ 496	567	574	458	377	(13)%	32
Corporate Lending	414	480	465	496	491	(14)	(16)
Global Treasury and Trade Finance	244	241	236	235	234	1	4
Principal Investing	198	9	33	(13)	(22)		
<b>Total revenue (Tax-equivalent)</b>	<b>\$ 1,352</b>	<b>1,297</b>	<b>1,308</b>	<b>1,176</b>	<b>1,080</b>	<b>4%</b>	<b>25</b>
<b>Memoranda</b>							
Total net trading revenue (Tax-equivalent)	\$ 185	256	298	218	144	(28)%	28

## Segment earnings of \$435 million up 1% and up 40% from 3Q03

Record revenue of \$1.4 billion increased 4% from 2Q04 and 25% from 3Q03

Net interest income down 2%, primarily due to increased funding costs resulting from 2Q04 resolution of commercial leasing tax matters; 5% increase from 3Q03 primarily related to increased trading assets

Fee and other income growth driven by principal investing gains, up \$186 million, as well as strength in bond originations, M&A and loan syndications, partially offset by \$88 million reduction in trading account profits and \$34 million reduction in securities gains; across-the-board strength vs. 3Q03

Provision recovery of \$15 million reflects gross charge-offs of \$23 million, or 27 bps of average loans, and recoveries of \$29 million and resolution of other credit losses of \$9 million

Expenses increased on higher incentives related to continued strong results and higher allocated legal costs

Average loans increased \$3.4 billion linked-quarter, with \$2.6 billion relating to the 2Q04 resolution of commercial leasing tax matters

Remaining \$832 million increase largely due to growth in structured products and international correspondent banking, and modest growth in large corporate lending

(See Appendix, pages 25 - 28 for further discussion of business unit results)

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Wachovia 3Q04 Quarterly Earnings Report

**Asset Quality****Asset Quality**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Nonperforming assets</b>							
Nonaccrual loans	\$ 798	863	968	1,035	1,391	(8)%	(43)
Foreclosed properties	101	104	103	111	116	(3)	(13)
Total nonperforming assets	\$ 899	967	1,071	1,146	1,507	(7)%	(40)
as % of loans, net and foreclosed properties	0.51%	0.56	0.64	0.69	0.91		
Nonperforming assets in loans held for sale	\$ 57	68	67	82	160	(16)%	(64)
Total nonperforming assets in loans and in loans held for sale	\$ 956	1,035	1,138	1,228	1,667	(8)%	(43)
as % of loans, net, foreclosed properties and loans held for sale	0.50%	0.55	0.63	0.69	0.95		
<b>Allowance for credit losses (a)</b>							
Allowance for loan losses, beginning of period	\$ 2,331	2,338	2,348	2,474	2,510	%	(7)
Net charge-offs	(65)	(68)	(52)	(156)	(132)	(4)	(51)
Allowance relating to loans transferred or sold	3	(3)	(9)	(57)	(22)		
Provision for credit losses related to loans transferred or sold (b)	(8)	(9)	(8)	24		(11)	
Provision for credit losses	63	73	59	63	118	(14)	(47)
Allowance for loan losses, end of period	2,324	2,331	2,338	2,348	2,474		(6)
Reserve for unfunded lending commitments, beginning of period	146	149	156	157	194	(2)	(25)
Provision for credit losses	(12)	(3)	(7)	(1)	(37)		(68)
Reserve for unfunded lending commitments, end of period	134	146	149	156	157	(8)	(15)
Allowance for credit losses	\$ 2,458	2,477	2,487	2,504	2,631	(1)%	(7)
<b>Allowance for loan losses</b>							
as % of loans, net	1.33%	1.35	1.40	1.42	1.49		
as % of nonaccrual and restructured loans (c)	291	270	242	227	178		
as % of nonperforming assets (c)	258	241	218	205	164		
<b>Allowance for credit losses</b>							
as % of loans, net	1.41%	1.43	1.49	1.51	1.59		

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<b>Net charge-offs</b>	<b>\$ 65</b>	68	52	156	132	(4)%	(51)
Commercial, as % of average commercial loans	<b>0.05%</b>	0.08	(0.05)	0.31	0.21		
Consumer, as % of average consumer loans	<b>0.30%</b>	0.28	0.36	0.50	0.51		
Total, as % of average loans, net	<b>0.15%</b>	0.17	0.13	0.39	0.33		
<b>Past due loans, 90 days and over, and nonaccrual loans(c)</b>							
Commercial, as a % of loans, net	<b>0.57%</b>	0.66	0.78	0.87	1.20		
Consumer, as a % of loans, net	<b>0.89%</b>	0.86	0.77	0.77	0.76		

- (a) The allowance for credit losses is the sum of the allowance for loan losses and the reserve for unfunded lending commitments.  
(b) The provision related to loans transferred or sold includes recovery of lower of cost or market losses.  
(c) These ratios do not include nonperforming assets included in loans held for sale.

**Key Points**

Net charge-offs of \$65 million, or 15 bps of average loans, declined 4%, reflecting higher gross charge-offs of \$123 million, or 29 bps, and higher recoveries totaling \$58 million

NPAs improved to a record low of 50 bps of average loans

Provision expense of \$43 million fell \$18 million and included \$20 million net benefit associated with recovery of lower of cost or market losses on loans and commitments previously carried in loans held for sale

Allowance for loan losses totaled \$2.3 billion, or 1.33% of net loans; declined \$7 million reflecting continued improvement in credit quality

Allowance for credit losses to loans of 1.41%; lowered reserves on commitments \$12 million reflecting funding or expiration of commitments

Allowance for loan losses to nonperforming assets improved to 258% from 241% in 2Q04

Continued proactive portfolio management actions

Sold \$91 million of commercial exposure out of the loan portfolio including \$74 million of outstandings, of which \$19 million were nonperforming loans

Also transferred \$15 million of commercial loan exposure including \$12 million outstanding to held for sale

**(See Appendix, pages 30 32 for further detail)**

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Wachovia 3Q04 Quarterly Earnings Report

**2004 Full Year Outlook Excludes the Effect of the Proposed Merger with SouthTrust****No Change in Overall Expectations****Expect 4Q04 Results In-line with 3Q04 EPS\* of \$1.00, Before Impact of \$0.03\* Per Share Dilution****Relating to Proposed SouthTrust Merger***Italics denotes change in outlook*

(Versus Full-Year 2003 Unless Otherwise Noted; Reflects Full-Year Effect of Larger Retail Brokerage Operation

vs. 6 months in 2003)

<b>Total Revenue</b>	<b>Expected % growth in low double-digit range</b>	
<b>Net Interest Income</b>	<b>Expected % growth in mid-to-high single-digit range</b>	
<b>Net Interest Margin</b>	<b>Expected to remain relatively flat excluding the impact of the following items totaling 30 bps</b>	
	<b>Full-year effect of larger brokerage operation</b>	<b>-9 bps</b>
	<b>Securities growth FDIC-Insured money market sweep</b>	<b>-15 bps</b>
	<b>Full year effect of FIN 46 consolidation</b>	<b>-6 bps</b>
<b>Fee Income</b>	<b>Anticipate % growth in mid-teens range</b>	
<b>Noninterest Expense</b>	<b>Expected % growth in high single-digit range; marginally lower than revenue</b>	
<b>Loan Growth</b>	<b>Expect mid single-digit % growth from 4Q03 (excluding securitizations)</b>	
	<b>Consumer</b>	<b>Mid single-digit % growth</b>
	<b>Commercial and Industrial</b>	<b>Mid single-digit % growth</b>
	<b>Small Business</b>	<b>Mid-to-high teens % growth</b>
	<b>Commercial</b>	<b>Mid single-digit % growth</b>
	<b>Large Corporate</b>	<b>Relatively flat</b>
	<b>Commercial real estate</b>	<b>Low single-digit % growth</b>
<b>Charge-offs</b>	<b>15-25 bps of average net loans range</b>	
	<b>Provision expected to be within this range</b>	
<b>Effective Tax Rate</b>	<b>Approximately 34.5 35.0% (tax-equivalent)</b>	
<b>Leverage Ratio</b>	<b>Target &gt; 6.00%</b>	
<b>Dividend Payout Ratio</b>		

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**40% 50% of earnings (before merger-related and restructuring expenses, and other intangible amortization)**

**Excess Capital**

**Opportunistically repurchase shares; authorization for 98.9 million shares remaining**

**Financially attractive, shareholder friendly small acquisitions**

\* Earnings per share excluding merger-related and restructuring expenses

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**APPENDIX**

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Wachovia 3Q04 Quarterly Earnings Report

**Summary Operating Results**

Business segment results are presented excluding merger-related and restructuring expenses, deposit base intangible and other intangible amortization expense, and the cumulative effect of a change in accounting principle. This is the basis on which we manage and allocate capital to our business segments. We continuously assess assumptions, methodologies and reporting classifications to better reflect the true economics of our business segments.

Wachovia and the Internal Revenue Service ( IRS ) have settled all issues relating to the IRS 's challenge of our tax position on lease-in, lease-out ( LILO ) transactions entered into by First Union Corporation and legacy Wachovia Corporation. Our current and deferred tax liabilities previously accrued were adequate to cover this resolution. For the purposes of presenting average balances and net interest income summaries, deferred taxes related to these leases are netted against the loan balance. Accordingly, the reduction of deferred tax liabilities associated with the resolution noted above increases the balances against which interest income is applied to determine interest yield earned. In 3Q04, this results in an increase in average loans of \$2.6 billion and a reduction in the average interest rate earned on lease financing of approximately 268 bps.

Wachovia has been advised that the large accounting firms have recently discussed with the staff of the Financial Accounting Standards Board the accounting for leveraged leases used by public companies. If a change is made, it may result in a one-time charge to earnings and, thereafter, increased earnings in an approximate equal aggregate amount over the future life of the leases.

In 2Q04, we revised the model used for determining certain components of our allowance for loan losses. The model revision did not have a material impact on our recorded allowance. Additionally, as of June 30, 2004, we reclassified the reserve for unfunded lending commitments from the allowance for loan losses to other liabilities. Amounts for prior periods have been reclassified. In addition to presenting the balance and metrics relating to the allowance for loan losses, we are also presenting the balance and certain metrics relating to the allowance for credit losses, which is the sum of the allowance for loan losses and the reserve for unfunded lending commitments.

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**Net Interest Income**

(See Table on Page 5)

**Net Interest Income Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
Average earning assets	\$ 359,909	344,847	330,320	322,274	303,503	4%	19
Average interest-bearing liabilities	314,310	301,652	289,741	284,005	266,351	4	18
Interest income (Tax-equivalent)	4,364	4,084	4,061	4,016	3,776	7	16
Interest expense	1,336	1,181	1,138	1,074	1,059	13	26
Net interest income (Tax-equivalent)	\$ 3,028	2,903	2,923	2,942	2,717	4%	11
Average rate earned	4.84%	4.75	4.93	4.96	4.95		
Equivalent rate paid	1.48	1.38	1.38	1.32	1.38		
Net interest margin	3.36%	3.37	3.55	3.64	3.57		

In early 4Q03, we began marketing our FDIC-insured money market deposit account to brokerage sweep customers. Since then, customers have been transferring balances from money market mutual fund accounts to these deposit accounts. We have been investing these deposits in securities that in concert produce an asset/liability structure that enables us to maintain our desired interest rate sensitivity. This product has captured \$28.9 billion in new deposits to date, up \$3.9 billion on a period-end basis. These deposits represented \$27.4 billion of 3Q04 average core deposits, up \$4.4 billion from 2Q04.

**Net interest income** of \$3.0 billion increased \$125 million, primarily reflecting improving spreads, additional growth in earning assets and lower prepayments. Compared with 3Q03, net interest income increased \$311 million, reflecting earning assets growth (discussed below).

**Net interest margin** declined 1 bp to 3.36%, as improvement in spreads and the benefit of slower mortgage prepayments and premium amortization was more than offset by growth in lower yielding trading assets, the balance sheet impact of our 2Q04 resolution of commercial leasing tax matters, and the investment of an additional \$4.4 billion growth in average FDIC-insured money market sweep balances. Net interest margin declined 21 bps from 3Q03, driven by the investment of FDIC-insured money market sweep deposits and increased low-yielding trading



assets.

In order to maintain our targeted interest rate risk profile, derivative positions are used to hedge the repricing risk inherent in balance sheet positions. The contribution of hedge-related derivatives, primarily on fixed rate debt, fixed rate consumer deposits and floating rate loans, offsets effects on income from balance sheet positions. In 3Q04, net hedge-related derivative income contributed 30 bps to the net interest margin vs. 33 bps in 2Q04 and 47 bps in 3Q03.

