

WACHOVIA CORP NEW  
Form 424B5  
May 10, 2005  
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*This summary must be attached to the Prospectus Supplement and the accompanying Prospectus, which together provide a description of the notes, including details of the risks associated with an investment in the notes.*

**Wachovia Corporation**  
**•% Trigger CAPITALS<sup>SM</sup>**  
**(Covered Asset Participation Target**  
**exchangeable Securities)**  
**Linked to the Common Stock of**  
**Lyondell Chemical Company**

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The •% Trigger CAPITALS<sup>SM</sup> Linked to the Common Stock of Lyondell Chemical Company (the notes) provide investors with contingent principal protection plus quarterly interest payments at the rate of 10% to 12% per annum (to be determined on the pricing date). The notes are senior unsecured debt securities of Wachovia Corporation. According to publicly available information, Lyondell Chemical Company is a global chemical company that manufactures and markets a variety of basic chemicals and their derivatives.

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- **10% to 12% Interest Per Annum** The interest rate of the notes will be determined on the pricing date and is expected to be between 10% and 12% per annum. Interest will be paid quarterly regardless of whether a trigger event occurs.
- **No Upside Participation** Regardless of the performance of Lyondell Chemical Company common stock, an investor will not receive more than the principal amount per note plus interest.
- **Contingent Principal Protection** The notes provide 100% principal protection at maturity unless the market price of Lyondell Chemical Company common stock multiplied by the share multiplier declines to or below the trigger price (30% below the initial stock price of the

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common stock on the pricing date) at any time on any business day during the term of the notes (a trigger event ). If a trigger event occurs during the terms of the notes, investors lose their principal protection and will be subject to any decrease in the market price of Lyondell Chemical Company common stock over the term of the notes. Investors could lose some or all of the value of their principal.

- **Potential Stock Settlement at Maturity** The notes will be settled in cash at maturity unless a trigger event occurs and the final stock price is less than the initial stock price. If these two conditions occur, the notes will be settled in shares of the common stock of Lyondell Chemical Company, as described in the Prospectus Supplement.
  - **Term** The notes will mature 1 year after the settlement date.
  - **Denominations** \$1,000 per note and integral multiples thereof.
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Please read the attached Prospectus Supplement for a detailed description of the risks associated with an investment in the notes. The notes do not guarantee a return of principal at maturity. The price an investor receives upon a sale of the notes prior to maturity may be more or less than the original cost, depending on interest rates, dividend rates, time remaining to maturity, the value and volatility of Lyondell Chemical Company common stock and other factors described in the Prospectus Supplement.

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**TERMS**

**Notes Offered**

Wachovia Corporation •% *Trigger* CAPITALS<sup>SM</sup> Linked to the Common Stock of Lyondell Chemical Company (senior unsecured debt securities of Wachovia Corporation)

**Issuer Rating**

Wachovia Corporation's long-term senior debt is currently rated Aa3 by Moody's Investors Service and A+ by Standard & Poor's

**Public Offering Price**

\$1,000 per note, except as described in the Prospectus Supplement under Supplemental Plan of Distribution

**Maturity Date**

The maturity date will be 1 year after the settlement date

**Interest**

10% to 12% per annum (to be determined on the pricing date), payable quarterly

**Redemption Amount**

On the maturity date, for each note you hold, Wachovia Corporation will pay you in cash the principal amount of your notes, plus any accrued but unpaid interest, unless:

(a) a trigger event has occurred; and

(b) the final stock price is less than the initial stock price.

If the conditions described in (a) and (b) both occur, at maturity, for each note you hold, instead of a cash payment, you will receive a number of shares of Lyondell Chemical Company common stock equal to the following:

$$\left( \frac{\$1,000}{\text{initial stock price}} \right) \times \text{share multiplier},$$

plus any accrued but unpaid interest in cash.

If the calculation of the number of shares of common stock of Lyondell Chemical Company per \$1,000 note on the valuation date results in fractional shares, such fractional shares will be paid in U.S. dollar amounts equal to the fractional number of shares multiplied by the closing price per share of the common stock of Lyondell Chemical Company on the valuation date.

*If a trigger event has occurred and the final stock price is less than the initial stock price, you will lose some or all of the value of your principal and receive shares of the common stock of Lyondell Chemical Company instead of a cash payment. Under these conditions, the market value on the valuation date of the common stock of Lyondell Chemical Company that you will receive on the maturity date will be less than the aggregate principal amount of your notes and could be \$0 (but an investor will still receive any accrued but unpaid interest in cash).*

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### **Trigger Event**

A trigger event will occur if the market price of Lyondell Chemical Company common stock multiplied by the share multiplier at any time on any business day, from the first business day following the pricing date to and including the valuation date is less than or equal to the trigger price. The trigger price will be a price that is 30% below the initial stock price.

### **Share Multiplier**

1.0, subject to adjustment for certain corporate events relating to Lyondell Chemical Company described in the Prospectus Supplement under Specific Terms of the Notes Antidilution Adjustments .

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**For a detailed description of the terms of the notes, see Specific Terms of the Notes in the attached Prospectus Supplement. Investing in the notes involves risks. See Risk Factors in the attached Prospectus Supplement.**

**Return Profile of •% Trigger CAPITALS<sup>SM</sup> vs. Lyondell Chemical Company Common Stock Price**

\* Assumes an interest rate of 11% per annum.

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**UNDERLYING STOCK**

According to publicly available information, Lyondell Chemical Company is a global chemical company that manufactures and markets a variety of basic chemicals and their derivatives. Lyondell Chemical Company is not involved in the offering of the notes in any way.

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**For a detailed discussion of the common stock of Lyondell Chemical Company, see [The Underlying Stock](#) in the attached Prospectus Supplement.**

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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-72374

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

**SUBJECT TO COMPLETION, DATED MAY 9, 2005**

**(To prospectus dated May 31, 2002)**

**PROSPECTUS SUPPLEMENT**

**\$•**

**Wachovia Corporation**

**•% Trigger CAPITALS<sup>SM</sup>**

**(Covered Asset Participation Target exchangeable Securities)**

**Linked to the Common Stock of Lyondell Chemical Company**

**due •, 2006**

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Issuer:	Wachovia Corporation
Principal Amount:	Each note will have a principal amount of \$1,000. Each note will be offered at an original public offering price of \$1,000, except as described in this prospectus supplement
Maturity Date:	•, 2006. The term of the notes will be one year
Interest:	10% to 12% per annum (to be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes), payable quarterly
Interest Payment Dates:	March •, June •, September• and December •, beginning on September •, 2005
Record Dates:	For the interest payment dates specified above, February •, May •, August • and November •. Interest will accrue from and including the settlement date to but excluding the maturity date
Underlying Stock:	Lyondell Chemical Company common stock. Lyondell Chemical Company has no obligations relating to, and does not sponsor or endorse, the notes
Payment at Maturity	On the maturity date, for each note you hold, you will receive a cash payment equal to the principal amount of your notes, plus any accrued but unpaid interest, unless: (a) a trigger event has occurred; and (b) the final stock price is less than the initial stock price If the conditions described in (a) and (b) both occur, at maturity, for each note you hold, you will receive a number of shares of the Underlying Stock equal to the following:

$$\left( \frac{\$1,000}{\text{initial stock price}} \right) \times \text{share multiplier,}$$

plus any accrued but unpaid interest in cash.

If the calculation of the number of shares of the Underlying Stock per \$1,000 note on the valuation date results in fractional shares, such fractional shares will be paid in U.S. dollar amounts equal to the fractional number of shares multiplied by the closing price per share of the Underlying Stock on the valuation date.

*If a trigger event has occurred and the final stock price is less than the initial stock price, you will lose some or all of the value of your principal and receive shares of the Underlying Stock instead of a cash payment. Under these conditions, the market value on the valuation date of the shares of the Underlying Stock that you will receive on the maturity date will be less than the aggregate principal amount of your notes and could be \$0 (but an investor will still receive any accrued by unpaid interest in cash).*

A trigger event will occur if the market price of the Underlying Stock multiplied by the share multiplier at any time on any business day, from the first business day following the pricing date to and including the valuation date, is less than or equal to the trigger price. The trigger price will equal \$•, a price that is 30% below the initial stock price.

Listing:

Wachovia has applied to list the notes on the American Stock Exchange under the symbol WDB.K. If Wachovia is unable to list the notes on the American Stock Exchange, the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market System or any electronic communications network.

Pricing Date:

- , 2005

Expected Settlement Date:

- , 2005

CUSIP Number:

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For a detailed description of the terms of the notes, see Summary Information beginning on page S-1 and Specific Terms of the Notes beginning on page S-11.

**Investing in the notes involves risks. See Risk Factors beginning on page S-7.**

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

If you purchase \$2,000,000 or more aggregate principal amount of the notes in any single transaction during the original public offering, the original public offering price for the notes you purchase will be •% of the principal amount and the underwriting discount and commission will be •%.

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

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

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

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## Wachovia Securities

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**The date of this prospectus supplement is •, 2005.**



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



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**SUMMARY INFORMATION**

This summary includes questions and answers that highlight selected information from this prospectus supplement and the accompanying prospectus to help you understand the **•% Trigger CAPITALS<sup>SM</sup>** (Covered Asset Participation Target Exchangeable Securities) Linked to the Common Stock of Lyondell Chemical Company due **•, 2006** (the **notes**). You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the notes as well as the tax and other considerations that are important to you in making a decision about whether to invest in the notes. You should carefully review the section **Risk Factors** in this prospectus supplement and the accompanying prospectus, which highlights certain risks associated with an investment in the notes, to determine whether an investment in the notes is appropriate for you.

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

**What are the notes?**

The notes offered by this prospectus supplement will be issued by Wachovia and will mature on **•, 2006**, a date that is one year following the settlement date. The return on the notes will depend on whether a trigger event occurs during the term of the notes and whether the final stock price is less than the initial stock price.