**Trading assets** grew an average \$5.9 billion related to asset growth in interest rate product trading as well as generally higher customer activity. **Average securities** rose \$1.3 billion reflecting continued investment of growth in deposit balances. **Average loans** rose 3% linked quarter. **Average commercial loans** were up \$4.8 billion, or 5%, including a \$2.6 billion impact resulting from a second quarter resolution of tax matters related to our commercial lease portfolio at the end of 2Q04. The remaining \$2.2 billion of growth was driven by a \$924 million increase in middle market, business banking and small business lending, and a \$725 million increase in asset-based and international trade finance. Average large corporate loans, excluding the impact of the tax settlement, remained relatively flat linked-quarter. **Average consumer loans** were up \$157 million, as growth in home equity line outstandings and student loans was largely offset by the \$2.2 billion average effect of our auto loan securitization activity of \$2.0 billion in 2Q04 and \$1.0 billion in 3Q04. **Loans held for sale** increased \$1.5 billion, or 10%, largely on growth in prime equity lines. **Other earning assets** increased 4%. Compared with 3Q03, total earning asset growth of \$56.4 billion was driven by a \$23.1 billion increase in securities largely relating to growth in FDIC-insured money market sweep deposits, \$13.1 billion rise in trading assets, a \$10.6 billion increase in loan outstandings and a \$6.9 billion increase in loans held for sale.

**Average core deposits** increased \$9.2 billion, or 4%. Core deposit growth included an average \$4.4 billion in additional FDIC-insured money market sweep deposits in our retail brokerage business; growth in our remaining businesses was \$4.8 billion or 2%. Low-cost core deposit growth was \$10.3 billion, or 6%. **Average foreign and other time deposits** and **average short-term borrowings** were each up 3%. **Average long-term debt** increased 6% reflecting the July 2004 issuance of \$5.0 billion of senior and subordinated debt. Compared with 3Q03, average core deposits increased \$47.3 billion, including \$27.2 billion related to the FDIC-insured money market sweep

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product; short-term borrowings increased \$3 billion to partially fund trading asset growth; and long-term debt increased \$4 billion.

The following tables provide additional detail on our consumer loans.

**Average Consumer Loans Total Corporation**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third	Second	First	Fourth	Third	vs	vs
	Quarter	Quarter	Quarter	Quarter	Quarter	2 Q 04	3 Q 03
Mortgage	\$ 26,299	25,038	23,558	23,898	22,069	5%	19
Home equity loans	25,061	24,532	24,232	24,342	24,255	2	3
Home equity lines	2,928	2,819	3,089	3,140	3,114	4	(6)
Student	10,145	9,941	8,908	8,502	7,962	2	27
Installment	3,211	3,272	3,059	3,069	3,428	(2)	(6)
Other consumer loans	4,048	5,933	5,967	6,021	6,254	(32)	(35)
<b>Total consumer loans</b>	<b>\$ 71,692</b>	<b>71,535</b>	<b>68,813</b>	<b>68,972</b>	<b>67,082</b>	<b>%</b>	<b>7</b>

Period-End On-Balance Sheet Consumer Loans In Loans, Securities, and Loans Held for Sale	2004			2003		3 Q 04	3 Q 04
	Third	Second	First	Fourth	Third	vs	vs
	Quarter	Quarter	Quarter	Quarter	Quarter	2 Q 04	3 Q 03
(In millions)							
On-balance sheet loan portfolio	\$ 71,582	70,927	69,137	68,126	68,786	1%	4
Securitized loans included in securities	9,104	9,636	10,261	10,905	11,809	(6)	(23)
Loans held for sale	15,762	14,370	12,040	10,051	8,826	10	79
<b>Total consumer loan assets</b>	<b>\$ 96,448</b>	<b>94,933</b>	<b>91,438</b>	<b>89,082</b>	<b>89,421</b>	<b>2%</b>	<b>8</b>

We hold consumer loan assets on our balance sheet in our consumer loan portfolio, in securitized form in our securities portfolio, and in loans held for sale. On-balance sheet period-end consumer loan assets of \$96.4 billion increased 2% and rose 8% from 3Q03. The linked-quarter and year-over-year increases were driven by strong growth in consumer real estate secured outstandings in our loan portfolio and held for sale warehouse as we slowed our securitization activity, somewhat offset by modest declines in securitized balances. We securitized \$1.0 billion in auto loans in early September in order to more efficiently manage our capital, which reduced period-end consumer loans.

The following table provides additional period-end balance sheet data.

Period-End Balance Sheet Data  (In millions)	2004			2003		3 Q 04	3 Q 04
	Third	Second	First	Fourth	Third	vs	vs
	Quarter	Quarter	Quarter	Quarter	Quarter	2Q 04	3Q 03
Commercial loans, net	\$ 102,524	101,581	97,742	97,030	96,705	1%	6
Consumer loans, net	71,980	71,336	69,561	68,541	69,220	1	4
Loans, net	174,504	172,917	167,303	165,571	165,925	1	5
Goodwill and other intangible assets							
Goodwill	11,481	11,481	11,233	11,149	11,094		3
Deposit base	484	568	659	757	863	(15)	(44)
Customer relationships	372	387	401	396	400	(4)	(7)
Tradenname	90	90	90	90	90		
Total assets	436,698	418,441	411,140	401,188	388,924	4	12
Core deposits	237,315	228,204	217,954	204,660	187,516	4	27
Total deposits	252,981	243,380	232,338	221,225	203,495	4	24
Stockholders' equity	\$ 33,897	32,646	33,337	32,428	32,813	4%	3
<b>Memoranda</b>							
Unrealized gains (Before income taxes)							
Securities, net	\$ 1,989	798	2,959	2,177	2,346		
Risk management derivative financial instruments, net	1,002	1,133	1,576	1,395	2,041		
Unrealized gains, net (Before income taxes)	\$ 2,991	1,931	4,535	3,572	4,387		

**Fee and Other Income**

(See Table on Page 6)

**Fee and other income** remained flat at \$2.6 billion and declined 1% from 3Q03. Fees represented 46% of total revenue in 3Q04 and 47% in 2Q04.

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**Service charges** grew 2% to \$499 million and rose 14% from 3Q03. Stronger consumer DDA charges, aided by growth in no-fee checking account charges and growth in commercial DDA charges drove these results.

**Other banking fees** of \$304 million were up 4%, primarily due to improvement in commercial mortgage banking fees. Versus 3Q03, fees were up 18% driven by both higher mortgage banking and interchange fees.

**Commissions** of \$584 million were down 14% and 24% from 3Q03 as retail market activity remained low. Insurance commissions were up 11% from 3Q03.

**Fiduciary and asset management fees** of \$665 million declined 1% on lower asset valuations. Fees were flat compared to 3Q03 as lower fees on money market assets transferred to the FDIC sweep product offset higher fees earned on growing assets.

**Advisory, underwriting and other investment banking fees** of \$233 million increased 18%, on strong results in investment grade and high-yield origination, and M&A, and loan syndications. These fees were up 22% from 3Q03 largely on higher loan syndication and M&A fees.

**Trading account losses** of \$69 million were down \$108 million from a \$39 million profit in 2Q04 on weaker interest rate product and commercial real estate finance. Trading results were down \$23 million from 3Q03.

**Principal investing** recorded net gains of \$201 million, up \$186 million, driven by three large direct investments. Results were up \$226 million vs. 3Q03 losses of \$25 million.

**Net securities losses** were \$71 million in 3Q04, including \$18 million in impairment losses, vs. 2Q04 gains of \$36 million, including \$3 million in impairment losses. This represented \$78 million of losses in our investment portfolio partially offset by net securities gains in the Corporate and Investment Bank of \$7 million. In 2Q04 we recorded \$6 million of net securities losses in our investment portfolio and \$40 million of net securities gains in the Corporate and Investment Bank. Net securities gains in 3Q03 were \$22 million and included \$35 million in impairment losses.

**Other income** of \$246 million increased \$73 million from 2Q04 and included a \$68 million loss on the sale of corporate real estate. Losses on auto loan securitizations were \$11 million versus \$46 million in 2Q04. 3Q04 included a \$16 million gain associated with equity collars on our stock versus a \$13 million loss in 2Q04. Mortgage and home equity sale and securitization income decreased to \$30 million from \$53 million in 2Q04. Net gains from market valuation adjustments on and sales of loans held for sale were \$38 million in 3Q04 vs. \$44 million in 2Q04. 2Q04 results included gains of \$21 million in our Asset Management sub-segment associated with the sale of two non-strategic businesses. Compared with 3Q03, the primary drivers of the \$105 million decline were lower securitization income and lower gains on loan sales and loans held for sale gains.

**Noninterest Expense**

(See Table on Page 7)

**Total noninterest expense** increased 5%. Excluding the effect of **merger-related and restructuring expenses** and other intangible amortization, expenses were up 5% primarily reflecting higher legal costs, and were up 4% vs. 3Q03, primarily reflecting higher professional and consulting and sundry expenses.

**Salaries and employee benefits expense** decreased 2% as lower incentives on reduced brokerage activity was partially offset by higher salaries expense. **Occupancy expense** rose 4% and **equipment expense** rose 6%. **Professional and consulting fees** increased 6%. **Sundry expense** rose 59%, largely reflecting higher legal costs. **Other intangible amortization** of \$99 million included \$83 million deposit base intangible amortization and \$16 million other intangible amortization.

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**General Bank**

This segment consists of the Retail and Small Business, and Commercial operations.

(See Table on Page 9)

**Retail and Small Business**

This sub-segment includes Retail Banking, Small Business Banking, Wachovia Mortgage, Wachovia Home Equity, Educaid and other retail businesses.

**Retail and Small Business****Performance Summary**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 1,407	1,348	1,320	1,331	1,354	4%	4
Fee and other income	500	503	444	410	470	(1)	6
Intersegment revenue	15	16	15	18	19	(6)	(21)
Total revenue (Tax-equivalent)	1,922	1,867	1,779	1,759	1,843	3	4
Provision for credit losses	56	50	62	88	85	12	(34)
Noninterest expense	1,066	1,022	1,040	1,093	1,039	4	3
Income taxes (Tax-equivalent)	291	289	245	211	263	1	11
Segment earnings	\$ 509	506	432	367	456	1%	12
<b>Performance and other data</b>							
Economic profit	\$ 425	417	347	297	382	2%	11
Risk adjusted return on capital (RAROC)	67.43%	66.16	56.60	49.19	59.53		
Economic capital, average	\$ 2,996	3,041	3,062	3,091	3,127	(1)	(4)

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Cash overhead efficiency ratio (Tax-equivalent)	<b>55.49%</b>	54.73	58.44	62.13	56.36		
Average loans, net	<b>\$ 72,068</b>	70,516	67,786	66,235	64,520	2	12
Average core deposits	<b>\$ 131,529</b>	128,864	125,576	124,037	123,357	2%	7

**Net interest income** increased 4% and was up 4% from 3Q03. Linked-quarter performance reflected continued 2% core and 3% low-cost core growth and improving deposit spreads. Average loans rose 2% on higher small business loans and home equity line usage. Loans were up 12% from the prior year quarter, primarily reflecting growth in home equity and student loans. Average core deposits grew 2% and increased 7% from 3Q03. Linked-quarter performance reflects continued strong low-cost core deposit growth of 2% as well as 2% growth in CDs.

**Fee and other income** declined 1% but increased 6% from 3Q03. The linked-quarter performance was due to lower mortgage-related fees which were partially offset by higher consumer service charges. Mortgage-related fee and other income of \$34 million decreased 35% and 62% from 3Q03, and included \$8 million in net gains on mortgage deliveries and servicing sales, compared with \$20 million in 2Q04 and \$39 million in 3Q03. Non-mortgage-related fee and other income of \$466 million increased 3% and was up 22% vs. 3Q03.

**Noninterest expense** increased 4% linked-quarter, primarily due to increased loan costs associated with higher student loan volume, higher allocated legal costs and increased technology expense. Expenses increased 3% vs. 3Q03 on higher revenue; lower mortgage origination expenses were offset by higher costs associated with a new mortgage front-end processing system.

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Wachovia 3Q04 Quarterly Earnings Report

**General Bank Retail and Small Business Loan Production****Retail and Small Business**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Loan production</b>							
Mortgage	\$ 3,320	4,572	3,106	3,129	6,778	(27)%	(51)
Home equity	7,612	8,787	7,257	6,795	8,907	(13)	(15)
Student	829	407	763	541	660		26
Installment	117	128	123	126	166	(9)	(30)
Other retail and small business	1,715	1,857	1,402	1,446	1,511	(8)	14
<b>Total loan production</b>	<b>\$ 13,593</b>	<b>15,751</b>	<b>12,651</b>	<b>12,037</b>	<b>18,022</b>	<b>(14)%</b>	<b>(25)</b>

Loan production declined 14% to \$13.6 billion as consumer loan demand decreased with the higher rates prevailing in 2Q04 and early 3Q04. Student loan volumes increased over seasonally low 2Q04 levels and were up 26% vs. 3Q03 on stronger business.

**Wachovia.com****Wachovia.com**

(In thousands)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Online product and service enrollments</b>							
Retail	7,842	6,986	6,637	6,239	5,915	12%	33
Wholesale	440	411	397	361	340	7	29
<b>Total online product and service enrollments</b>	<b>8,282</b>	<b>7,397</b>	<b>7,034</b>	<b>6,600</b>	<b>6,255</b>	<b>12</b>	<b>32</b>
Enrollments per quarter	906	377	458	375	435	%	



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Dollar value of transactions (In billions)	\$ 21.9	23.3	22.0	18.6	15.5	(6)	41
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Online product and service enrollment increased 12% from 2Q04 and 32% from 3Q03 due to the effect of the retail brokerage transaction.

**Wachovia Contact Center**

**Wachovia Contact Center Metrics**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Customer calls to</b>							
Person	9.5	9.4	9.6	9.1	9.5	1%	
Voice response unit	36.4	36.6	36.9	33.4	32.6	(1)	12
<b>Total calls</b>	<b>45.9</b>	46.0	46.5	42.5	42.1		9
% of calls handled in 30 seconds or less (Target 70%)	78%	74	57	71	62	%	

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**Commercial**

This sub-segment includes Business Banking, Middle-Market Commercial, Commercial Real Estate and Government Banking.

**Commercial****Performance Summary**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 587	553	536	545	530	6%	11
Fee and other income	101	97	125	91	91	4	11
Intersegment revenue	28	24	23	31	27	17	4
Total revenue (Tax-equivalent)	716	674	684	667	648	6	10
Provision for credit losses	18	15	6	57	35	20	(49)
Noninterest expense	288	276	274	293	280	4	3
Income taxes (Tax-equivalent)	149	138	147	116	121	8	23
Segment earnings	\$ 261	245	257	201	212	7%	23
<b>Performance and other data</b>							
Economic profit	\$ 178	158	159	126	117	13%	52
Risk adjusted return on capital (RAROC)	43.18%	39.85	38.71	31.21	29.21		
Economic capital, average	\$ 2,204	2,205	2,305	2,467	2,554		(14)
Cash overhead efficiency ratio (Tax-equivalent)	40.23%	40.85	40.13	43.94	43.22		
Average loans, net	\$ 52,517	51,533	50,378	50,139	50,054	2	5
Average core deposits	\$ 38,930	37,739	35,295	34,106	31,979	3%	22

**Net interest income** increased 6% and rose 11% from 3Q03. The linked-quarter increase was attributable to both balance sheet growth and stronger spreads on loans and deposits. Total loans grew \$984 million, or 2%, with growth in all categories. Loans increased 5% vs. 3Q03. Commercial and industrial loans (other than real estate) were up 3% to \$33.6 billion and rose 10% vs. 3Q03. Core deposit growth of 3% and 22% year-over-year reflected growth in checking and money market deposits driven by customer acquisition and continued customer liquidity.

**Fee and other income** rose 4% and 11% vs. 3Q03 on higher commercial DDA service charges and other banking fees.

**Noninterest expense** increased 4% and was up 3% vs. 3Q03 on higher revenue-related personnel expense and expenses associated with asset-based lending services.

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**Capital Management**

This segment includes Asset Management and Retail Brokerage Services.

(See Table on Page 10)

**Asset Management**

This sub-segment consists of the mutual fund business, customized investment advisory services, and Corporate and Institutional Trust Services.

**Asset Management****Performance Summary**

	2004			2003		3Q 04	3Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2Q 04	vs 3Q 03
<b>(In millions)</b>							
<b>Income statement data</b>							
Net interest income ( <i>Tax-equivalent</i> )	\$ 10	11	8	10	9	(9)%	11
Fee and other income	253	287	269	262	252	(12)	
Intersegment revenue	(1)				(1)		
Total revenue ( <i>Tax-equivalent</i> )	262	298	277	272	260	(12)	1
Provision for credit losses							
Noninterest expense	222	227	226	226	209	(2)	6
Income taxes ( <i>Tax-equivalent</i> )	14	26	18	17	19	(46)	(26)
Segment earnings	\$ 26	45	33	29	32	(42)%	(19)
<b>Performance and other data</b>							
Economic profit	\$ 21	39	28	24	26	(46)%	(19)
Risk adjusted return on capital ( <i>RAROC</i> )	55.23%	90.51	65.92	55.31	64.01		
Economic capital, average	\$ 189	199	201	209	198	(5)	(5)

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Cash overhead efficiency ratio ( <i>Tax-equivalent</i> )	<b>84.34%</b>	76.42	81.33	83.11	80.56		
Average loans, net	<b>\$ 346</b>	253	139	156	135	37	156
Average core deposits	<b>\$ 1,555</b>	1,559	1,182	1,370	1,196	%	30

**Fee and other income** declined 12% and increased slightly vs. 3Q03. The linked-quarter decrease was driven by a \$23 million net decline in revenues related to the sale of two non-strategic businesses in 2Q04. These non-strategic businesses contributed \$8 million of fee and other income to 3Q03 results. Fee and other income from our remaining strategic businesses declined 4% linked-quarter and increased 4% from 3Q03. The year-over-year increase in fee income was driven by the growth in assets under management and the effect of the Metropolitan West, LLC ( Metwest ) acquisition.

**Noninterest expense** declined 2%, and increased 6% from 3Q03 levels largely due to the effect of the Metwest acquisition as well as higher corporate legal costs. Expenses from the divested businesses were \$2 million in 2Q04 and \$3 million in 3Q03.

**Segment earnings** down 42% from 2Q04 primarily due to the net \$14 million effect of the sale of two non-strategic businesses in 2Q04.

**Mutual Funds**

(In billions)	2004						2003				3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter		Second Quarter		First Quarter		Fourth Quarter		Third Quarter			
	Fund		Fund		Fund		Fund		Fund			
	Amount	Mix	Amount	Mix	Amount	Mix	Amount	Mix	Amount	Mix		
<b>Assets under management</b>												
Money market	\$ 54	50%	\$ 51	49%	\$ 50	48%	\$ 56	51%	\$ 63	55%	6%	(14)
Equity	26	25	26	25	25	24	24	22	21	19		24
Fixed income	27	25	27	26	29	28	29	27	30	26		(10)
Total mutual fund assets	<b>\$ 107</b>	<b>100%</b>	\$ 104	100%	\$ 104	100%	\$ 109	100%	\$ 114	100%	3%	(6)

**Total Assets Under Management**

(In billions)	2004						2003				3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter		Second Quarter		First Quarter		Fourth Quarter		Third Quarter			
	Fund		Fund		Fund		Fund		Fund			
	Amount	Mix	Amount	Mix	Amount	Mix	Amount	Mix	Amount	Mix		
<b>Assets under management</b>												
Money market	\$ 65	26%	\$ 64	26%	\$ 63	25%	\$ 67	27%	\$ 72	30%	2%	(10)

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Equity	73	29	74	30	74	30	72	29	64	27	(1)	14
Fixed income	111	45	110	44	114	45	108	44	104	43	1	7
<b>Total assets under management</b>	<b>249</b>	<b>100</b>	248	100	251	100	247	100	240	100	1	4
Securities lending	36	n/a	36	n/a	36	n/a		n/a		n/a		
<b>Total assets under management and securities lending</b>	<b>\$ 285</b>	<b>n/a%</b>	\$ 284	n/a%	\$ 287	n/a%	\$ 247	n/a%	\$ 240	n/a%	%	19

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Total assets under management increased 1% as continued positive net equity fund sales and the transfer of Prudential assets into Evergreen funds were partially offset by market valuations and money market outflows including the FDIC sweep movement to deposit accounts.

**Retail Brokerage Services**

This sub-segment includes Retail Brokerage and Insurance Services.

**Retail Brokerage Services****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income ( <i>Tax-equivalent</i> )	\$ 142	119	109	85	69	19%	106
Fee and other income	881	963	1,086	1,070	1,057	(9)	(17)
Intersegment revenue	(12)	(13)	(12)	(16)	(15)	8	20
Total revenue ( <i>Tax-equivalent</i> )	1,011	1,069	1,183	1,139	1,111	(5)	(9)
Provision for credit losses							
Noninterest expense	884	931	1,009	982	961	(5)	(8)
Income taxes ( <i>Tax-equivalent</i> )	48	48	64	56	55		(13)
Segment earnings	\$ 79	90	110	101	95	(12)%	(17)
<b>Performance and other data</b>							
Economic profit	\$ 48	60	76	67	65	(20)%	(26)
Risk adjusted return on capital ( <i>RAROC</i> )	29.10%	31.59	36.82	34.02	34.25		
Economic capital, average	\$ 1,081	1,140	1,205	1,168	1,104	(5)	(2)
Cash overhead efficiency ratio ( <i>Tax-equivalent</i> )	87.70%	86.86	85.37	86.17	86.50		
Average loans, net	\$	1					
Average core deposits	\$ 27,536	23,166	17,161	5,629	419	19 %	

**Net interest income** of \$142 million increased 19% and 106% from 3Q03 driven by deposit growth associated with the movement of money market balances to the FDIC-insured money market sweep product as well as the impact of improving spreads. Linked-quarter average and period-end deposits increased \$4.4 billion and \$3.9 billion, respectively, due to the sweep product.

**Fee and other income** decreased 9% and 17% from 3Q03, largely on lower retail investor trading activity.

**Noninterest expense** decreased 5% and 8% from 3Q03, primarily due to lower incentive costs.

#### **Retail Brokerage Transaction**

The Retail Brokerage Services sub-segment results shown in the above table include 100% of the results of the Wachovia Securities retail brokerage transaction, which is the combination of Wachovia's and Prudential Financial's retail brokerage operations. The entity is a consolidated subsidiary of Wachovia Corporation for GAAP purposes. Wachovia Corporation owns 62% of Wachovia Securities retail brokerage and Prudential Financial, Inc. owns 38%. Prudential Financial's minority interest is included in minority interest reported in the Parent (see page 29) and in Wachovia Corporation's consolidated statements of income on a GAAP basis, which differs from our segment reporting as noted on pages 3 and 15. For the three months ended September 30, 2004, Prudential Financial's pre-tax minority interest on a GAAP basis was a net benefit of less than \$1 million.

The Retail Brokerage Services sub-segment results reported in the above table also include our Insurance Services sub-segment, as well as additional corporate allocations that are not included in the Wachovia Securities Financial Holdings results.

#### **Capital Management Eliminations**

In addition to the above sub-segments, Capital Management results include eliminations among business units. Certain brokerage commissions earned on mutual fund sales by our brokerage sales force are eliminated and deferred in the consolidation of Capital Management reported results. In 3Q04, brokerage revenue and expense eliminations were a reduction of \$3 million and \$7 million, respectively.



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**Wealth Management**

This segment includes Private Banking, Personal Trust, Investment Advisory Services, Charitable Services, Financial Planning and Insurance Brokerage (property and casualty, and high net worth life).

**Wealth Management****Performance Summary**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
<b>Income statement data</b>							
Net interest income ( <i>Tax-equivalent</i> )	\$ 130	120	114	114	113	8%	15
Fee and other income	136	144	141	138	131	(6)	4
Intersegment revenue	2	2	1	2	1		
Total revenue ( <i>Tax-equivalent</i> )	268	266	256	254	245	1	9
Provision for credit losses	(1)			1	2		
Noninterest expense	189	190	186	187	183	(1)	3
Income taxes ( <i>Tax-equivalent</i> )	30	28	25	25	22	7	36
Segment earnings	\$ 50	48	45	41	38	4%	32
<b>Performance and other data</b>							
Economic profit	\$ 36	33	30	25	24	9%	50
Risk adjusted return on capital ( <i>RAROC</i> )	49.09%	46.77	42.61	37.31	35.40		
Economic capital, average	\$ 372	374	379	385	384	(1)	(3)
Cash overhead efficiency ratio ( <i>Tax-equivalent</i> )	70.52%	71.66	72.55	74.31	74.48		
Lending commitments	\$ 4,497	4,445	4,117	4,012	3,843	1	17
Average loans, net	11,461	10,859	10,379	9,924	9,703	6	18
Average core deposits	\$ 12,327	12,107	11,523	11,319	11,054	2	12
FTE employees	3,628	3,674	3,745	3,791	3,802	(1)%	(5)

**Net interest income** of \$130 million was up 8% driven by strong balance sheet growth in money market deposits and consumer loans, and the effect of improving spreads. Average loans grew 6% on increased volume in both the consumer and commercial segments. Core deposit growth of 2% was driven by higher money market and demand deposit balances as a result of successful deposit campaigns. Net interest income growth of 15% vs. 3Q03 was driven by loan growth of 18% and core deposit growth of 12%.