As discussed in the accompanying prospectus, the notes are debt securities and are part of a series of debt securities entitled **Medium-Term Notes, Series E** that Wachovia may issue from time to time. The notes will rank equally with all other unsecured and unsubordinated debt of Wachovia. For more details, see **Specific Terms of the Notes** beginning on page S-11.

Each note will have a principal amount of \$1,000. Each note will be offered at an original public offering price equal to \$1,000. However, if you purchase \$2,000,000 or more aggregate principal amount of the notes in any single transaction during the original public offering, the original public offering price for the notes you purchase will be **\$• per note (•% of the principal amount)**.

You may transfer only whole notes. Wachovia will issue the notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the notes.

**Will I receive interest on the notes?**

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The notes will bear interest at 10% to 12% per annum (to be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes) payable

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on each of March •, June •, September • and December •, beginning on September •, 2005. Interest will accrue from and including the settlement date to but excluding the maturity date. The interest rate on the notes is higher than the current dividend rate of the Underlying Stock.

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

At maturity, for each note you own, you will receive a cash payment equal to the principal amount of your notes, plus any accrued but unpaid interest, unless:

- (a) a trigger event has occurred; and
- (b) the final stock price is less than the initial stock price.

If the conditions described in (a) and (b) both occur, at maturity, for each note you hold, you will receive a number of shares of the Underlying Stock equal to the following:

$$\left( \frac{\$1,000}{\text{initial stock price}} \right) \times \text{share multiplier,}$$

plus any accrued but unpaid interest in cash.

If the calculation of the number of shares of the Underlying Stock per \$1,000 note on the valuation date results in fractional shares, such fractional shares will be paid in U.S. dollar amounts equal to the fractional number of shares multiplied by the closing price per share of the Underlying Stock on the valuation date.

*If a trigger event has occurred and the final stock price is less than the initial stock price, you will lose some or all of the value of your principal and receive shares of the Underlying Stock instead of a cash payment. Under these conditions, the market value on the valuation date of the shares of the Underlying Stock that you will receive on the maturity date will be less than the aggregate principal amount of your notes and could be \$0 (but an investor will still receive any accrued but unpaid interest in cash).*

The initial stock price will be determined by the calculation agent and will equal the average price per share of the Underlying Stock that any affiliate of Wachovia pays to hedge Wachovia's obligations under the notes on the pricing date and will be disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes.

The final stock price will be determined by the calculation agent and will equal the closing price per share of the Underlying Stock multiplied by the share multiplier on the valuation date.

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The share multiplier is 1.0, subject to adjustment for certain corporate events relating to the Underlying Stock Issuer described in this prospectus supplement under Specific Terms of the Notes Antidilution Adjustments.

A trigger event will occur if the market price of the Underlying Stock multiplied by the share multiplier at any time on any business day, from the first business day following the pricing date to and including the valuation date, is less than or equal to the trigger price.

The trigger price will equal \$●, a price that is 30% below the initial stock price. The trigger price will be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes.

The valuation date means the fifth business day prior to the maturity date. However, if that day occurs on a day that is not a business day or on a day on which the calculation agent has determined that a market disruption event has occurred or is continuing, the valuation date will be postponed until the next succeeding

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business day on which the calculation agent determines that a market disruption event does not occur and is not continuing. *If the valuation date is postponed, then the maturity date of the notes will be postponed by an equal number of business days.*

*If a trigger event has occurred and the final stock price is less than the initial stock price, you will lose some or all of the value of your principal and receive shares of the Underlying Stock instead of a cash payment.*

**Hypothetical Examples**

Set forth below are four hypothetical examples of the calculation of the redemption amount (which do not consider any accrued but unpaid interest). Interest will be paid quarterly regardless of whether a trigger event occurs. For purposes of these examples, we have assumed the following:

Hypothetical initial stock price: \$27.0000

Hypothetical trigger price: \$18.90

Share multiplier on the valuation date: 1.0

**Example 1** The hypothetical final stock price is equal to 50% of the hypothetical initial stock price and a trigger event *has* occurred:

Hypothetical final stock price: \$13.50

$$\text{Redemption amount (per note)} = \left( \frac{\$1,000}{\$27.0000} \right) \times 1.0 = 37 \text{ shares of Underlying Stock and } \$0.50 \text{ cash in lieu of fractional shares}$$

**Since the hypothetical final stock price is less than the hypothetical initial stock price and a trigger event has occurred, the redemption amount per note would be equal to 37 shares of Underlying Stock and \$0.50 cash in lieu of fractional shares with a market value on the valuation date equal to \$500, representing a 50% loss of the principal amount of your note.**

**Example 2** The hypothetical final stock price is equal to 85% of the hypothetical initial stock price and a trigger event *has* occurred:

Hypothetical final stock price: \$22.95

$$\text{Redemption amount (per note)} = \left( \frac{\$1,000}{\$27.0000} \right) \times 1.0 =$$

37 shares of Underlying Stock and \$0.85 cash in lieu of fractional shares

**Since the hypothetical final stock price is *less* than the hypothetical initial stock price and a trigger event *has* occurred, the redemption amount per note would be equal to 37 shares of Underlying Stock and \$0.85 cash in lieu of fractional shares with a market value on the valuation date equal to \$850, representing a 15% loss of the principal amount of your note.**

**Example 3** The hypothetical final stock price is equal to 85% of the hypothetical initial stock price but a trigger event *has not* occurred:

Hypothetical final stock price: \$22.95

Redemption amount (per note) = \$1,000



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Since a trigger event *has not* occurred, your principal would be protected even though the hypothetical final stock price is *less* than the hypothetical initial stock price and your redemption amount would be in cash. Your total cash payment at maturity would be \$1,000 per note, representing the principal amount of your note.

**Example 4** The hypothetical final stock price is equal to 150% of the hypothetical initial stock price, whether a trigger event has, or has not, occurred:

Hypothetical final stock price: \$40.50

Redemption amount (per note) = \$1,000

Since the hypothetical final stock price is *greater* than the hypothetical initial stock price, regardless of whether a trigger event has occurred, the redemption amount per note would be equal to the principal amount of your note and your redemption amount would be in cash. Your total cash payment at maturity would be \$1,000 per note, representing the principal amount of your note. Your total return on your note will not reflect the increase in the market price of the Underlying Stock during the term of the notes.

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

We have designed the notes for investors who want to receive a quarterly interest payment of 10% to 12% per annum (to be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes), who are willing to make an investment that is contingently exposed to the full downside performance risk of the Underlying Stock and the potential loss of some or all of the value of their principal, who do not expect to participate in any appreciation in the price of the Underlying Stock and who are willing to receive shares of the Underlying Stock as the return on their investment if the final stock price is less than the initial stock price.

The notes are not designed for, and may not be a suitable investment for, investors who are unwilling to make an investment that is exposed (or contingently exposed) to the full downside performance risk of the Underlying Stock. The notes are also not designed for, and may not be a suitable investment for, investors who seek the full upside appreciation in the market price of the Underlying Stock. This may not be a suitable investment for investors who prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings, or who are unable or unwilling to hold the notes to maturity.

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

The market value of the notes may fluctuate between the date you purchase them and the maturity of the notes. Several factors and their interrelationship will influence the market value of the notes, including the market price of the Underlying Stock, dividend yields on the Underlying Stock, the time remaining to maturity of the notes, interest and yield rates in the market and the volatility of the market price of the Underlying Stock. The notes are 100% principal protected only if held to maturity and if no trigger event occurs during the term of the notes. If you sell your notes prior to maturity, you may have to sell them at a discount and you will not have contingent principal protection. Depending

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on the impact of these factors, you may receive less than the principal amount in any sale of your notes before the maturity date of the notes and less than what you would have received had you held the notes until maturity. For more details, see Risk Factors Many factors affect the market value of the notes .

### **Who is Lyondell Chemical Company?**

Lyondell Chemical Company (the Underlying Stock Issuer ) has disclosed that it is a global chemical company that manufacturers and markets a variety of basic chemicals and their derivatives. You should

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independently investigate the Underlying Stock Issuer and decide whether an investment in the notes linked to the Underlying Stock is appropriate for you.

Because the Underlying Stock is registered under the Securities Exchange Act of 1934, as amended (the Exchange Act), the Underlying Stock Issuer is required to file periodically certain financial and other information specified by the Securities and Exchange Commission (the SEC). Information provided to or filed with the SEC by the Underlying Stock Issuer can be located by reference to SEC file number 001-10145 and inspected at the SEC's public reference facilities or accessed over the Internet through the SEC's website. The address of the SEC's website is <http://www.sec.gov>. In addition, information regarding the Underlying Stock may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated information. We make no representation or warranty as to the accuracy or completeness of any such information. For further information, please see the section entitled "The Underlying Stock" in this prospectus supplement.

### **What is the Underlying Stock Issuer's role in the notes?**

The Underlying Stock Issuer has no obligations relating to the notes or amounts to be paid to you, including no obligation to take the needs of Wachovia or of holders of the notes into consideration for any reason. The Underlying Stock Issuer will not receive any of the proceeds of the offering of the notes, is not responsible for, and has not participated in, the offering of the notes and is not responsible for, and will not participate in, the determination or calculation of the redemption amount. Wachovia is not affiliated with the Underlying Stock Issuer.

### **How has the Underlying Stock performed historically?**

You can find a table with the high, low and closing prices per share of the Underlying Stock during each calendar quarter from calendar year 2002 to the present in the section entitled "The Underlying Stock - Historical Data" in this prospectus supplement. We have provided this historical information to help you evaluate the behavior of the Underlying Stock in the recent past; however, past performance of the Underlying Stock is not indicative of how it will perform in the future.