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**Fee and other income** decreased 6% from strong second quarter levels, reflecting a seasonal slowdown in insurance commissions and lower asset management fees in-line with market valuation declines. The 4% year-over-year increase in fee and other income was driven by growth in trust and investment management fees and insurance commissions.

**Noninterest expense** was down 1% driven by lower personnel costs and continued expense discipline. Expenses increased 3% vs. 3Q03 on higher incentive and occupancy expense.

### Wealth Management Key Metrics

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter		
Investment assets under administration	\$ 107,764	108,739	109,239	107,177	100,708	(1)%	7
Assets under management (a)	\$ 58,693	59,401	59,602	59,010	56,484	(1)	4
Client relationships (Actual)	51,926	66,624	70,630	70,897	70,279	(22)	(26)
Wealth Management advisors (Actual)	927	958	954	960	993	(3)%	(7)

(a) These assets are managed by and reported in Capital Management. Historical periods have been restated to reflect the transfer of assets from Wealth Management to other channels that best meet client needs.

AUM declined 1% on lower market valuations. AUM grew 4% from 3Q03, reflecting higher market valuations and sales momentum. Client relationships declined 22% to 51,926 reflecting the net transfer of 13,400 clients from Wealth Management to the General Bank.

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**Corporate and Investment Bank**

This segment includes Corporate Lending, Investment Banking, Global Treasury and Trade Finance, and Principal Investing.

(See Table on Page 12)

**Corporate Lending**

This sub-segment includes Large Corporate Lending, Loan Syndications and Leasing.

**Corporate Lending****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs	vs
						2 Q 04	3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 231	289	277	293	298	(20)%	(22)
Fee and other income	179	186	182	200	189	(4)	(5)
Intersegment revenue	4	5	6	3	4	(20)	
Total revenue (Tax-equivalent)	414	480	465	496	491	(14)	(16)
Provision for credit losses	(14)	(4)	(27)	36	10		
Noninterest expense	132	123	118	129	116	7	14
Income taxes (Tax-equivalent)	109	135	140	124	137	(19)	(20)
Segment earnings	\$ 187	226	234	207	228	(17)%	(18)
<b>Performance and other data</b>							
Economic profit	\$ 83	133	123	120	111	(38)%	(25)
Risk adjusted return on capital (RAROC)	23.52%	31.68	30.06	26.84	24.49		
Economic capital, average	\$ 2,644	2,573	2,605	2,981	3,268	3	(19)

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Cash overhead efficiency ratio (Tax-equivalent)	<b>31.83%</b>	25.65	25.46	25.90	23.58		
Average loans, net	<b>\$ 25,569</b>	22,853	23,728	24,989	26,089	12	(2)
Average core deposits	<b>\$ 745</b>	826	816	924	1,363	(10)%	(45)

**Net interest income** declined \$58 million, or 20%, due primarily to 3Q04 funding costs of \$36 million associated with the reduction of the commercial lease deferred tax liability. Additionally, 2Q04 results included recognition of higher deferred fees driven by early loan pay-offs and interest income associated with loans returning to accrual status. Compared with 3Q03, net interest income declined \$67 million due to the higher lease funding cost and lower loan balances. Average loans and leases increased \$2.6 billion from 2Q04 largely relating to a 2Q04 resolution of tax matters related to our commercial lease portfolio; otherwise, loans were relatively flat. Average core deposits decreased \$81 million and were down \$618 million from 3Q03 driven by lower balances held by several large corporate customers.

**Fee and other income** declined \$7 million, or 4%, as lower securities gains more than offset the effect of higher gains on loans held for sale and record loan syndication fees. Compared with 3Q03, fee and other income decreased \$10 million, or 5%, related to lower gains on loans held for sale. There were no net gains on securities in 3Q04 versus \$36 million in 2Q04 and no net gains or losses in 3Q03. Gains on loans sold and held for sale were \$37 million in 3Q04 versus \$15 million in 2Q04 and \$74 million in 3Q03.

**Provision expense** continued to reflect net recoveries. Gross charge-offs of \$23 million during the quarter were offset by \$29 million in recoveries and recovery of other credit loss of \$9 million. Recoveries and benefits from reversal of previous first loss provisions were \$18 million in 2Q04 and recoveries were \$45 million in 3Q03.

**Noninterest expense** increased 7% on higher personnel expense and overhead costs.

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**Investment Banking**

This sub-segment includes Equity Capital Markets, M&A, Equity-Linked Products and the activities of our Fixed Income Division including Interest Rate Products, Credit Products, Structured Products and Non-Dollar Products.

**Investment Banking****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 282	241	236	213	191	17%	48
Fee and other income	224	334	345	257	197	(33)	14
Intersegment revenue	(10)	(8)	(7)	(12)	(11)	(25)	(9)
Total revenue (Tax-equivalent)	496	567	574	458	377	(13)	32
Provision for credit losses	(1)		1	(1)			
Noninterest expense	365	320	323	326	275	14	33
Income taxes (Tax-equivalent)	51	89	89	48	36	(43)	42
Segment earnings	\$ 81	158	161	85	66	(49)%	23
<b>Performance and other data</b>							
Economic profit	\$ 48	119	124	55	44	(60)%	9
Risk adjusted return on capital (RAROC)	25.82%	49.66	51.30	31.80	27.64		
Economic capital, average	\$ 1,283	1,247	1,236	1,070	1,032	3	24
Cash overhead efficiency ratio (Tax-equivalent)	73.88%	56.53	56.01	71.06	72.42		
Average loans, net	\$ 2,450	2,016	1,681	1,799	1,780	22	38
Average core deposits	\$ 6,502	6,082	4,919	4,931	4,994	7%	30

**Net interest income** increased 17% and 48% from 3Q03 due to higher interest rate products and structured products trading assets along with higher commercial mortgage servicing escrow deposits.

**Fee and other income** declined \$110 million, or 33%. 3Q04 results were driven by \$93 million lower trading profits in Interest Rate Products and municipal finance along with lower real estate and asset-backed deal volume, partially offset by stronger investment grade, M&A and high

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yield results. Net securities gains were \$7 million in 3Q04 vs. \$5 million in 2Q04 and \$3 million in 3Q03. Fee and other income increased \$27 million, or 14%, from 3Q03 on stronger investment grade and M&A results, partially offset by a \$15 million increase in trading losses.

**Noninterest expense** increased 14% due to increased incentives on continued strong results.

Investment Banking net trading revenue was \$185 million for the quarter, a decrease of \$71 million. The lower trading results were driven by reductions in interest rate products and municipal finance.

### Investment Banking

#### Net Trading Revenue

<u>(In millions)</u>	2004			2003		3 Q 04	3 Q 04
	Third	Second	First	Fourth	Third	vs	vs
	Quarter	Quarter	Quarter	Quarter	Quarter	2 Q 04	3 Q 03
Net interest income (Tax-equivalent)	\$ 176	142	143	130	107	24%	64
Trading account profits (losses)	(45)	47	91	20	(30)		(50)
Other fee income	54	67	64	68	67	(19)	(19)
<b>Total net trading revenue (Tax-equivalent)</b>	<b>\$ 185</b>	<b>256</b>	<b>298</b>	<b>218</b>	<b>144</b>	<b>(28)%</b>	<b>28</b>

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**Global Treasury and Trade Finance**

This sub-segment includes Treasury Services, and International Correspondent Banking and Trade Finance.

**Global Treasury and Trade Finance****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ 88	87	84	84	80	1%	10
Fee and other income	183	181	178	176	178	1	3
Intersegment revenue	(27)	(27)	(26)	(25)	(24)		13
Total revenue (Tax-equivalent)	244	241	236	235	234	1	4
Provision for credit losses							
Noninterest expense	170	164	167	181	174	4	(2)
Income taxes (Tax-equivalent)	25	29	25	20	22	(14)	14
Segment earnings	\$ 49	48	44	34	38	2%	29
<b>Performance and other data</b>							
Economic profit	\$ 40	40	37	25	27	%	48
Risk adjusted return on capital (RAROC)	75.47%	79.75	74.76	49.15	48.93		
Economic capital, average	\$ 247	235	230	258	288	5	(14)
Cash overhead efficiency ratio (Tax-equivalent)	69.13%	68.52	70.73	77.30	74.53		
Average loans, net	\$ 5,231	4,958	4,305	4,045	4,042	6	29
Average core deposits	\$ 12,133	11,814	10,962	10,571	10,034	3%	21

**Net interest income** increased 1% driven by a 6% increase in average loans in international correspondent banking and 3% growth in average core deposits. Net interest income was up 10% from 3Q03 on 21% growth in deposits in both Treasury Services and international correspondent banking, and 29% growth in average loans in international correspondent banking.

**Fee and other income** grew 1% and was up 3% vs. 3Q03, due primarily to higher international payment services fees.

**Noninterest expense** increased 4% on higher allocated legal expense but declined 2% vs. 3Q03.

The treasury services business is managed in the Corporate and Investment Bank. Product revenues and earnings are also realized in other business lines within the company, including the General Bank and Wealth Management. Total treasury services product revenues for the company were \$608 million in 3Q04 vs. \$579 million in 2Q04 and \$530 million in 3Q03. Increased revenue trends are primarily driven by higher deposit balances related to treasury services product activities.



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**Principal Investing**

This sub-segment includes the public equity, private equity, and mezzanine portfolios and fund investment activities.

**Principal Investing****Performance Summary**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Income statement data</b>							
Net interest income (Tax-equivalent)	\$ (3)	(6)	(5)	(1)	3	(50)%	
Fee and other income	201	15	38	(12)	(25)		
Intersegment revenue							
Total revenue (Tax-equivalent)	198	9	33	(13)	(22)		
Provision for credit losses							
Noninterest expense	13	9	9	12	12	44	8
Income taxes (Tax-equivalent)	67		9	(9)	(12)		
Segment earnings (loss)	\$ 118		15	(16)	(22)	%	
<b>Performance and other data</b>							
Economic profit	\$ 99	(19)	(5)	(39)	(45)	%	
Risk adjusted return on capital (RAROC)	67.98%	0.07	8.46	(7.59)	(10.71)		
Economic capital, average	\$ 691	701	721	831	816	(1)	(15)
Cash overhead efficiency ratio (Tax-equivalent)	n/m%	n/m	n/m	n/m	n/m		
Average loans, net	\$						
Average core deposits	\$					%	

**Principal investing** net gains in 3Q04 were \$201 million compared with net gains of \$15 million and net losses of \$25 million in 3Q03. These results reflect \$226 million of gross gains and \$25 million in gross losses during the quarter. Net gains were attributable to direct equity net gains of \$207 million and fund investment net losses of \$6 million.

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The carrying amount of the principal investing portfolio at the end of 3Q04 was \$1.6 billion compared with \$1.6 billion in 2Q04. The portfolio at the end of 3Q04 was invested as follows: 48% direct investments (37% direct equity, 11% mezzanine) and 52% fund investments.

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**Parent**

This sub-segment includes the central money book, investment portfolio, some consumer real estate and mortgage assets, minority interest in consolidated subsidiaries, businesses being wound down or divested, other intangibles amortization, and eliminations.

**Parent****Performance Summary**

(In millions)	2004			2003		3 Q 04 vs 2 Q 04	3 Q 04 vs 3 Q 03
	Third	Second	First	Fourth	Third		
	Quarter	Quarter	Quarter	Quarter	Quarter		
<b>Income statement data</b>							
Net interest income ( <i>Tax-equivalent</i> )	\$ 154	140	244	267	70	10%	
Fee and other income	(63)	(106)	(46)	17	81	(41)	
Intersegment revenue	1		1		1		
Total revenue ( <i>Tax-equivalent</i> )	92	34	199	284	152		(39)
Provision for credit losses	(15)		2	(95)	(51)		(71)
Noninterest expense	213	134	214	214	182	59	17
Minority interest	65	70	79	78	71	(7)	(8)
Income taxes ( <i>Tax-equivalent</i> )	(126)	(100)	(61)	(36)	(75)	26	68
Segment earnings (loss)	\$ (45)	(70)	(35)	123	25	(36)%	
<b>Performance and other data</b>							
Economic profit	\$ (59)	(68)	(29)	71	5	(13)%	
Risk adjusted return on capital (RAROC)	(0.26)%	(2.10)	5.39	24.25	11.90		
Economic capital, average	\$ 2,098	2,101	2,114	2,098	2,094		
Cash overhead efficiency ratio ( <i>Tax-equivalent</i> )	123.47%	79.07	51.48	32.05	37.56		
Lending commitments	\$ 319	328	484	482	492	(3)	(35)
Average loans, net	(1,090)	653	785	2,313	1,671		
Average core deposits	\$ 1,732	1,652	1,239	1,222	1,319	5	31
FTE employees	22,491	22,894	23,396	23,517	23,713	(2)%	(5)

**Net interest income** increased \$14 million on higher investment spreads and increased \$84 million vs. 3Q03 as higher investment interest income more than offset an increase in net earnings credits paid to business units.