### **What about taxes?**

The United States federal income tax consequences of your investment in the notes are complex and uncertain. By purchasing a note, you and Wachovia hereby agree, in the absence of administrative or judicial ruling to the contrary, to characterize a note for all tax purposes as an investment unit consisting of a non-contingent debt instrument and payments for a put option. Under this characterization of the notes, you should be required to treat a portion of the payments on the note as an interest payment, and the remainder of the payments as amounts paid to you in respect of the put option. In the opinion of our counsel, Sullivan & Cromwell LLP, it is reasonable to treat the notes as described above, but it would also be reasonable to treat the notes as a single debt instrument subject to the special tax rules governing contingent debt instruments. **Because of this uncertainty, we urge you to consult your tax advisor as to the tax consequences of your investment in the Notes.** For a further discussion, see "Supplemental Tax Considerations" beginning on page S-21.

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

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We have applied to list the notes on the American Stock Exchange under the symbol WDB.K . We cannot predict whether or when the American Stock Exchange will approve our application or whether this offering will satisfy the listing criteria of the American Stock Exchange. If we are unable to list the notes on

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the American Stock Exchange, the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market System or any electronic communications network. You should be aware that even if the notes are listed on the American Stock Exchange, a liquid trading market will not necessarily develop for the notes. Accordingly, if you sell your notes prior to maturity, you may have to sell them at a substantial loss. You should review the section entitled "Risk Factors" There may not be an active trading market for the notes in this prospectus supplement.

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

Yes, an investment in the notes is subject to significant risks, including the risk of loss of some or all of your principal. We urge you to read the detailed explanation of risks in "Risk Factors" beginning on page S-7.

**How to reach us**

You may get information about the notes by calling 1-888-215-4145 or 1-212-909-0038 and asking for Equity Structured Products.

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**RISK FACTORS**

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

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

We will not repay you a fixed amount of principal on the notes at maturity. With an investment in the notes, you bear the risk of losing some or all of the value of your principal if a trigger event occurs during the term of the notes and the final stock price is less than the initial stock price. Under these circumstances, at maturity for each note you hold, you will receive a number of shares of the Underlying Stock equal to the product of the share multiplier and the quotient of: (i) the principal amount of the note and (ii) the initial stock price. **Accordingly, if a trigger event has occurred during the term of the notes and the market price of the Underlying Stock has declined over the term of the notes (i.e., the final stock price is less than the initial stock price), you will lose some or all of the value of the principal amount of your notes and receive shares of the Underlying Stock instead of a cash payment. Your principal protection is contingent and, therefore, your principal will be protected only if a trigger event never occurs during the term of the notes and you hold your notes until maturity. Even if a trigger event occurs during the term of the notes, you will receive a full return of the principal amount of your notes in cash at maturity if the final stock price is greater than or equal to the initial stock price.**

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

The yield that you will receive on your notes, which could be negative and in shares of the Underlying Stock instead of cash if a trigger event occurs, may be less than the return you could earn on other investments. Your redemption amount in cash will not be greater than the aggregate principal amount of your notes. Even if your yield is positive, your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of Wachovia with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. Unlike standard senior non-callable debt securities, the notes do not guarantee the return of a principal amount at maturity.

**Owning the notes is not the same as owning the Underlying Stock**

Your return will not reflect the return you would realize if you actually owned and held the Underlying Stock for a similar period because the redemption amount per note will never exceed the principal amount of your notes and will be determined without taking into consideration the value of any dividends that may be paid on the Underlying Stock. In addition, you will not receive any dividend payments or other distributions on the Underlying Stock, and as a holder of the notes, you will not have voting rights or any other rights that holders of the Underlying Stock may have. If the return on the Underlying Stock over the term of the notes exceeds the principal amount of the notes and the interest payments you receive, your return on the notes at maturity will be less than the return on a direct investment in the Underlying Stock without taking into account taxes and other costs related to such a direct investment. Even if the market price of the Underlying Stock increases above the initial stock price during the term of the notes, the market value of the notes may not increase by the same amount. It is also possible for the market price of the Underlying Stock to increase while the market value of the notes declines.

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

We have applied to list the notes on the American Stock Exchange under the symbol WDB.K . We cannot predict whether or when the American Stock Exchange will approve our application or whether this

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offering will satisfy the listing criteria of the American Stock Exchange. If we are unable to list the notes on

the American Stock Exchange, the notes will not be listed or displayed on any other securities exchange, the Nasdaq National Market System or any electronic communications network. You should be aware that even if the notes are listed on the American Stock Exchange, a liquid trading market will not necessarily develop for the notes. The development of a trading market for the notes will depend on our financial performance and other factors such as the increase, if any, in the market price of the Underlying Stock. Even if a secondary market for the notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your note in any secondary market could be substantial. If you sell your notes before maturity, you may have to do so at a discount from the original public offering price, and, as a result, you may suffer substantial losses.

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

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

The market value of the notes will be affected by factors that interrelate in complex ways. It is important for you to understand that the effect of one factor may offset the increase in the market value of the notes caused by another factor and that the effect of one factor may exacerbate the decrease in the market value of the notes caused by another factor. The following paragraphs describe the expected impact on the market value of the notes given a change in a specific factor, assuming all other conditions remain constant.

#### ***The market price of the Underlying Stock is expected to affect the market value of the notes***

We expect that the market value of the notes will depend substantially on the market price of the Underlying Stock as compared with the initial stock price. If you choose to sell your notes when the market price of the Underlying Stock exceeds or is equal to the initial stock price, you may receive substantially less than the amount that would be payable at maturity based on this market price because of the expectation that the market price of the Underlying Stock will continue to fluctuate until the final stock price is determined and the risk that a trigger event will occur.

#### ***Changes in the volatility of the Underlying Stock are expected to affect the market value of the notes***

Volatility is the term used to describe the size and frequency of price and/or market fluctuations. If the volatility of the Underlying Stock increases or decreases, the market value of the notes may be adversely affected.

#### ***Changes in the levels of interest rates are expected to affect the market value of the notes***



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We expect that changes in interest rates, even if they do not affect the market price of the Underlying Stock as described above, may affect the market value of the notes and may be adverse to holders of the notes.

### *Changes in dividend yields of the Underlying Stock are expected to affect the market value of the notes*

In general, if dividend yields on the Underlying Stock increase, we expect that the market value of the notes will decrease and, conversely, if dividend yields on the Underlying Stock decrease, we expect that the market value of the notes will increase. The return on the notes will not reflect any dividends paid on the Underlying Stock.

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### ***Changes in our credit ratings may affect the market value of the notes***

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings may affect the market value of the notes. However, because the return on your notes is dependent upon factors in addition to our ability to pay our obligations under the notes, such as the percentage change in the market price of the Underlying Stock shortly prior to maturity relative to the pricing date, an improvement in our credit ratings will not reduce the other investment risks related to the notes.

In general, assuming all relevant factors are held constant, we expect that the effect on the market value of the notes of a given change in some of the factors listed above will be less if it occurs later in the term of the notes than if it occurs earlier in the term of the notes.

### **Wachovia and its affiliates have no affiliation with the Underlying Stock Issuer and are not responsible for its public disclosure of information**

Wachovia and its affiliates are not affiliated with the Underlying Stock Issuer in any way and have no ability to control or predict its actions, including any corporate actions of the type that would require the calculation agent to adjust the redemption amount, and have no ability to control the public disclosure of these corporate actions or any events or circumstances affecting them.

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

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

### **You have limited antidilution protection**

WBNA, as calculation agent for your notes, will, in its sole discretion, adjust the share multiplier for certain events affecting the Underlying Stock, such as stock splits and stock dividends, and certain other corporate actions involving the Underlying Stock Issuer, such as mergers. However, the calculation agent is not required to make an adjustment for every corporate event that can affect the Underlying Stock. For example, the calculation agent is not required to make any adjustments to the share multiplier if the Underlying Stock Issuer or anyone else makes a partial tender or partial exchange offer for the Underlying Stock. Consequently, this could affect the calculation of the redemption amount and the market value of the notes. You should refer to *Specific Terms of the Notes – Antidilution Adjustments* beginning on page S-14

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for a description of the general circumstances in which the calculation agent will make adjustments to the share multiplier.

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### **Historical performance of the Underlying Stock should not be taken as an indication of its future performance during the term of the notes**

It is impossible to predict whether the market price of the Underlying Stock will rise or fall. The Underlying Stock has performed differently in the past and is expected to perform differently in the future. The market price of the Underlying Stock will be influenced by complex and interrelated political, economic, financial and other factors that can affect the Underlying Stock Issuer. You should refer to **The Underlying Stock** beginning on page S-18 for a description of the Underlying Stock Issuer and historical data on the Underlying Stock.

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

As described below under **Use of Proceeds and Hedging** on page S-25, we or one or more of our affiliates may hedge our obligations under the notes by purchasing the Underlying Stock, futures or options on the Underlying Stock or other derivative instruments with returns linked or related to changes in the market price of the Underlying Stock, and we may adjust these hedges by, among other things, purchasing or selling the Underlying Stock, futures, options or other derivative instruments with returns linked to the Underlying Stock at any time. Although they are not expected to, any of these hedging activities may adversely affect the market price of the Underlying Stock and, therefore, the market value of the notes. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the notes declines.

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

The valuation date and, therefore, the determination of the final stock price may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on the valuation date. If a postponement occurs, the calculation agent will use the average price per share of the Underlying Stock that any affiliate of Wachovia receives to unwind the hedge of the obligations under the notes on the next succeeding business day on which no market disruption event occurs or is continuing. As a result, the maturity date for the notes would also be postponed. You will not be entitled to any compensation from us or the calculation agent for any loss suffered as a result of the occurrence of a market disruption event, any resulting delay in payment or any change in the market price of the Underlying Stock resulting from the postponement of the valuation date. See **Specific Terms of the Notes Market Disruption Event** beginning on page S-13.