**Fee and other income** increased \$43 million from 2Q04 results which included a loss of \$68 million associated with the sale and leaseback of offices and financial centers. Auto loan securitization losses were \$11 million versus \$46 million loss in 2Q04. Other securitization income was \$23 million compared with \$28 million in 2Q04. Net securities losses were \$78 million vs. net losses of \$6 million in 2Q04. Trading losses were \$29 million, including an economic hedging loss of \$3 million associated with the auto loan securitization, an increase over 2Q04 losses of \$11 million, including an \$8 million economic hedging gain. In 3Q04, we recorded a \$16 million gain associated with equity collars on our stock versus a \$13 million loss in 2Q04. The primary drivers of the \$144 million decline in fees from 3Q03 were \$78 million in securities losses versus gains of \$13 million and a \$63 million decline in securitization income.

**Noninterest expense** rose \$79 million primarily due to higher legal costs, partially offset by lower personnel expense. Expenses rose from 3Q03 due to higher legal costs.

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**Asset Quality**

(See Table on Page 13)

**Net charge-offs** in the loan portfolio of \$65 million decreased \$3 million and were down 51% from 3Q03. As a percentage of average net loans, net charge-offs were 0.15% in 3Q04 compared with 0.17% in 2Q04 and 0.33% in 3Q03. Gross charge-offs of \$123 million represented 0.29% of average loans and were offset by \$58 million in recoveries.

**Provision for credit losses** totaled \$43 million, down \$18 million and down \$38 million from 3Q03. Included in the provision was a \$9 million benefit related to the recovery of lower of cost or market losses due to payments received on loans in the portfolio that had been previously carried in loans held for sale. Provision also included \$1 million relating to the sale of \$91 million of commercial exposure out of the loan portfolio, of which \$74 million was outstanding (\$55 million performing and \$19 nonperforming). Provision for credit losses on unfunded lending commitments was a credit of \$12 million.

**Allowance for Credit Losses****Allowance for Credit Losses**

<u>(In millions)</u>	2004			
	Third Quarter		Second Quarter	
	As a % of		As a % of	
	Amount	loans, net	Amount	loans, net
Allowance for loan losses				
Commercial	\$ 1,573	1.53%	\$ 1,601	1.58%
Consumer	636	0.88	647	0.91
Unallocated	115		83	
<b>Total</b>	<b>2,324</b>	<b>1.33</b>	<b>2,331</b>	<b>1.35</b>
Reserve for unfunded lending commitments				
Commercial	134		146	
<b>Allowance for credit losses</b>	<b>\$ 2,458</b>	<b>1.41</b>	<b>\$ 2,477</b>	<b>1.43%</b>
<b>Memoranda</b>				
Total commercial (including reserve for unfunded lending commitments)	\$ 1,707	1.66%	\$ 1,747	1.72%

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**Allowance for credit losses** was \$2.5 billion, or 1.41% of net loans, down \$19 million and down \$173 million from 3Q03. Allowance for loan losses was \$2.3 billion, or 1.33% of net loans, down \$7 million and down \$150 million from 3Q03. Included in the reduction was \$9 million in previous allowance established for commercial and consumer loans that were transferred to held for sale, sold or securitized. Reserve for unfunded lending commitments, which includes unfunded loans and standby letters of credit, was \$134 million, down \$12 million and down \$23 million from 3Q03.

The allowance for loan losses to nonperforming loans increased to 291% from 270% and 178% in 3Q03, and the allowance for loan losses to nonperforming assets (excluding NPAs in loans held for sale) increased to 258% versus 241% and 164% in 3Q03.

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**Nonperforming Loans****Nonperforming Loans (a)**

(In millions)	2004			2003		3 Q 04	3 Q 04
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	vs 2 Q 04	vs 3 Q 03
<b>Balance, beginning of period</b>	<b>\$ 863</b>	968	1,035	1,391	1,501	(11)%	(43)
<b>Commercial nonaccrual loan activity</b>							
Commercial nonaccrual loans, beginning of period	643	747	819	1,148	1,249	(14)	(49)
New nonaccrual loans and advances	143	100	183	122	252	43	(43)
Charge-offs	(53)	(42)	(49)	(109)	(93)	26	(43)
Transfers (to) from loans held for sale		(6)	(7)		(37)		
Transfers (to) from other real estate owned	(1)	(2)		(5)		(50)	
Sales	(19)	(19)	(73)	(101)	(56)		(66)
Other, principally payments	(137)	(135)	(126)	(236)	(167)	1	(18)
<b>Net commercial nonaccrual loan activity</b>	<b>(67)</b>	(104)	(72)	(329)	(101)	(36)	(34)
Commercial nonaccrual loans, end of period	576	643	747	819	1,148	(10)	(50)
<b>Consumer nonaccrual loan activity</b>							
Consumer nonaccrual loans, beginning of period	220	221	216	243	252		(13)
New nonaccrual loans, advances and other, net	2	(1)	5	13	15		(87)
Transfers (to) from loans held for sale				(13)	(24)		
Sales and securitizations				(27)			
<b>Net consumer nonaccrual loan activity</b>	<b>2</b>	(1)	5	(27)	(9)		
Consumer nonaccrual loans, end of period	222	220	221	216	243	1	(9)
<b>Balance, end of period</b>	<b>\$ 798</b>	863	968	1,035	1,391	(8)%	(43)

(a) Excludes nonperforming loans included in loans held for sale, which at September 30, June 30 and March 31, 2004, and at December 31 and September 30, 2003, were \$57 million, \$68 million, \$67 million, \$82 million and \$160 million, respectively.

**Nonperforming loans** in the loan portfolio of \$798 million decreased \$65 million, or 8%, and decreased \$593 million, or 43%, from 3Q03. Total nonperforming assets including loans held for sale of \$956 million decreased \$79 million, or 8%, and decreased \$711 million, or 43%, from 3Q03.

Commercial nonaccrual inflows to the nonaccrual portfolio were \$143 million, up \$43 million from 2Q04. Payments and other resolutions reduced nonperforming commercial loan balances by \$137 million, or 21% of beginning 3Q04 nonperforming commercial loan balances. In the quarter, \$19 million in nonperforming commercial loans were sold directly out of the loan portfolio. Consumer nonaccruals were \$222 million vs. \$220 million in 2Q04 and \$243 million in 3Q03.

**Loans Held For Sale**

**Loans Held for Sale**

(In millions)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Balance, beginning of period	\$ 16,257	14,282	12,625	10,173	10,088
<b>Core business activity</b>					
Core business activity, beginning of period	16,200	14,183	12,504	9,897	9,762
Originations/purchases	8,108	10,165	6,978	8,343	9,271
Transfers to (from) loans held for sale, net	(190)	(124)	(92)	8	(783)
Lower of cost or market value adjustments	(1)			(8)	(7)
Performing loans sold or securitized	(4,142)	(5,879)	(3,770)	(4,484)	(7,253)
Nonperforming loans sold			(2)	(36)	(11)
Other, principally payments	(2,255)	(2,145)	(1,435)	(1,216)	(1,082)
Core business activity, end of period	17,720	16,200	14,183	12,504	9,897
<b>Portfolio management activity</b>					
Portfolio management activity, beginning of period	57	99	121	276	326
Transfers to (from) loans held for sale, net					
Performing loans	12	16	50	29	81
Nonperforming loans		5	6	13	61
Lower of cost or market value adjustments	1			5	
Performing loans sold	(21)	(43)	(60)	(108)	(102)
Nonperforming loans sold	(6)	(8)	(8)	(63)	(64)
Allowance for loan losses related to loans transferred to loans held for sale		(1)	(7)	(17)	(18)
Other, principally payments	(8)	(11)	(3)	(14)	(8)
Portfolio management activity, end of period	35	57	99	121	276
Balance, end of period (a)	\$ 17,755	16,257	14,282	12,625	10,173

(a) Nonperforming assets included in loans held for sale at September 30, June 30 and March 31, 2004, and at December 31 and September 30, 2003, were \$57 million, \$68 million, \$67 million, \$82 million and \$160 million, respectively.



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Wachovia 3Q04 Quarterly Earnings Report

**Core Business Activity**

In 3Q04, a net \$8.1 billion of loans were originated or purchased for sale representing core business activity. We sold or securitized a total of \$4.1 billion of loans out of the loans held for sale portfolio.

**Portfolio Management Activity**

We sold or securitized a total of \$1.1 billion of loans directly out of the loan portfolio, including a \$1.0 billion consumer auto loan securitization initiated to more efficiently utilize capital. These sales included \$74 million of commercial loans, \$19 million of which were nonperforming. During the quarter, we also transferred \$15 million in corporate and commercial exposure to held for sale, including \$12 million of outstandings and \$3 million of unfunded lending commitments. All of the exposure transferred was performing. \$1.1 billion of the non-flow loan sales/transfers were performing and \$19 million were nonperforming.

At the end of 3Q04, 99% of the \$4.3 billion in large corporate and commercial exposure moved to held for sale since 3Q01 has been sold or paid down. The following table provides additional information related to the direct loan sale and securitization activity and the types of loans transferred to loans held for sale.

**Third Quarter 2004 Loans Securitized or****Sold or Transferred to Held for Sale****Out of Loan Portfolio**

(In millions)	Balance			Direct		Inflow as Loans Held For Sale		
	Non-performing	Performing	Total	Allowance Reduction	Provision to Adjust Value	Non-performing	Performing	Total
Commercial loans	\$ 19	55	74	2	1			
Consumer loans		1,045	1,045	3				
Loans securitized/sold out of loan portfolio	19	1,100	1,119	5	1			
Commercial loans		12	12				12	12
Consumer loans								

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Loans transferred to held for sale		12	12				12	12
Recovery of lower of cost or market losses						(9)		
Total	\$ 19	1,112	1,131	5	(8)		12	12

In addition to the provision described above, provision for credit losses related to loans transferred or sold included a \$9 million benefit related to recovery of lower of cost or market losses recorded in prior quarters due to payments received on loans currently held in the loan portfolio that had been previously carried in loans held for sale.

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Wachovia 3Q04 Quarterly Earnings Report

**Merger Integration Update****Estimated Merger Expenses**

In connection with the Wachovia Securities retail brokerage transaction, which closed on July 1, 2003, we began recording certain merger-related and restructuring expenses in 3Q03. These expenses are reflected in our income statement. In addition, we recorded purchase accounting adjustments to reflect Prudential Financial's contributed assets and liabilities at their respective fair values as of July 1, 2003, and to reflect certain exit costs related to Prudential's contributed businesses, which has the effect of increasing goodwill. These purchase accounting adjustments were final as of June 30, 2004, and total \$520 million. This amount is \$164 million less than the previously announced estimate. We currently expect merger-related and restructuring expenses to be \$500 million. During 2Q04, we reduced our estimate of total one-time costs for the Wachovia Securities retail brokerage transaction by \$108 million to \$1.0 billion.

In connection with the First Union/Wachovia merger, we have also been recording certain merger-related and restructuring expenses reflected in our income statement, as well as purchase accounting adjustments relating to recording the former Wachovia's assets and liabilities at their respective fair values as of September 1, 2001, and certain exit costs relating to the former Wachovia's businesses. As of September 30, 2004, the First Union/Wachovia merger one-time costs were final. Total merger-related and restructuring expenses were \$1.3 billion, which is \$24 million less than the revised estimate previously disclosed.

The following table indicates our progress compared with the estimated merger expenses for each of the respective transactions.

**Wachovia Securities Retail Brokerage Transaction**

<b>(In millions)</b>	<b>Net Merger- Related and Restructuring Expenses</b>	<b>Exit Cost Purchase Accounting Adjustments (a)</b>	<b>Total</b>
Total estimated expenses	\$ 500	520	1,020
<b>Actual expenses</b>			
2003	85	118	203
First quarter 2004	55	35	90
Second quarter 2004	65	367	432
Third quarter 2004	99		99
Total actual expenses	\$ 304	520	824

- (a) These adjustments represent incremental costs related to combining the two companies and are specifically attributable to Prudential's contributed business. Examples include employee termination costs, employee relocation costs, contract cancellations including leases and closing redundant Prudential contributed facilities. These adjustments are reflected in goodwill and are not charges against income.

**First Union/Wachovia Merger Final**

(In millions)	Net Merger- Related and Restructuring Expenses	Exit Cost Purchase Accounting Adjustments (a)	Total
<b>Actual expenses</b>			
2001	\$ 178	141	319
2002	386	110	496
2003	364		364
First quarter 2004	47		47
Second quarter 2004	37		37
Third quarter 2004	28		28
<b>Total actual expenses</b>	<b>\$ 1,040</b>	<b>251</b>	<b>1,291</b>

- (a) These adjustments represent incremental costs related to combining the two companies and are specifically attributable to the former Wachovia. Examples include employee termination costs, employee relocation costs, contract cancellations including leases and closing redundant former Wachovia facilities. These adjustments are reflected in goodwill and are not charges against income.

The total one-time costs for each of these transactions are the sum of total merger-related and restructuring expenses as reported in the following **Merger-Related and Restructuring Expenses** table and **Total pre-tax exit cost purchase accounting adjustments (one-time costs)** as detailed in the *Goodwill and Other Intangibles* table on the following pages for each of the respective transactions.

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Wachovia 3Q04 Quarterly Earnings Report

During the quarter, we recorded one-time costs of \$99 million relating to the Wachovia Securities retail brokerage transaction for a cumulative total of \$824 million. We also recorded \$28 million in the quarter relating to the First Union/Wachovia merger for a cumulative total for that merger of \$1.3 billion.

**Merger-Related and Restructuring Expenses****(Income Statement Impact)**

(In millions)	2004			2003	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>Wachovia Securities retail brokerage transaction merger-related and restructuring expenses</b>					
Personnel and employee termination benefits	\$ 49	20	19	16	13
Occupancy and equipment	10	7	2	2	1
Advertising	1	1	16		
Contract cancellations and system conversions	30	33	15	19	12
Other	9	4	3	5	17
<b>Total Wachovia Securities retail brokerage transaction merger-related and restructuring expenses</b>	<b>99</b>	<b>65</b>	<b>55</b>	<b>42</b>	<b>43</b>
<b>First Union/Wachovia merger-related and restructuring expenses Final</b>					
Personnel and employee termination benefits	2	12	14	30	2
Occupancy and equipment	13	10	13	6	27
Advertising			1	25	18
Contract cancellations and system conversions	9	11	13	27	44
Other	4	4	6	5	14
<b>Total First Union/Wachovia merger-related and restructuring expenses Final</b>	<b>28</b>	<b>37</b>	<b>47</b>	<b>93</b>	<b>105</b>
Other merger-related and restructuring expenses (reversals), net			(3)		
<b>Net merger-related and restructuring expenses</b>	<b>127</b>	<b>102</b>	<b>99</b>	<b>135</b>	<b>148</b>
Prudential Financial's 38 percent of shared Wachovia/Prudential Financial retail brokerage merger-related and restructuring expenses (minority interest)	(37)	(25)	(22)	(15)	(16)
Income taxes (benefits)	(35)	(30)	(29)	(45)	(49)
<b>After-tax net merger-related and restructuring expenses</b>	<b>\$ 55</b>	<b>47</b>	<b>48</b>	<b>75</b>	<b>83</b>

### **Merger-Related And Restructuring Expenses**

In the quarter, we recorded \$62 million in net merger-related and restructuring expenses related to the Wachovia Securities retail brokerage transaction after giving effect to Prudential Financial's share of these expenses of \$37 million. The majority of these expenses related to personnel and employee termination benefits as well as to contract cancellation and system conversions costs. We also recorded \$28 million of expenses relating to the First Union/Wachovia merger. Occupancy and equipment, and contract cancellations and system conversions were the largest categories.

### **Goodwill and Other Intangibles**

Under purchase accounting, the assets and liabilities contributed by Prudential Financial to the Wachovia Securities retail brokerage transaction and the assets and liabilities of the former Wachovia are recorded at their respective fair values as of July 1, 2003, and September 1, 2001, respectively, as if they had been individually purchased in the open market. The premiums and discounts that resulted from the purchase accounting adjustments to financial instruments are accreted/amortized into income/expense over the estimated term of the respective assets and liabilities, similar to the purchase of a bond at a premium or discount. This results in a market yield in the income statement for those assets and liabilities. Assuming a stable market environment from the date of purchase, we would expect that as these assets and liabilities mature, they could generally be replaced with instruments of similar yields.

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Wachovia 3Q04 Quarterly Earnings Report

The fair value purchase accounting adjustments relating to the Wachovia Securities retail brokerage transaction were final as of June 30, 2004. As of June 30, 2004, the goodwill attributable to this transaction totaled \$503 million.

**Goodwill and Other Intangibles Created by the Wachovia Securities Retail Brokerage Transaction Final****(In millions)**

Contributed value less book value of net assets contributed by Prudential Financial, Inc. as of July 1, 2003 (a)	<b>\$ 118</b>
Fair value purchase accounting adjustments (b)	
Premises and equipment	<b>116</b>
Other	<b>127</b>
Income taxes	<b>(86)</b>
Total fair value purchase accounting adjustments	<b>157</b>
Exit cost purchase accounting adjustments (c)	
Personnel and employee termination benefits	<b>147</b>
Occupancy and equipment	<b>328</b>
Other	<b>45</b>
Total pre-tax exit costs	<b>520</b>
Income taxes	<b>(201)</b>
Total after-tax exit cost purchase accounting adjustments (One-time costs)	<b>319</b>
Total purchase intangibles	<b>594</b>
Customer relationships intangibles (Net of income taxes)	<b>91</b>
Goodwill as of September 30, 2004	<b>\$ 503</b>

(a) 3Q03 based on preliminary valuation of net assets contributed.

(b) These adjustments represent fair value adjustments in compliance with purchase accounting standards and adjust assets and liabilities contributed by Prudential Financial to their fair values as of July 1, 2003.

(c) These adjustments represent incremental costs relating to combining the two companies and are specifically attributable to those businesses contributed by Prudential Financial.

**Goodwill and Other Intangibles Created by the First Union/Wachovia Merger Final****(In millions)**

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Purchase price less former Wachovia ending tangible stockholder's equity as of September 1, 2001	<b>\$ 7,466</b>
<hr/>	
Fair value purchase accounting adjustments (a)	
Financial assets	836
Premises and equipment	167
Employee benefit plans	276
Financial liabilities	(13)
Other, including income taxes	(154)
<hr/>	
Total fair value purchase accounting adjustments	1,112
<hr/>	
Exit cost purchase accounting adjustments (b)	
Personnel and employee termination benefits	152
Occupancy and equipment	85
Gain on regulatory-mandated branch sales	(47)
Contract cancellations	8
Other	53
<hr/>	
Total pre-tax exit costs	251
Income taxes	(73)
<hr/>	
Total after-tax exit cost purchase accounting adjustments (One-time costs)	178
<hr/>	
Total purchase intangibles	8,756
Deposit base intangible (Net of income taxes)	1,194
Other identifiable intangibles (Net of income taxes)	209
<hr/>	
Goodwill as of September 30, 2004	<b>\$ 7,353</b>
<hr/>	

- (a) These adjustments represent fair value adjustments in compliance with purchase accounting standards and adjust assets and liabilities of the former Wachovia to their fair values as of September 1, 2001.
- (b) These adjustments represent incremental expenses relating to combining the two companies and are specifically attributable to the former Wachovia.



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Wachovia 3Q04 Quarterly Earnings Report

**Explanation of Our Use of Certain Non-GAAP Financial Measures**

In addition to results presented in accordance with GAAP, this quarterly earnings report includes certain non-GAAP financial measures, including those presented on pages 2 and 4 under the captions "Earnings Reconciliation", and "Other Financial Measures", each with the sub-headings "Earnings excluding merger-related and restructuring expenses, and cumulative effect of a change in accounting principle" and "Earnings excluding merger-related and restructuring expenses, other intangible amortization and cumulative effect of a change in accounting principle", and which are reconciled to GAAP financial measures on pages 37-39. In addition, in this quarterly earnings report certain designated net interest income amounts are presented on a tax-equivalent basis, including the calculation of the overhead efficiency ratio.

Wachovia believes these non-GAAP financial measures provide information useful to investors in understanding the underlying operational performance of the company, its business and performance trends and facilitates comparisons with the performance of others in the financial services industry. Specifically, Wachovia believes that the exclusion of merger-related and restructuring expenses, and the cumulative effect of a change in accounting principle permits evaluation and a comparison of results for on-going business operations, and it is on this basis that Wachovia's management internally assesses the company's performance. Those non-operating items are excluded from Wachovia's segment measures used internally to evaluate segment performance in accordance with GAAP because management does not consider them particularly relevant or useful in evaluating the operating performance of our business segments. In addition, because of the significant amount of deposit base intangible amortization, Wachovia believes that the exclusion of this expense provides investors with consistent and meaningful comparisons to other financial services firms. Wachovia's management makes recommendations to its board of directors about dividend payments based on reported earnings excluding merger-related and restructuring expenses, other intangible amortization and the cumulative effect of a change in accounting principle, and has communicated certain dividend payout ratio goals to investors on this basis. Management believes that this payout ratio is useful to investors because it provides investors with a better understanding of and permits investors to monitor Wachovia's dividend payout policy. Wachovia also believes that the presentation of net interest income on a tax-equivalent basis ensures comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry standards. Wachovia operates one of the largest retail brokerage businesses in our industry, and we have presented an overhead efficiency ratio excluding these brokerage services, which management believes is useful to investors in comparing the performance of our banking business with other banking companies.

Although Wachovia believes the above non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP basis financial measures.

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Wachovia 3Q04 Quarterly Earnings Report

**Reconciliation Of Certain Non-GAAP Financial Measures****Reconciliation of Certain Non-GAAP Financial Measures**

(Dollars in millions, except per share data)		2004			2003	
		Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
	*					
<b>Income before change in accounting principle</b>						
Net income (GAAP)	A	\$ 1,263	1,252	1,251	1,100	1,105
After tax change in accounting principle (GAAP)						(17)
Income before change in accounting principle (GAAP)		1,263	1,252	1,251	1,100	1,088
After tax merger-related and restructuring expenses (GAAP)		55	47	48	75	83
Income before change in accounting principle, excluding merger-related and restructuring expenses	B	1,318	1,299	1,299	1,175	1,171
After tax other intangible amortization (GAAP)		62	67	69	74	79
Income before change in accounting principle, excluding after tax merger-related and restructuring expenses, and other intangible amortization	C	\$ 1,380	1,366	1,368	1,249	1,250
<b>Net income available to common stockholders</b>						
Net income available to common stockholders (GAAP)	D	\$ 1,263	1,252	1,251	1,100	1,105
After tax merger-related and restructuring expenses (GAAP)		55	47	48	75	83
After tax change in accounting principle (GAAP)						(17)
Net income available to common stockholders, excluding merger-related and restructuring expenses	E	1,318	1,299	1,299	1,175	1,171
After tax other intangible amortization (GAAP)		62	67	69	74	79
Net income available to common stockholders, excluding after tax merger-related and restructuring expenses, and other intangible amortization	F	\$ 1,380	1,366	1,368	1,249	1,250
<b>Return on average assets</b>						
Average assets (GAAP)	G	\$ 424,399	411,074	398,688	388,987	376,894
Average intangible assets (GAAP)		(12,473)	(12,326)	(12,351)	(12,380)	(12,250)
Average tangible assets (GAAP)	H	\$ 411,926	398,748	386,337	376,607	364,644
Average assets (GAAP)		\$ 424,399	411,074	398,688	388,987	376,894
Merger-related and restructuring expenses (GAAP)		117	69	20	199	138
Change in accounting principle						(14)

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Average assets, excluding merger-related and restructuring expenses, and change in accounting principle	<b>I</b>	<b>424,516</b>	411,143	398,708	389,186	377,018
Average intangible assets (GAAP)		<b>(12,473)</b>	(12,326)	(12,351)	(12,380)	(12,250)
Average tangible assets, excluding merger-related and restructuring expenses, and change in accounting principle	<b>J</b>	<b>\$ 412,043</b>	398,817	386,357	376,806	364,768
Return on average assets						
GAAP	<b>A/G</b>	<b>1.18%</b>	1.22	1.26	1.12	1.16
Excluding merger-related and restructuring expenses	<b>B/I</b>	<b>1.24</b>	1.27	1.31	1.20	1.23
Return on average tangible assets						
GAAP	<b>A/H</b>	<b>1.22</b>	1.26	1.30	1.16	1.20
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>C/J</b>	<b>1.33%</b>	1.38	1.42	1.32	1.36

Table continued on next page.