### **Potential conflicts of interest could arise**

Our subsidiary, WBNA, is our agent for the purposes of calculating the final stock price and the redemption amount. Under certain circumstances, WBNA's role as our subsidiary and its responsibilities as calculation agent for the notes could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the final stock price can be calculated on a particular business day, or what price any affiliate of Wachovia receives to unwind its hedge on the valuation date. See the section entitled **Specific Terms of the Notes Market Disruption Event** beginning on page S-13. WBNA is required to carry out its duties as calculation agent in good faith and using its reasonable judgment.

Wachovia or its affiliates may presently or from time to time engage in business with the Underlying Stock Issuer. This business may include extending loans to, or making equity investments in, the Underlying Stock Issuer or providing advisory services to the Underlying Stock Issuer,

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including merger and acquisition advisory services. In the course of business, Wachovia or its affiliates may acquire non-public information relating to the Underlying Stock Issuer and, in addition, one or more affiliates of Wachovia may publish research reports about the Underlying Stock Issuer. Wachovia does not make any representation to any purchasers of the notes regarding any matters whatsoever relating to the Underlying Stock Issuer. Any

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prospective purchaser of the notes should undertake an independent investigation of the Underlying Stock Issuer as in its judgment is appropriate to make an informed decision regarding an investment in the notes.

### **Tax consequences are uncertain**

You should consider the tax consequences of investing in the notes, significant aspects of which are uncertain. See Supplemental Tax Considerations beginning on page S-21.

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

A fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call ERISA, or the Internal Revenue Code of 1986, as amended, and that is considering purchasing the notes with the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a prohibited transaction under ERISA, the Internal Revenue Code or any substantially similar prohibition. These prohibitions are discussed in further detail under Employee Retirement Income Security Act beginning on page S-24.

## **SPECIFIC TERMS OF THE NOTES**

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

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

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

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

### **Interest**

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The notes will bear interest at 10% to 12% per annum (to be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes) payable on each of March •, June •, September • and December •, beginning on September •, 2005. Interest will accrue from and including the settlement date to but excluding the maturity date. The interest rate on the notes is higher than the current dividend rate of the Underlying Stock.

The regular record dates will be the close of business on February •, May •, August • and November •, respectively, in each case the fifteenth calendar day, whether or not a business day, immediately preceding the related interest payment date. For the purpose of determining the holder at the close of business on a day that is not a business day, the close of business will mean 5:00 P.M. in The City of New York, on that day.

### **Denominations**

Wachovia will issue the notes in principal amount of \$1,000 per note and integral multiples thereof.

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**Offering Price**

Each note will be offered at an original public offering price equal to \$1,000. However, if you purchase \$2,000,000 or more aggregate principal amount of the notes in any single transaction during the original public offering, the original public offering price for these notes will be \$• per note (•% of the principal amount).

**Redemption Amount**

At maturity, for each note you own, you will receive a cash payment equal to the aggregate principal amount of your notes plus any accrued but unpaid interest unless:

(a) a trigger event has occurred; and

(b) the final stock price is less than the initial stock price.

If the conditions described in (a) and (b) both occur, at maturity, for each note you hold, you will receive a number of shares of the Underlying Stock equal to the following:

$$\left( \frac{\$1,000}{\text{initial stock price}} \right) \times \text{share multiplier,}$$

plus any accrued but unpaid interest in cash.

If the calculation of the number of shares of the Underlying Stock per \$1,000 note on the valuation date results in fractional shares, such fractional shares will be paid in U.S. dollar amounts equal to the fractional number of shares multiplied by the closing price per share of the Underlying Stock on the valuation date.

*If a trigger event occurs and the final stock price is less than the initial stock, you will lose some or all of the value of your principal and receive shares of the Underlying Stock instead of a cash payment. Under these conditions, the market value on the valuation date of the shares of the Underlying Stock that you will receive on the maturity date will be less than the aggregate principal amount of your notes and could be \$0 (but an investor will still receive any accrued but unpaid interest in cash).*



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The initial stock price will be determined by the calculation agent and will equal the average price per share of the Underlying Stock that any affiliate of Wachovia pays to hedge Wachovia's obligations under the notes on the pricing date and will be disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes.

The final stock price will be determined by the calculation agent and will equal the closing price per share of the Underlying Stock multiplied by the share multiplier on the valuation date.

The share multiplier is 1.0, subject to adjustment for certain corporate events relating to the Underlying Stock Issuer described in this prospectus supplement under Specific Terms of the Notes Antidilution Adjustments.

A trigger event will occur if the market price of the Underlying Stock multiplied by the share multiplier at any time on any business day, from the first business day following the pricing date to and including the valuation date, is less than or equal to the trigger price.

The trigger price will equal \$●, a price that is 30% below the initial stock price. The trigger price will be determined on the pricing date and disclosed to you in the final prospectus supplement delivered in connection with the sale of the notes.

The valuation date means the fifth business day prior to the maturity date. However, if that day occurs on a day that is not a business day or on a day on which the calculation agent has determined that a market disruption event has occurred or is continuing, the valuation date will be postponed until the next succeeding

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business day on which the calculation agent determines that a market disruption event does not occur and is not continuing. *If the valuation date is postponed, then the maturity date of the notes will be postponed by an equal number of business days.*

If any payment is due on the notes on a day which is not a day on which commercial banks settle payments in The City of New York, then that payment may be made on the next day that is a day on which commercial banks settle payments in The City of New York, in the same amount and with the same effect as if paid on the original due date.

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

*If Wachovia determines that it is prohibited from delivering shares of the Underlying Stock, or that it would otherwise be unduly burdensome to deliver shares of the Underlying Stock, on the maturity date, it will pay the redemption amount in cash. Any such determination will be made in the sole discretion of Wachovia.*

## **Market Disruption Event**

A market disruption event means the occurrence or existence of any of the following events:

a suspension, absence or material limitation of trading in the Underlying Stock on its primary market for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion;

a suspension, absence or material limitation of trading in option or futures contracts relating to the Underlying Stock, if available, in the primary market for those contracts for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion;

the Underlying Stock does not trade on the New York Stock Exchange, the American Stock Exchange, the Nasdaq National Market System or what was the primary market for the Underlying Stock, as determined by the calculation agent in its sole discretion; or

any other event, if the calculation agent determines in its sole discretion that the event materially interferes with our ability or the ability of any of our affiliates to unwind all or a material portion of a hedge with respect to the notes that we or our affiliates have effected or may effect as described below under Use of Proceeds and Hedging.

The following events will not be market disruption events:

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

a decision to permanently discontinue trading in the option or futures contracts relating to the Underlying Stock.

For this purpose, an absence of trading in the primary securities market on which option or futures contracts relating to the Underlying Stock, if available, are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in

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option or futures contracts relating to the Underlying Stock, if available, in the primary market for those contracts, by reason of any of:

a price change exceeding limits set by that market;

an imbalance of orders relating to those contracts; or

a disparity in bid and asked quotes relating to those contracts

will constitute a suspension or material limitation of trading in option or futures contracts, as the case may be, relating to the Underlying Stock in the primary market for those contracts.

## **Events of Default and Acceleration**

In case an event of default with respect to any notes has occurred and is continuing, the amount payable to a beneficial owner of a note upon any acceleration permitted by the notes, with respect to each \$1,000 principal amount of each note, will be equal to the redemption amount, calculated as though the date of early repayment were the maturity date of the notes. If a bankruptcy proceeding is commenced in respect of Wachovia, the claim of the beneficial owner of a note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the principal amount of the note plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the maturity date of the notes.

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

## **Antidilution Adjustments**

The share multiplier is subject to adjustments by the calculation agent as a result of the dilution and reorganization adjustments described in this section. The adjustments described below do not cover all events that could affect the market value of your notes. We describe the risks relating to dilution above under **Risk Factors** **You have limited antidilution protection** beginning on page S-9.

### ***How adjustments will be made***

If one of the events described below occurs with respect to the Underlying Stock and the calculation agent determines that the event has a diluting or concentrative effect on the market price of the Underlying Stock, the calculation agent will calculate a corresponding adjustment to the share multiplier as the calculation agent deems appropriate to account for that diluting or concentrative effect. The share multiplier will be adjusted by the calculation agent by multiplying the existing share multiplier by a fraction whose numerator is the number of shares of the Underlying Stock outstanding immediately after the dilution or reorganization event and whose denominator is the number of shares of the Underlying Stock outstanding immediately prior to the dilution or reorganization event. For example, if an adjustment is required because of a

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two-for-one stock split, then the share multiplier will be adjusted to double the prior share multiplier, due to the corresponding decrease in the market price of the Underlying Stock.

The calculation agent will also determine the effective date of that adjustment, and the replacement of the Underlying Stock, if applicable, in the event of consolidation or merger of the Underlying Stock Issuer. Upon making any such adjustment, the calculation agent will give notice as soon as practicable to the trustee, stating the adjustment to the share multiplier. In no event, however, will an antidilution adjustment to the share multiplier during the term of the notes be deemed to change the principal amount per note which is fixed at \$1,000.

If more than one event requiring adjustment occurs with respect to the Underlying Stock, the calculation agent will make an adjustment for each event in the order in which the events occur, and on a

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cumulative basis. Thus, having made an adjustment for the first event, the calculation agent will adjust the share multiplier for the second event, applying the required adjustment to the share multiplier as already adjusted for the first event, and so on for any subsequent events.

For any dilution event described below, other than a consolidation or merger, the calculation agent will not have to adjust the share multiplier unless the adjustment would result in a change to the share multiplier of at least 0.1% in the share multiplier then in effect. The share multiplier resulting from any adjustment will be rounded up or down, as appropriate, to the nearest one-hundred thousandth.