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Wachovia 3Q04 Quarterly Earnings Report

**Reconciliation Of Certain Non-GAAP Financial Measures****Reconciliation of Certain Non-GAAP Financial Measures**

	*	2004			2003	
		Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>Return on average common stockholders' equity</b>						
Average common stockholders' equity (GAAP)	<b>K</b>	<b>\$ 33,246</b>	32,496	32,737	32,141	31,985
Merger-related and restructuring expenses (GAAP)		<b>116</b>	69	20	199	138
Change in accounting principle						(14)
Average common stockholders' equity, excluding merger-related and restructuring expenses, and change in accounting principle	<b>L</b>	<b>33,362</b>	32,565	32,757	32,340	32,109
Average intangible assets (GAAP)	<b>M</b>	<b>(12,473)</b>	(12,326)	(12,351)	(12,380)	(12,250)
Average common stockholders' equity, excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>N</b>	<b>\$ 20,889</b>	20,239	20,406	19,960	19,859
<b>Return on average common stockholders' equity</b>						
GAAP	<b>D/K</b>	<b>15.12%</b>	15.49	15.37	13.58	13.71
Excluding merger-related and restructuring expenses, and change in accounting principle	<b>E/L</b>	<b>15.72</b>	16.04	15.95	14.41	14.46
<b>Return on average tangible common stockholders' equity</b>						
GAAP	<b>D/K+M</b>	<b>24.20</b>	24.96	24.68	22.09	22.22
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	<b>F/N</b>	<b>26.28%</b>	27.15	26.97	24.83	24.97

\* The letters included in the column are provided to show how the various ratios presented in the tables on pages 37 through 39 are calculated. For example, return on average assets on a GAAP basis is calculated by dividing net income (GAAP) by average assets (GAAP) (i.e., A/G), and annualized where appropriate.

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Wachovia 3Q04 Quarterly Earnings Report

**Reconciliation Of Certain Non-GAAP Financial Measures****Reconciliation of Certain Non-GAAP Financial Measures**

(Dollars in millions, except per share data)	*	2004			2003	
		Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<b>Overhead efficiency ratios</b>						
Noninterest expense (GAAP)	O	\$ 3,662	3,487	3,656	3,766	3,570
Merger-related and restructuring expenses (GAAP)		(127)	(102)	(99)	(135)	(148)
Noninterest expense, excluding merger-related and restructuring expenses	P	3,535	3,385	3,557	3,631	3,422
Other intangible amortization (GAAP)		(99)	(107)	(112)	(120)	(127)
Noninterest expense, excluding merger-related and restructuring expenses, and other intangible amortization	Q	\$ 3,436	3,278	3,445	3,511	3,295
Net interest income (GAAP)		\$ 2,965	2,838	2,861	2,877	2,653
Tax-equivalent adjustment		63	65	62	65	64
Net interest income (Tax-equivalent)		3,028	2,903	2,923	2,942	2,717
Fee and other income (GAAP)		2,592	2,599	2,757	2,604	2,616
Total	R	\$ 5,620	5,502	5,680	5,546	5,333
<b>Retail Brokerage Services, excluding insurance</b>						
Noninterest expense (GAAP)	S	\$ 863	908	989	957	941
Net interest income (GAAP)		\$ 139	118	106	82	69
Tax-equivalent adjustment					1	
Net interest income (Tax-equivalent)		139	118	106	83	69
Fee and other income (GAAP)		827	907	1,031	1,008	1,001
Total	T	\$ 966	1,025	1,137	1,091	1,070
<b>Overhead efficiency ratios</b>						
GAAP	O/R	65.15%	63.40	64.36	67.90	66.95
Excluding merger-related and restructuring expenses	P/R	62.90	61.54	62.61	65.45	64.18
Excluding merger-related and restructuring expenses, and brokerage	P-S/R-T	57.41	55.34	56.53	60.00	58.23
Excluding merger-related and restructuring expenses, and other intangible amortization	Q/R	61.14	59.60	60.64	63.28	61.79
Excluding merger-related and restructuring expenses, other intangible amortization and brokerage	Q-S/R-T	55.28%	52.95	54.06	57.30	55.24

**Operating leverage**

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Operating leverage (GAAP)		\$ (55)	(11)	244	18	2
After tax merger-related and restructuring expenses (GAAP)		25	3	(36)	(12)	52
<hr/>						
Operating leverage, excluding merger-related and restructuring expenses		(30)	(8)	208	6	54
After tax other intangible amortization (GAAP)		(8)	(5)	(8)	(7)	(4)
<hr/>						
Operating leverage, excluding merger-related and restructuring expenses, and other intangible amortization		\$ (38)	(13)	200	(1)	50
<hr/>						
<b>Dividend payout ratios on common shares</b>						
Dividends paid per common share	U	\$ 0.40	0.40	0.40	0.35	0.35
<hr/>						
Diluted earnings per common share (GAAP)	V	\$ 0.96	0.95	0.94	0.83	0.83
Merger-related and restructuring expenses (GAAP)		0.04	0.03	0.04	0.05	0.06
Other intangible amortization (GAAP)		0.05	0.05	0.05	0.06	0.05
Change in accounting principle (GAAP)						(0.01)
<hr/>						
Diluted earnings per common share, excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	W	\$ 1.05	1.03	1.03	0.94	0.93
<hr/>						
<b>Dividend payout ratios</b>						
GAAP	U/V	41.67%	42.11	42.55	42.17	42.17
Excluding merger-related and restructuring expenses, other intangible amortization and change in accounting principle	U/W	38.10%	38.83	38.83	37.23	37.63
<hr/>						

\* The letters included in the column are provided to show how the various ratios presented in the tables on pages 37 through 39 are calculated. For example, return on average assets on a GAAP basis is calculated by dividing net income (GAAP) by average assets (GAAP) (i.e., A/G), and annualized where appropriate.

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Wachovia 3Q04 Quarterly Earnings Report

**Cautionary Statement**

The foregoing materials and management's discussion of them may contain, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, with respect to Wachovia, as well as the goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of Wachovia, including, without limitation, (i) statements relating to certain of Wachovia's goals and expectations with respect to earnings, earnings per share, revenue, expenses, and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, (ii) statements relating to the benefits of (A) the proposed merger between Wachovia Corporation and SouthTrust Corporation (the Merger), and (B) the retail securities brokerage combination transaction between Wachovia and Prudential Financial, Inc., completed July 1, 2003 (the Brokerage Transaction), including future financial and operating results, cost savings, enhanced revenues and the accretion of reported earnings that may be realized from the Merger and/or the Brokerage Transaction, (iii) statements with respect to Wachovia's and SouthTrust's plans, objectives, expectations and intentions and other statements that are not historical facts, and (iv) statements preceded by, followed by or that include the words may, could, would, should, believes, expects, anticipates, estimates, intends, plans, targets, probably, outlook or similar expressions. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond Wachovia's or SouthTrust's control). The following factors, among others, could cause Wachovia's financial performance to differ materially from the goals, plans, objectives, intentions and expectations expressed in such forward-looking statements: (1) the risk that the businesses involved in the Merger and/or the Brokerage Transaction will not be integrated successfully or such integrations may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the Merger and/or the Brokerage Transaction may not be fully realized or realized within the expected time frame; (3) revenues following the Merger and/or the Brokerage Transaction may be lower than expected; (4) deposit attrition, customer attrition, operating costs, and business disruption following the Merger and/or the Brokerage Transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the failure of Wachovia's and/or SouthTrust's shareholders to approve the merger; (6) enforcement actions by governmental agencies that are not currently anticipated; (7) the strength of the United States economy in general and the strength of the local economies in which Wachovia conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia's loan portfolio and allowance for loan losses; (8) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (9) inflation, interest rate, market and monetary fluctuations; (10) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on Wachovia's capital markets and capital management activities, including, without limitation, its mergers and acquisition advisory business, equity and debt underwriting activities, private equity investment activities, derivative securities activities, investment and wealth management advisory businesses, and brokerage activities; (11) adverse changes in the financial performance and/or condition of Wachovia's borrowers which could impact the repayment of such borrowers' outstanding loans; and (12) the impact on Wachovia's businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts. Additional information with respect to factors that may cause actual results to differ materially from those contemplated by such forward-looking statements is included in the reports filed by Wachovia with the Securities and Exchange Commission, including its Current Report on Form 8-K dated October 15, 2004.

Wachovia cautions that the foregoing list of factors is not exclusive. All subsequent written and oral forward-looking statements concerning the Merger and/or the Brokerage Transaction or other matters and attributable to Wachovia or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Wachovia does not undertake any obligation to update any forward-looking statement, whether written or oral.

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The following is a portion of a transcript of an Earnings Review for Wachovia employees regarding Wachovia's financial results for the quarter ended September 30, 2004, which was made available on October 15, 2004.

Transcript of Earnings Review:

>>Mary: WELCOME TO EARNINGS REVIEW, YOUR SOURCE FOR THE STORY BEHIND WACHOVIA'S FINANCIAL PERFORMANCE EACH QUARTER.

WE COME TO YOU FOUR TIMES A YEAR ON THE DAY WE ANNOUNCE CORPORATE EARNINGS FOR THE PREVIOUS QUARTER.

OUR GOAL IS TO HELP YOU UNDERSTAND THE COMPANY'S FINANCIALS AND HOW THEY CONTRIBUTE TO WACHOVIA'S EDUCATION.

TODAY, WE'RE LOOKING AT THIRD QUARTER EARNINGS FOR 2004.

WITH US TODAY, AS ALWAYS, IS BOB KELLY, CFO AND HEAD OF FINANCE. WELCOME, BOB.

>>Bob: THANKS VERY MUCH, MARY.

NICE TO BE HERE AGAIN.

>>Mary: GLAD YOU'RE HERE.

WE ALSO REGULARLY INVITE MEMBERS OF WACHOVIA'S LEADERSHIP TEAM TO JOIN US AS GUESTS.

WITH US TODAY IS JEAN DAVIS, HEAD OF THE OPERATIONS, TECHNOLOGY, AND E-COMMERCE DIVISION.

JEAN IS GOING TO DISCUSS THE DIVISION'S STRATEGIC PLAN TO HELP THE COMPANY MEET ITS EFFICIENCY GOALS AND HOW THE DIVISION HELPS DRIVE CORPORATE PERFORMANCE.

WELCOME, JEAN.

THANKS FOR JOINING US.

>>Jean: THANK YOU, MARY.

>>Mary: WELL, BOB, LET S START WITH THE NEWS FROM THE THIRD QUARTER.

WALK US THROUGH THE NUMBERS.

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>>Bob: I WOULD BE HAPPY TO, MARY.

IT WAS ANOTHER GOOD QUARTER.

EARNINGS WERE UP 14%.

I THINK EVERYONE SHOULD BE PROUD OF THE GREAT JOB THEY DID WITH CUSTOMERS.

CUSTOMER ACQUISITION WAS STRONG AND CUSTOMER SATISFACTION SCORES WERE VERY HIGH.

NON-PERFORMING ASSETS WERE ACTUALLY DOWN 43% YEAR OVER YEAR, SO CREDIT QUALITY CONTINUES TO STRENGTHEN, AND I THINK THAT'S EVIDENT IN OUR NUMBERS, AND IF YOU LOOK AT EACH ONE OF OUR BUSINESS SEGMENTS, EACH SEGMENT HAS A SLIGHTLY DIFFERENT STORY, BUT WE HAVE RECORD REVENUE IN THE GENERAL BANK AND IN WEALTH MANAGEMENT AND IN THE CORPORATE AND INVESTMENT BANK.

>>Mary: THAT'S GREAT NEWS.

WELL, HOW DID THOSE RESULTS COMPARE WITH WHAT WALL STREET WAS EXPECTING US TO DO?

>>Bob: GOOD QUESTION.

WALL STREET WAS EXPECTING ON AN OPERATING BASIS, AND THAT IS EXCLUDING MERGER-RELATED CHARGES, THEY WERE EXPECTING 99 CENTS A SHARE, AND WE CAME IN AT ABOUT \$1 A SHARE.

>>Mary: THAT'S GREAT.

IT'S GOOD TO BE AHEAD OF EXPECTATIONS.

>>Bob: IT'S NICE WHEN THAT DOES HAPPEN SOMETIMES.

>>Mary: YOU MENTIONED THAT WE HAD STRONG RESULTS IN THE LINES OF BUSINESS.

TALK MORE ABOUT EACH OF OUR FOUR LINES OF BUSINESS AND HOW THEY PERFORMED.

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>>Bob: SURE, I'D BE DELIGHTED TO.