If an event requiring an antidilution adjustment occurs, the calculation agent will make the adjustment with a view to offsetting, to the extent practical, any change in your economic position relative to your notes that results solely from that event. The calculation agent may, in its sole discretion, modify the antidilution adjustments as necessary to ensure an equitable result.

The calculation agent will make all determinations with respect to antidilution adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made or as to the value of any property distributed in a reorganization event, and will do so in its sole discretion. In the absence of manifest error, those determinations will be conclusive for all purposes and will be binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations by the calculation agent. The calculation agent will provide information about the adjustments that it makes upon your written request.

The following events are those that may require an antidilution adjustment of the share multiplier:

a subdivision, consolidation or reclassification of the Underlying Stock or a distribution or dividend of Underlying Stock to existing holders of the Underlying Stock by way of bonus, capitalization or similar issue;

a distribution or dividend to existing holders of the Underlying Stock of:

shares of the Underlying Stock,

other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Stock Issuer equally or proportionately with such payments to holders of the Underlying Stock, or

any other type of securities, rights or warrants in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the calculation agent;

the declaration by the Underlying Stock Issuer of an extraordinary or special dividend or other distribution whether in cash or shares of the Underlying Stock or other assets;

a repurchase by the Underlying Stock Issuer of its common stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

any other similar event that may have a diluting or concentrative effect on the market price of the Underlying Stock; and

a consolidation of the Underlying Stock Issuer with another company or merger of the Underlying Stock Issuer with another company.

***Stock Splits and Reverse Stock Splits***

A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth less as a result of a stock split.

A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth more as a result of a reverse stock split.

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If the Underlying Stock is subject to a stock split or a reverse stock split, then once the split has become effective the calculation agent will adjust the share multiplier to equal the product of the prior share multiplier and the number of shares issued in such stock split or reverse stock split with respect to one share of the Underlying Stock.

### ***Stock Dividends***

In a stock dividend, a corporation issues additional shares of its stock to all holders of its outstanding stock in proportion to the shares they own. Each outstanding share will be worth less as a result of a stock dividend.

If the Underlying Stock is subject to a stock dividend payable in shares of Underlying Stock that is given ratably to all holders of shares of the Underlying Stock, then once the dividend has become effective the calculation agent will adjust the share multiplier on the ex-dividend date to equal the sum of the prior share multiplier plus the product of the number of shares issued with respect to one share of the Underlying Stock and the prior share multiplier. The ex-dividend date for any dividend or other distribution is the first day on and after which the Underlying Stock trades without the right to receive that dividend or distribution.

### ***No Adjustments for Other Dividends and Distributions***

The share multiplier will not be adjusted to reflect dividends, including cash dividends, or other distributions paid with respect to the Underlying Stock, other than:

stock dividends described above,

issuances of transferable rights and warrants as described in [Transferable Rights and Warrants](#) below,

distributions that are spin-off events described in [Reorganization Events](#) beginning on page S-17, and

extraordinary dividends described below.

A dividend or other distribution with respect to the Underlying Stock will be deemed to be an extraordinary dividend if its per share value exceeds that of the immediately preceding non-extraordinary dividend, if any, for the Underlying Stock by an amount equal to at least 10% of the closing price of the Underlying Stock on the business day before the ex-dividend date.

If the Underlying Stock is subject to an extraordinary dividend, then once the extraordinary dividend has become effective the calculation agent will adjust the share multiplier on the ex-dividend date to equal the product of the prior share multiplier and a fraction, the numerator of which is the closing price of the Underlying Stock on the business day preceding the ex-dividend date and the denominator of which is the amount by which the closing price of the Underlying Stock on the business day preceding the ex-dividend date exceeds the extraordinary dividend.



The amount of an extraordinary dividend for the Underlying Stock will equal:

for an extraordinary dividend that is paid in lieu of a regularly scheduled dividend, the amount of the extraordinary dividend per share of the Underlying Stock minus the amount per share of the immediately preceding dividend, if any, that was not an extraordinary dividend for the Underlying Stock, or

for an extraordinary dividend that is not paid in lieu of a regularly scheduled dividend, the amount per share of the extraordinary dividend.

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Notwithstanding anything herein, the initiation by the Underlying Stock Issuer of an ordinary dividend on the Underlying Stock will not constitute an extraordinary dividend requiring an adjustment.

To the extent an extraordinary dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent, in its sole discretion. A distribution on the Underlying Stock that is a dividend payable in shares of Underlying Stock, an issuance of rights or warrants or a spin-off event and also an extraordinary dividend will result in an adjustment to the number of shares of Underlying Stock only as described in *Stock Dividends* above, *Transferable Rights and Warrants* below or *Reorganization Events* below, as the case may be, and not as described here.

### ***Transferable Rights and Warrants***

If the Underlying Stock Issuer issues transferable rights or warrants to all holders of the Underlying Stock to subscribe for or purchase the Underlying Stock at an exercise price per share that is less than the closing price of the Underlying Stock on the business day before the ex-dividend date for the issuance, then the share multiplier will be adjusted to equal the product of the prior share multiplier and a fraction, the numerator of which will be the number of shares of the Underlying Stock outstanding at the close of business on the business day before the ex-dividend date (as adjusted for any subsequent event requiring an adjustment hereunder) plus the number of additional shares of the Underlying Stock offered for subscription or purchase pursuant to the rights or warrants and the denominator of which will be the number of shares of the Underlying Stock outstanding at the close of business on the business day before the ex-dividend date (as adjusted for any subsequent event requiring an adjustment hereunder) plus the number of additional shares of Underlying Stock which the aggregate offering price of the total number of shares of the Underlying Stock so offered for subscription or purchase pursuant to the rights or warrants would purchase at the closing price on the business day before the ex-dividend date for the issuance, which will be determined by multiplying the total number of additional shares of the Underlying Stock offered for subscription or purchase pursuant to the rights or warrants by the exercise price of the rights or warrants and dividing the product so obtained by the closing price on the business day before the ex-dividend date for the issuance. If the number of shares of the Underlying Stock actually delivered in respect of the rights or warrants differs from the number of shares of the Underlying Stock offered in respect of the rights or warrants, then the share multiplier will promptly be readjusted to the share multiplier which would have been in effect had the adjustment been made on the basis of the number of shares of the Underlying Stock actually delivered in respect of the rights or warrants.

### ***Reorganization Events***

Each of the following is a reorganization event:

the Underlying Stock is reclassified or changed;

the Underlying Stock Issuer has been subject to a merger, consolidation or other combination and either is not the surviving entity or is the surviving entity but all outstanding shares of Underlying Stock are exchanged for or converted into other property;

a statutory share exchange involving outstanding shares of Underlying Stock and the securities of another entity occurs, other than as part of an event described above;

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the Underlying Stock Issuer sells or otherwise transfers its property and assets as an entirety or substantially as an entirety to another entity;

the Underlying Stock Issuer effects a spin-off, other than as part of an event described above (in a spin-off, a corporation), issues to all holders of its common stock equity securities of another issuer); or

the Underlying Stock Issuer is liquidated, dissolved or wound up or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, or another entity completes a tender or exchange offer for all the outstanding shares of Underlying Stock.

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### ***Adjustments for Reorganization Events***

If a reorganization event occurs, then the calculation agent will adjust the share multiplier to reflect the amount and type of property or properties whether cash, securities, other property or a combination that a prior holder of the number of shares of the Underlying Stock represented by its investment in the notes would have been entitled to in relation to an amount of shares of the Underlying Stock equal to what a holder of shares of the Underlying Stock would hold after the reorganization event has occurred. We refer to this new property as the distribution property.

For the purpose of making an adjustment required by a reorganization event, the calculation agent, in its sole discretion, will determine the value of each type of the distribution property. For any distribution property consisting of a security, the calculation agent will use the closing price of the security on the relevant business day. The calculation agent may value other types of property in any manner it determines, in its sole discretion, to be appropriate. If a holder of shares of the Underlying Stock may elect to receive different types or combination of types of distribution property in the reorganization event, the distribution property will consist of the types and amounts of each type distributed to a holder of shares of the Underlying Stock that makes no election, as determined by the calculation agent in its sole discretion.

If a reorganization event occurs with respect to the shares of the Underlying Stock and the calculation agent adjusts the share multiplier to reflect the distribution property in the event as described above, the calculation agent will make further antidilution adjustments for any later events that affect the distribution property, or any component of the distribution property, comprising the new share multiplier. The calculation agent will do so to the same extent that it would make adjustments if the shares of the Underlying Stock were outstanding and were affected by the same kinds of events. If a subsequent reorganization event affects only a particular component of the number of shares of the Underlying Stock, the required adjustment will be made with respect to that component, as if it alone were the number of shares of the Underlying Stock.

For example, if the Underlying Stock Issuer merges into another company and each share of the Underlying Stock is converted into the right to receive two common shares of the surviving company and a specified amount of cash, the shares of the Underlying Stock will be adjusted to reflect two common shares of the surviving company and the specified amount of cash. The calculation agent will adjust the share multiplier to reflect any later stock split or other event, including any later reorganization event, that affects the common shares of the surviving company, to the extent described in this section entitled Antidilution Adjustments, as if the common shares were shares of the Underlying Stock. In that event, the cash component will not be adjusted but will continue to be a component of the number of shares of the Underlying Stock (with no interest adjustment). Consequently, the final stock price will include the final value of the two shares of the surviving company and the cash.

## **THE UNDERLYING STOCK**

### **The Underlying Stock Issuer**

Provided below is a brief description of the Underlying Stock Issuer obtained from publicly available information published by the Underlying Stock Issuer.

Lyondell Chemical Company has disclosed that it is a global chemical company that manufactures and markets basic chemicals and their derivatives. Goods manufactured by Lyondell Chemical Company include clothing, packaging, construction and home building and improvement materials, household furnishings and automobile parts. Lyondell Chemical Company operates in the following four major

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integrated business segments: ethylene, co-products and derivatives; propylene oxide and related products; inorganic chemicals; and refining. The Lyondell Chemical Company businesses are integrated across several parts of the product chain, with products from one operation being used as raw materials for conversion to other products. This form of integration allows Lyondell Chemical Company to create value within and across its four business segments.

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The Underlying Stock is registered under the Exchange Act. Companies with securities registered under the Exchange Act are required to file financial and other information specified by the SEC periodically. Information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Section, at prescribed rates. In addition, information filed by the Underlying Stock Issuer with the SEC electronically can be reviewed through a website maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>. Information filed with the SEC by the Underlying Stock Issuer under the Exchange Act can be located by reference to SEC file number 001-10145.

Information about the Underlying Stock may also be obtained from other sources such as press releases, newspaper articles and other publicly disseminated documents, as well as from the Underlying Stock Issuer's website. We do not make any representation or warranty as to the accuracy or completeness of any materials referred to above, including any filings made by the Underlying Stock Issuer with the SEC.

**Historical Data**

The Underlying Stock is principally traded on the New York Stock Exchange under the symbol LYO. The following table sets forth the high, low and closing prices for and the amount of dividends paid per share of the Underlying Stock. The information given below is for the four calendar quarters in each of 2002, 2003 and 2004. Partial data is provided for the first calendar quarter of 2005. On May 5, 2005, the closing price for the Underlying Stock was \$27.26 per share. The closing prices listed below were obtained from Bloomberg Financial Services, without independent verification. The historical closing prices of the Underlying Stock should not be taken as an indication of future performance, and no assurance can be given that the price of the Underlying Stock will not decrease.

**Quarterly High, Low and Closing Price of the Underlying Stock**

Quarter - Start	Quarter - End	High Intra-Day	Low Intra-Day	Quarter -End Closing	Quarterly Dividend
Date	Date	Price of the	Price of the	Price of the	per share of the
		Underlying Stock	Underlying Stock	Underlying Stock	Underlying Stock
1/1/02	3/31/02	17.59	12.07	16.61	0.225
4/1/02	6/30/02	17.47	13.85	15.10	0.225
7/1/02	9/30/02	15.25	11.15	11.94	0.225
10/1/02	12/31/02	14.83	10.33	12.64	0.225
1/1/03	3/31/03	14.46	10.96	13.95	0.225
4/1/03	6/30/03	16.12	13.50	13.53	0.225
7/1/03	9/30/03	16.10	12.53	12.78	0.225
10/1/03	12/31/03	17.10	12.45	16.95	0.225
1/1/04	3/31/04	19.14	14.58	14.84	0.225
4/1/04	6/30/04	17.64	14.80	17.39	0.225
7/1/04	9/30/04	22.69	16.51	22.46	0.225
10/1/04	12/31/04	29.59	20.90	28.92	0.225
1/1/05	3/31/05	35.65	26.89	27.92	0.225
4/1/05	5/5/05	28.87	23.95	27.26	0.225

**HYPOTHETICAL RETURNS**

The following table illustrates, for the hypothetical initial stock price, the hypothetical trigger price and a range of hypothetical final stock prices, whether or not a trigger event has occurred:

the hypothetical price return of the Underlying Stock;

the hypothetical pre-tax annualized rate of return of an investment in the Underlying Stock, as more fully described below;

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the hypothetical redemption amount per note (excluding interest payments);

the hypothetical return at maturity of the notes (excluding interest payments); and

the hypothetical pre-tax annualized rate of total return on the notes.

The figures below are for purposes of illustration only. The actual redemption amount and the resulting total and pre-tax annualized rate of return will depend on the actual final stock price and whether or not a trigger event occurs, each determined by the calculation agent as described in this prospectus supplement.

Hypothetical final stock price	Hypothetical price return of the Underlying Stock	Hypothetical pre-tax annualized rate of return of the Underlying Stock(1)(2)	A trigger event has occurred			A trigger event has not occurred		
			Hypothetical redemption amount per note (excluding interest payment)	Hypothetical return at maturity of the notes (excluding interest payment)	Hypothetical pre-tax annualized rate of total return on the notes(1)	Hypothetical redemption amount per note (excluding interest payment)	Hypothetical return at maturity of the notes (excluding interest payment)	Hypothetical pre-tax annualized rate of total return on the notes(1)
13.50	-50.00%	-48.26%	\$ 500.00	-50.00%	-40.87%			
14.85	-45.00%	-43.11%	\$ 550.00	-45.00%	-35.60%			
16.20	-40.00%	-37.95%	\$ 600.00	-40.00%	-30.35%			
17.55	-35.00%	-32.80%	\$ 650.00	-35.00%	-25.10%			
<b>18.90(4)</b>	-30.00%	-27.64%	\$ 700.00	-30.00%	-19.86%			
20.25	-25.00%	-22.48%	\$ 750.00	-25.00%	-14.62%	\$ 1,000.00	0.00%	11.46%
21.60	-20.00%	-17.32%	\$ 800.00	-20.00%	-9.40%	\$ 1,000.00	0.00%	11.46%
22.95	-15.00%	-12.15%	\$ 850.00	-15.00%	-4.17%	\$ 1,000.00	0.00%	11.46%
24.30	-10.00%	-6.99%	\$ 900.00	-10.00%	1.04%	\$ 1,000.00	0.00%	11.46%
25.65	-5.00%	-1.83%	\$ 950.00	-5.00%	6.25%	\$ 1,000.00	0.00%	11.46%
<b>27.0000(3)</b>	0.00%	3.34%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
28.35	5.00%	8.51%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
29.70	10.00%	13.68%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
31.05	15.00%	18.85%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
32.40	20.00%	24.02%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
33.75	25.00%	29.19%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
35.10	30.00%	34.37%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
36.45	35.00%	39.54%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
37.80	40.00%	44.72%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
39.15	45.00%	49.90%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%
40.50	50.00%	55.08%	\$ 1,000.00	0.00%	11.46%	\$ 1,000.00	0.00%	11.46%

(1) The annualized rates of return specified in the preceding table are calculated based on (a) annual compounding and (b) an actual/365 day count.



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- (2) This rate of return is solely based on the following assumptions:
  - (a) quarterly dividend based on a constant dividend yield of 3.3% per annum;
  - (b) no transaction fees or expenses; and
  - (c) a 1-year investment term.
- (3) This is also the hypothetical initial stock price.
- (4) This is also the hypothetical trigger price.

The following graph sets forth the return at maturity for a range of final stock prices both if a trigger event has occurred and if a trigger event has not occurred.

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**Return Profile of •% Trigger CAPITALS<sup>SM</sup> vs. Lyondell Chemical Company Common Stock Price**

\* Assumes an interest rate of 11% per annum.

**SUPPLEMENTAL TAX CONSIDERATIONS**

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

**Supplemental U.S. Tax Considerations**

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

The treatment of the notes for United States federal income tax purposes is uncertain. In the opinion of Sullivan & Cromwell LLP, it would be reasonable to treat the notes as an investment unit consisting of (i) a non-contingent debt instrument subject to the rules governing debt instruments (as described under **United States Taxation U.S. Holders** in the accompanying prospectus) issued by us to you (the **Debt Portion** ) and (ii) a stock-settled put option on Lyondell Chemical Company common stock written by you and purchased by us (the **Put Option** ). The terms of the notes require you and us (in the absence of an administrative determination or a judicial ruling to the contrary) to treat the notes for all tax purposes in accordance with such characterization.

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*No statutory, judicial or administrative authority directly discusses how the notes should be treated for United States federal income tax purposes. As a result, the United States federal income tax consequences of your investment in the notes are highly uncertain and alternative characterizations are possible. Accordingly, we urge you to consult your tax advisor in determining the tax consequences of an investment in the notes, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.*

**Treatment as an Investment Unit.** If the notes are properly treated as an investment unit consisting of a Debt Portion and Put Option, it is likely that the Debt Portion of the note would be treated as having been issued for the principal amount you paid for the note and that interest payments on the note would be treated in part as payments of interest and in part as payments for the Put Option. If the amount you paid for the note is less than 99.75% of the principal amount, you will be subject to the market discount rules described in the accompanying prospectus under **United States Taxation United States Holders Notes Purchased with Market Discount**. Amounts treated as interest would be includable in income by you in accordance with your regular method of accounting for interest for United States federal income tax purposes. Amounts treated as payment for the Put Option would be deferred and would be included in income by you upon the maturity or sale of the note or, in the event the note is stock settled, would be incorporated into your basis of the Lyondell Chemical Company stock you received in respect of your notes. The terms of the note require you and us to treat  $\bullet\%$  of the stated interest payments on the note as payment of interest on the Debt Portion and the remaining  $\bullet\%$  of the stated interest payments on the note as payment for the Put Option.

A cash payment of the full principal amount that is, \$1,000 of the note upon the maturity of the note would likely be treated as (i) payment in full of the principal amount of the Debt Portion (which would likely not result in the recognition of gain or loss if you are an initial purchaser of your Note) and (ii) the lapse of the Put Option, which would likely result in your recognition of short-term capital gain in an amount equal to the amount paid to you for the Put Option and deferred as described in the preceding paragraph.

A payment at maturity in shares of the common stock of Lyondell Chemical Company would likely be treated as (i) payment in full of the principal amount of the Debt Portion (resulting in neither gain nor loss for an initial purchaser) and (ii) the exercise by us of the Put Option and your purchase of Lyondell Chemical Company common stock for an amount equal to the principal amount of the note. Your United States federal income tax basis in the Lyondell Chemical Company common stock you receive would equal the principal amount of the note less the amount of payments you received for the Put Option and deferred as described in the preceding paragraph. Your holding period in the Lyondell Chemical Company common stock would begin the day you beneficially receive such stock.