YOU KNOW, IT'S WHEN YOU LOOK THROUGH FROM A BIG PICTURE STANDPOINT, EVERY ONE OF OUR BUSINESSES ARE DOING VERY WELL IN THE CONTEXT OF THE INDUSTRY THAT THEY'RE IN, AND WHEN YOU LOOK AT THE CIB, REVENUE INCREASE WAS 25%, WHICH IS FANTASTIC YEAR-OVER-YEAR BASIS AND EARNINGS WERE ACTUALLY UP 40%.

SO WHEN YOU ACTUALLY PEEL BACK THOSE NUMBERS AND LOOK AT THEM, YOU CAN SEE THAT THERE IS IMPROVED MARKET-RELATED REVENUES AND THE CREDIT ENVIRONMENT IS CLEARLY STRONG BECAUSE THEY ACTUALLY HAVE HAD A RECOVERY VERSUS AN EXPENSE FOR PROVISIONS THREE QUARTERS IN A ROW.

CMG, WHICH, OF COURSE, IS BROKERAGE AND ASSET MANAGEMENT.

THEIR REVENUE IS DOWN 7% YEAR OVER YEAR AND 17% ON A YEAR-OVER-YEAR BASIS, AND SO THEY ARE DOWN OVERALL, BUT THAT'S NOT REALLY OUT OF LINE WITH MANY OF THE PLAYERS THAT WE HAVE SEEN THIS YEAR IN THE INDUSTRY, SO WE DO BENCH MARK OURSELVES CAREFULLY AGAINST THEM, AND THIS IS FOR THE INDUSTRY A DIFFICULT YEAR IN TERMS OF CUSTOMER ACTIVITY.

WE'RE JUST SEEING LOWER BROKERAGE VOLUMES GENERALLY OVERALL.

WHEN ONE THINKS ABOUT THE GENERAL BANK, 6% REVENUE INCREASE WHICH IN MY VIEW IS EXCELLENT, PARTICULARLY WHEN ONE CONSIDERS THE FACT THAT THE MORTGAGE ENVIRONMENT WAS STRONG LAST YEAR AND NOT AS STRONG THIS YEAR, AND IT'S HAD A VERY NICE INCREASE IN THE BOTTOM

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LINE, 15%, SO THEY VE HAD NICE CONSUMER LOAN GROWTH.

THEY ARE EXPERIENCING SOME COMMERCIAL LOAN GROWTH, AND DEPOSIT GROWTH CONTINUES TO BE VERY STRONG.

LAST AND CERTAINLY NOT LEAST IS THE WEALTH MANAGEMENT GROUP, AND WITH THE PROFIT OF \$50 MILLION, THAT S A 9% REVENUE INCREASE, AND 32% INCREASE IN THE BOTTOM LINE.

STAN S TEAM IS DOING A FANTASTIC JOB WITH THEIR CUSTOMERS AND THAT S SHOWING UP IN THEIR NUMBERS.

>>Mary: THAT S GREAT.

YOU TALKED A LITTLE BIT ABOUT BROKERAGE AND HOW WE RE REALLY VICTIMS OF SOME OF THE INDUSTRY OR MARKET TRENDS THAT ARE GOING ON.

>>Bob: RIGHT.

>>Mary: WHAT DO YOU SEE GOING FORWARD?

THAT MAY BE A HARD QUESTION TO ANSWER FOR BROKERAGE.

>>Bob: THAT S EXCEEDINGLY DIFFICULT.

IT CERTAINLY APPEARS THAT BROKERAGE IS AT A LOW EBB IN TERMS OF HISTORIC ACTIVITY IN TERMS OF CUSTOMER ACTIVITY AND TRADING ACTIVITY, AND BUT HAVING SAID ALL THAT A YEAR AGO WHEN WE TALKED ABOUT THE PRUDENTIAL MERGER, WE SAID WE WOULD BE OKAY IN 2004 IF THE ACTIVITY LEVELS WEREN T TOO HIGH BECAUSE THAT MADE SURE THAT WE GOT OUR INTEGRATION DONE ON TIME, AND ON SCHEDULE AND EVERYONE STAYED REALLY FOCUSED ON IT.

THAT S A GOOD THING.

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I HOPE VOLUMES WILL PICK UP NEXT YEAR, BUT IT 'S TOO EARLY TO TELL AT THIS POINT, MARY.

>>Mary: OKAY.

WE LL COME BACK TO THAT LATER.

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THANKS FOR THE REVIEW OF EARNINGS.

IT 'S A GREAT QUARTER AND IT 'S GOOD TO SEE THE BUSINESSES PERFORMING SO WELL.

>>Bob: THANK YOU.

\* \* \* \*

>>Mary: GREAT.

WE TALKED ABOUT THE THIRD QUARTER AND NOW IT 'S TIME TO LOOK AHEAD A LITTLE BIT.

TELL US WHAT THE OUTLOOK IS FOR THE REST OF THIS YEAR.

>>Bob: WELL, THE OUTLOOK FOR THE REST OF THE YEAR, I THINK, IS GOING TO BE SIMILAR TO WHAT WE ACTUALLY SAW IN THE FIRST THREE QUARTERS OF THIS YEAR.

WE HAD A GOOD THIRD QUARTER.

I THINK WE 'LL HAVE ANOTHER GOOD FOURTH QUARTER, AS WELL, THE MAIN DIFFERENCE, I THINK, BETWEEN THE THIRD QUARTER AND THE FOURTH QUARTER IS THAT WE EXPECT TO HAVE OUR SOUTHTRUST DEAL COMPLETED AND MERGED WITH THE COMPANY SOMETIME IN THE FOURTH QUARTER SO THE NUMBERS WILL BE A LITTLE MESSIER BECAUSE WE 'RE ADDING SOUTHTRUST, AND IT WILL BE DURING THE QUARTER RATHER THAN THE BEGINNING OF A QUARTER.

>>Mary: RIGHT.



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>>Bob: SO WE LL HAVE TO WORK THROUGH THAT AT THE END OF THE NEXT QUARTER.

AND BECAUSE OF THE NATURE OF THE TRANSACTION, THERE WILL BE A LITTLE BIT OF DILUTION DURING THE FOURTH QUARTER, SO I WOULD EXPECT IN TERMS OF EARNINGS, WE LL HAVE ANOTHER GOOD QUARTER, BUT IT WILL BE 3 CENTS OF DILUTION ON THE IMPACT OF THE SOUTHTRUST TRANSACTION.

THAT IS, EPS WILL BE ABOUT 3 CENTS LOWER, AND IN TERMS OF ADVICE FOR EVERYONE, IT REMAINS UNCHANGED, QUITE FRANKLY.

YOU RE ALL DOING A FANTASTIC JOB WITH YOUR CUSTOMERS.

PLEASE KEEP IT GOING.

YOU HAVE SO MUCH TO BE PROUD OF ON CUSTOMER SERVICE.

YOU HAVE SO MUCH TO BE PROUD OF ON CUSTOMER LOYALTY.

WE RE ADDING CUSTOMERS EVERY DAY.

WE RE OFFERING MORE PRODUCTS, MORE SERVICES AND IT S SHOWING UP IN OUR REVENUE NUMBERS, AND I THINK WE LOOK VERY GOOD COMPARED TO OUR COMPETITORS, AND THAT S SOMETHING WE WANT.

IT S IMPORTANT TO KEEP WATCHING OUR EXPENSE LINE.

JEAN TALKED ABOUT ALL OF THE INITIATIVES UNDERWAY AND THOUGHT PROCESSES UNDERWAY TO MANAGE THEIR COSTS FOR SHAREHOLDERS AND THAT WILL HAVE TO CONTINUE, AND AS YOU PROBABLY KNOW, WE HAVE, YOU KNOW, WE HAVE VERY PUBLIC TARGETS IN TERMS OF THE COSTS.

WE LIKE TO HAVE COST SAVINGS AND THE EFFICIENCIES WE WOULD LIKE TO ACHIEVE WITH SOUTHTRUST, AND THAT WILL HAPPEN BECAUSE EVERYONE IS SO GOOD AT DOING EXACTLY WHAT THEY PROMISED, AND THAT S KIND OF THE LAST POINT,

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AND THAT IS, LET S MAKE SURE THAT WE DO A FANTASTIC JOB ON THE SOUTHTRUST MERGER INTEGRATION.

WE SURE DID ON OUR VERY PUBLIC TWO RECENT DEALS OVER THE LAST THREE YEARS, AND I M SURE WE WILL HERE, AS WELL.

THE PLANS SEEM TO BE VERY DETAILED AND THEY RE COMING TOGETHER VERY NICELY.

>>Mary: RIGHT.

I KNOW WE RE A GREAT WAY DOWN THE ROAD ALREADY ON THAT PLANNING.

THAT BODES WELL FOR THE FUTURE.

THANK YOU AGAIN BOTH FOR JOINING US.

THAT WRAPS UP THIS EDITION OF EARNINGS REVIEW.

OUR NEXT BROADCAST WILL BE IN JANUARY OF 2005 WHEN WE REPORT FOURTH QUARTER EARNINGS FOR 2004 AS WELL AS FULL-YEAR NUMBERS.

FOR THE NEXT BROADCAST, IF YOU HAVE QUESTIONS OR TOPICS THAT YOU WOULD LIKE FOR TO US ADDRESS, SEND THOSE TO CORPORATE COMMUNICATIONS VIA LOTUS NOTES.

THANKS FOR JOINING US.

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The following news release was issued by Wachovia on October 15, 2004

[WACHOVIA LOGO APPEARS HERE]

[SOUTHTRUST LOGO APPEARS HERE]

**Press Release Oct. 15, 2004**

**WACHOVIA AND SOUTHTRUST RECEIVE FEDERAL RESERVE  
APPROVAL OF MERGER APPLICATION**

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**CHARLOTTE, N.C., AND BIRMINGHAM, ALA.** Wachovia Corporation (NYSE: WB) and SouthTrust Corporation (NASDAQ: SOTR) announced today that the Federal Reserve Board has approved the application for the SouthTrust/Wachovia merger.

We are extremely pleased to have received this approval from the Federal Reserve, said Ken Thompson, Wachovia's chairman, president and CEO. We are committed to bringing the best in products and customer service to our expanded customer base.

We are very confident that the integration of Wachovia and SouthTrust will be very smooth and we look forward to continuing our longstanding service commitment to our customers and communities, said Wallace Malone, chairman and CEO of SouthTrust. We firmly believe that the combination of these two great companies will produce excellent performance for our shareholders.

Wachovia and SouthTrust announced their agreement to merge on June 21, 2004. In order to complete the merger, Wachovia and SouthTrust must each receive shareholder approval for the merger. Both companies will hold shareholder meetings on October 28, 2004. Institutional Shareholder Services Inc., the nation's leading independent stockholder advisory organization, issued a report recommending that Wachovia shareholders and SouthTrust shareholders vote for the proposed merger between the two companies. The companies anticipate closing the transaction on or about November 1, 2004, contingent on shareholder approval of both companies.

Wachovia Corporation (NYSE:WB) is one of the largest providers of financial services to retail, brokerage and corporate customers, with retail operations from Connecticut to Florida and retail brokerage operations nationwide. Wachovia had assets of \$436.7 billion, market capitalization of \$61.4 billion and stockholders' equity of \$33.9 billion at September 30, 2004. Its four core businesses, the General Bank, Capital Management, Wealth Management, and the Corporate and Investment Bank, serve 12 million client relationships (including households and businesses), primarily in 11 states and Washington, D.C. Its full-service retail brokerage firm, Wachovia Securities, LLC, serves clients in 49 states. Global services are offered through 33 international offices. Online banking and brokerage products and services also are available through Wachovia.com.

SouthTrust Corporation ([www.southtrust.com](http://www.southtrust.com)) is a \$52.9 billion regional bank holding company with headquarters in Birmingham, Ala. SouthTrust operates 736 banking and loan



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offices and 890 ATMs in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia. The company offers a complete line of banking and other related financial services to commercial and retail customers. SouthTrust is a Forbes Platinum 400 company that trades on the NASDAQ Stock Market under the symbol SOTR. The company is listed on the S&P 500 index and the Keefe, Bruyette & Woods BKX Index.

## **Additional Information**

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*Investors seeking further information should contact Wachovia Investor Relations: Alice Lehman at 704-374-4139; or SouthTrust Investor Relations: Bill Prater at 205-254-5187. Media seeking further information should contact SouthTrust Corporate Communications: David M. Oliver at 205-667-5429, or dial 205-667-5469 and ask to speak to a media relations representative; or Wachovia Corporate Communications: Mary Eshet at 704-383-7777 or Christy Phillips at 704-383-8178.*