Upon the sale of the note, you would be required to apportion the value of the amount you receive between the Debt Portion and Put Option on the basis of the values thereof on the date of the sale. You would recognize gain or loss with respect to the Debt Portion in an amount equal to the difference between (i) the amount apportioned to the Debt Portion and (ii) your adjusted United States federal income tax basis in the Debt Portion (which would generally be equal to the principal amount of your note if you are an initial purchaser of your note). Such gain or loss would be short-term capital gain or loss if your holding period is one year or less. The amount of cash that you receive that is apportioned to the Put Option (together with any amount of premium received in respect thereof and deferred as described in the preceding paragraph) would be treated as short-term capital gain. If the value of the Debt Portion on the date of the sale of your Note is in excess of the amount you receive upon such sale, you would likely be treated as having made a payment (to the purchaser in the case of a sale) equal to the amount of such excess in order to extinguish your rights and obligations under the Put Option. In such a case, you would likely recognize short-term capital gain or loss in an amount equal to the difference between the premium you previously received in respect of the Put Option and the amount of the deemed payment made by you to extinguish the Put Option.

If you are a secondary purchaser of the note, you would be required to allocate your purchase price for the note between the Debt Portion and Put Option based on the respective fair market values of each on the date of purchase. If, however, the portion of your purchase price allocated to the Debt Portion is at a discount from, or is in excess of, the principal amount of the note, you may be subject to the market discount or amortizable bond premium rules described in the accompanying prospectus under **United States Taxation United States Holders Notes Purchased with Market Discount** and **United States Taxation United**



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States Holders Original Issue Discount Acquisition Premium with respect to the Debt Portion. The portion of your purchase price that is allocated to the Put Option would likely be offset for tax purposes against amounts you subsequently receive with respect to the Put Option (including amounts received upon a sale of the Note that are attributable to the Put Option), thereby reducing the amount of gain or increasing the amount of loss you would recognize with respect to the Put Option. If, however, the portion of your purchase price allocated to the Debt Portion as described above is in excess of your purchase price for your Note, you would likely be treated for tax purposes as having received a payment for the Put Option (which will be deferred as described in the fourth preceding paragraph) in an amount equal to such excess.

*Example of Tax Treatment as an Investment Unit.* The following example is for illustrative purposes only. Assume that you purchased a note on the initial issuance with an underlying hypothetical XYZ Index Stock, which has an initial value of \$100, at par for \$1,000 and will receive a 10% annual coupon. Assume further that the \$100 annual coupon consists of an interest payment with respect to the Debt Portion of 3%, or \$30, and a payment with respect to the Put Option of 7%, or \$70. Pursuant to the characterization described above, you would include the interest portion of \$30 in ordinary income in the year it is received or accrued, depending on your accounting method for tax purposes. Initially, the portion of the coupon attributable to the Put Option (\$70) would not be subject to tax.

For a 12-month note that is not sold prior to maturity, the coupon payments would total \$100, \$30 of which would be taxed as ordinary interest income in the year it is received or accrued and \$70 of which would not be subject to tax until maturity. If the value of the XYZ Index Stock never fell below the downside protection price and/or is equal to or higher than the initial value of \$100 at maturity, you would receive \$1,000 cash and recognize a short-term capital gain of \$70 (that is, the amount of the payments previously received by you with respect to the Put Option). If the value of the XYZ Index Stock at maturity is below the \$100 initial value and at some point had fallen below the downside protection price of \$70, you would receive 10 shares of XYZ Index Stock (that is, \$1000 principal amount/\$100 per share initial price = 10 shares). Your basis in the shares would be \$930, which is the initial purchase price of the note (\$1000) less the payments previously made to you with respect to the Put Option (\$70).

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

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

*United States Alien Holders.* If you are a United States holder, you generally will not be subject to United States withholding tax or to generally applicable information reporting and backup withholding requirements with respect to payments on your notes as long as you comply with certain certification and identification requirements as to your foreign status. Please see the discussion under United States Taxation United States Alien Holders and Backup Withholding and Information Reporting.



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As discussed above, alternative characterizations of the notes for U.S. federal income tax purposes are possible. Should an alternative characterization of the notes, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the notes to become subject to withholding tax, we will withhold at the applicable statutory rate. Prospective United States alien holders of the notes should consult their own tax advisors in this regard.

### **EMPLOYEE RETIREMENT INCOME SECURITY ACT**

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

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

The acquisition of the notes by a plan with respect to which Wachovia, Wachovia Securities or certain of our affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless those notes are acquired pursuant to and in accordance with an applicable exemption. The U.S. Department of Labor has issued five prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the notes. These exemptions are:

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

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

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

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

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

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The notes may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include plan assets by reason of any plan's investment in the entity (a plan asset entity) or (3) any person investing plan assets of any plan, unless in each case the purchaser or holder is eligible for the exemptive relief available under one or more of the PTCEs listed above or another applicable similar exemption. Any purchaser or holder of the notes or any interest in the notes will be deemed to have represented by its

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purchase and holding of the notes that it either (1) is not a plan or a plan asset entity and is not purchasing those notes on behalf of or with plan assets of any plan or plan asset entity or (2) with respect to the purchase or holding, is eligible for the exemptive relief available under any of the PTCEs listed above or another applicable exemption. In addition, any purchaser or holder of the notes or any interest in the notes which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the notes that its purchase and holding will not violate the provisions of any similar law.

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

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

## **USE OF PROCEEDS AND HEDGING**

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

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

## **SUPPLEMENTAL PLAN OF DISTRIBUTION**

Wachovia Capital Markets, LLC has agreed, subject to the terms and conditions of the distribution agreement and a terms agreement, to purchase from Wachovia as principal \$• aggregate principal amount of notes. Wachovia Capital Markets, LLC has engaged the services of each of Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC, as broker, to resell \$• and \$•, respectively, aggregate principal amount of the notes purchased by Wachovia Capital Markets, LLC and has agreed to reallow Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC •% of the principal amount of each note sold through Wachovia Securities, LLC or Wachovia Securities Financial Network, LLC, respectively, as broker.

The distribution agreement provides that the obligations of Wachovia Capital Markets, LLC are subject to certain conditions and that Wachovia Capital Markets, LLC is obligated to purchase the notes. Wachovia Capital Markets, LLC has advised Wachovia that it proposes initially to offer all or part of the notes directly to the public at the offering price set forth on the cover page of this prospectus supplement. However, the offering price will be reduced to \$• per note (•% of the principal amount) for any purchaser of \$2,000,000 or more aggregate principal amount of the notes in any single transaction during the original public offering. In that case, Wachovia Capital Markets, LLC will receive an underwriting discount and commission of •% and the broker responsible for the sale will receive a reallowance of •%. In addition to the compensation paid at the time of the original public offering of the notes, an additional administrative fee of •% will be paid to Wachovia Securities, LLC in

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connection with the administration of orders for the notes. After the initial public offering, the public offering price may be changed and a concession to dealers may be offered. Wachovia Capital Markets, LLC is offering the notes subject to receipt and acceptance and subject to its right to reject any order in whole or in part.

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In addition, additional agents under the distribution agreement (together with Wachovia Capital Markets, LLC, the Agents ), subject to the terms and conditions of the distribution agreement, may act as Wachovia's agents in the sale of \$• aggregate principal amount of the notes. Wachovia has agreed to pay the agents a commission of •% of the principal amount of each note sold through the agent on an agency basis.

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

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

Wachovia Capital Markets, LLC, Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC are affiliates of Wachovia. Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. (the NASD ) imposes certain requirements when an NASD member such as Wachovia Capital Markets, LLC, Wachovia Securities, LLC or Wachovia Securities Financial Network, LLC distributes an affiliated company's debt securities. Wachovia Capital Markets, LLC, Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC have advised Wachovia that this offering will comply with the applicable requirements of Rule 2720. Wachovia Capital Markets, LLC, Wachovia Securities, LLC and Wachovia Securities Financial Network, LLC will not confirm initial sales to accounts over which they exercise discretionary authority without the prior written approval of the customer.

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

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

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

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

Neither the notes nor Wachovia Corporation is registered in the Securities Registry of the Superintendency of Securities and Insurance in Chile.

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

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**RECENT DEVELOPMENTS**

**Certain Proceedings**

Wachovia's periodic reports filed with the SEC contain information regarding certain pending legal and regulatory proceedings involving Wachovia. The following supplements Wachovia's Quarterly Report on Form 10-Q for the period ended March 31, 2005.

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matter described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

The following supplements certain matters previously reported in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2004.

*Pioneer Litigation.* On July 26, 2000, a jury in the Philadelphia County (PA) Court of Common Pleas returned a verdict in the case captioned *Pioneer Commercial Funding Corporation v. American Financial Mortgage Corporation, CoreStates Bank, N.A., et al.* The verdict against CoreStates Bank, N.A. (CoreStates), a predecessor of WBNA, included consequential damages of \$13.5 million and punitive damages of \$337.5 million. The trial court had earlier directed a verdict against CoreStates for compensatory damages of \$1.7 million. The plaintiff, who was not a CoreStates customer, alleged that the sum of \$1.7 million, which it claims it owned, was improperly setoff by CoreStates. Upon Wachovia's motion, the trial court reduced the amount of the punitive damages award to \$40.5 million in December 2000. Wachovia believes that numerous reversible errors occurred at the trial, and that the facts do not support the damages awards. In March 2002, the Pennsylvania Superior Court vacated the award of punitive damages, affirmed the awards of consequential and compensatory damages and remanded the case for a new trial on punitive damages. On August 19, 2004, the Pennsylvania Supreme Court reversed the Pennsylvania Superior Court's judgment and remanded the case to the trial court for an entry of judgment in favor of Wachovia on all counts. The Court denied the plaintiff's application for re-argument on December 20, 2004. On April 18, 2005, the United States Supreme Court denied the plaintiff's petition for certiorari.

*Other Regulatory Matters.* Governmental and self-regulatory authorities have instituted numerous ongoing investigations of various practices in the securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to revenue sharing, market-timing, late trading, sales practices and record retention. The investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations. Wachovia is continuing its own internal review of policies, practices, procedures and personnel, and is taking remedial action where appropriate.



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*Outlook.* Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

*Leveraged Lease Accounting.* For a leveraged lease, SFAS No. 13, *Accounting for Leases* (SFAS 13), as amended and interpreted, states that if a change in an important lease assumption changes the total estimated net income under the lease, then the rate of return and the allocation of lease income to positive investment years must be recalculated from inception of the lease using the revised important assumption. The net investment in the lease must then be adjusted to the revised amount by a charge or credit to the results of operations in the period in which the important assumption is changed. Changes that affect only the timing of cash flows and not the total net income under the lease do not result in a recalculation of the lease.

The FASB continues to discuss several matters related to leveraged lease accounting including the extent to which changes that affect the timing of cash flows but not the total net income under the lease should be incorporated into the recalculation when a change in an important lease assumption occurs. If the FASB modifies existing interpretations of SFAS 13 and related industry practice, it could result in a one-time non-cash charge to the results of operations. An amount approximating this one-time charge would then be recognized back into income over the remaining terms of the affected leases.

The FASB has decided to issue a proposed FASB Staff Position to address this change in accounting. We will monitor these discussions and to the extent a proposal is issued that will result in material changes for our current accounting treatment for leveraged leases, we will provide appropriate disclosure.

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**\$4,000,000,000**

**WACHOVIA CORPORATION**

**(Formerly named First Union Corporation)**

**Senior Global Medium-Term Notes, Series E**

**and**

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

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**Terms of Sale**

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

stated maturity of 9 months or longer	amount of principal or interest may be determined by reference to an index or formula
fixed or floating interest rate, zero-coupon or issued with original issue discount; a floating interest rate may be based on:	book-entry form only through The Depository Trust Company
commercial paper rate	redemption at the option of Wachovia or repayment at the option of the holder
prime rate	interest on notes paid monthly, quarterly, semi-annually or annually
LIBOR	denominations of \$1,000 and multiples of \$1,000



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EURIBOR	denominated in a currency other than U.S dollars or in a composite currency
treasury rate	settlement in immediately available funds
CMT rate	
CD rate	
federal funds rate	
ranked as senior or subordinated indebtedness of Wachovia	

The final terms of each note will be included in a pricing supplement. Wachovia will receive between \$3,995,000,000 and \$3,960,000,000 of the proceeds from the sale of the notes, after paying the agents' commissions of between \$5,000,000 and \$40,000,000.

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

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Prior to September 1, 2001, our company was named First Union Corporation. We changed our name on September 1, 2001, following our merger with the former Wachovia Corporation.

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

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

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

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

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# **Wachovia Securities**

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**This prospectus is dated May 31, 2002**

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**ABOUT THIS PROSPECTUS**

**General**

This document is called a prospectus and is part of a registration statement that we filed with the SEC using a shelf registration or continuous offering process. Under this shelf registration, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$4,000,000,000.

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

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

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

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

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

One or more of our subsidiaries, including First Union Securities, Inc., may buy and sell any of the securities after the securities are issued as part of their business as a broker-dealer. Those subsidiaries may use this prospectus and the related pricing supplement in those transactions. Any sale by a subsidiary will be made at the prevailing market price at the time of sale. Unless otherwise mentioned or unless the context requires otherwise, any reference in this prospectus to **Wachovia Securities** means First Union Securities, Inc. and does not mean Wachovia Securities, Inc., a broker-dealer subsidiary of Wachovia which is not participating in this offering.

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

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**Selling Restrictions Outside the United States**

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

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

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

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**WHERE YOU CAN FIND MORE INFORMATION**

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

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

Annual Report on Form 10-K for the year ended December 31, 2001;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2002; and

Current Reports on Form 8-K dated August 30, 2001, September 6, 2001, January 23, 2002 and April 18, 2002.

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

Corporate Relations

Wachovia Corporation

One Wachovia Center

301 South College Street

Charlotte, North Carolina 28288-0206

(704) 374-6782

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





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**FORWARD-LOOKING STATEMENTS**

This prospectus and applicable pricing supplements contain or incorporate statements that are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements can be identified by the use of forward-looking language such as will likely result, may, are expected to, is anticipated, estimate, projected, intends to, or other similar words. Our actual performance or achievements could be significantly different from the results expressed in or implied by these forward-looking statements. These statements are subject to certain risks and uncertainties, including but not limited to certain risks described in the pricing supplement or the documents incorporated by reference. When considering these forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus and the pricing supplements. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

**WACHOVIA CORPORATION**

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

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

In 1985, the Supreme Court upheld regional interstate banking legislation. Since then, Wachovia has concentrated its efforts on building a large regional banking organization in what it perceives to be some of the better banking markets in the eastern United States. Since November 1985, Wachovia has completed over 90 banking-related acquisitions.

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

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



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**RISK FACTORS**

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

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

**Risks Relating to Indexed Notes**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**Table of Contents****USE OF PROCEEDS**

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

reducing debt;

investments at the holding company level;

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

acquisitions;

stock repurchases; and

other purposes as mentioned in any pricing supplement.

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

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

**CONSOLIDATED EARNINGS RATIOS**

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

	<b>Three Months Ended March 31,</b>	<b>Years Ended December 31,</b>				
	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends</b>						
Excluding interest on deposits	3.20x	1.61	1.13	2.29	2.13	2.50
Including interest on deposits	1.88x	1.27	1.06	1.62	1.51	1.57

For purposes of computing these ratios

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

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

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

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

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

The following is selected unaudited consolidated condensed financial information for Wachovia for the three months ended March 31, 2002, and for the year ended December 31, 2001. The summary below should be read in conjunction with the consolidated financial statements of Wachovia, and the related notes thereto, and the other detailed information contained in Wachovia's March 31, 2002 Quarterly Report on Form 10-Q and 2001 Annual Report on Form 10-K.

<b>(In millions, except per share data)</b>	<b>Three Months Ended March 31, 2002</b>	<b>Year Ended December 31, 2001(a)</b>
<b>CONSOLIDATED CONDENSED SUMMARIES OF INCOME</b>		
Interest income	\$ 3,903	\$ 16,100
Interest expense	1,477	8,325
Net interest income	2,426	7,775
Provision for loan losses	339	1,947
Net interest income after provision for loan losses	2,087	5,828
Securities transactions	(6)	(67)
Noninterest income	2,033	6,363
Merger-related and restructuring charges	(8)	106
Noninterest expense	2,777	9,725
Income before income taxes	1,345	2,293
Income taxes	432	674
Net income	913	1,619
Dividends on preferred stock	6	6
Net income available to common stockholders	\$ 907	\$ 1,613
<b>PER COMMON SHARE DATA</b>		
Basic earnings	\$ 0.67	\$ 1.47
Diluted earnings	0.66	1.45
Cash dividends	0.24	0.96
Average common shares basic	1,355	1,096
Average common shares diluted	\$ 1,366	\$ 1,105
<b>CONSOLIDATED CONDENSED PERIOD-END BALANCE SHEETS</b>		
Cash and cash equivalents	\$ 26,548	\$ 34,711
Trading account assets	28,227	25,386
Securities	57,382	58,467
Loans, net of unearned income	162,294	163,801
Allowance for loan losses	(2,986)	(2,995)
Loans, net	159,308	160,806
Goodwill and other intangibles	12,716	12,772
Other assets	35,672	38,310
Total assets	\$ 319,853	\$ 330,452

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Deposits	180,033	187,453
Short-term borrowings	46,559	44,385
Trading account liabilities	10,261	11,437
Other liabilities	14,279	16,989
Long-term debt	39,936	41,733
	<hr/>	<hr/>
Total liabilities	291,068	301,997
Stockholders' equity	28,785	28,455
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 319,853	\$ 330,452
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(a) The merger of the former Wachovia Corporation and First Union Corporation closed on September 1, 2001, and was accounted for under the purchase method of accounting.

**Table of Contents****CAPITALIZATION**

The following table sets forth the unaudited capitalization of Wachovia at March 31, 2002.

<i>(In millions)</i>	<b>March 31, 2002</b>
<b>Long-term Debt</b>	
Total long-term debt	\$ 39,936
<b>Stockholders Equity</b>	
Dividend Equalization Preferred shares, issued 97 million shares	11
Common stock, authorized 3 billion shares, issued 1.368 billion shares	4,559
Paid-in capital	17,989
Retained earnings	6,136
Accumulated other comprehensive income, net	90
<b>Total stockholders equity</b>	<b>28,785</b>
<b>Total long-term debt and stockholders equity</b>	<b>\$ 68,721</b>

As of the date of this prospectus, there has been no material change in the capitalization of Wachovia since March 31, 2002.

**REGULATORY CONSIDERATIONS**

As a financial holding company and a bank holding company under the Bank Holding Company Act, the Federal Reserve Board regulates, supervises and examines Wachovia. For a discussion of the material elements of the regulatory framework applicable to financial holding companies, bank holding companies and their subsidiaries and specific information relevant to Wachovia, please refer to Wachovia's annual report on Form 10-K for the fiscal year ended December 31, 2001, and any subsequent reports we file with the SEC, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the federal deposit insurance funds and not for the protection of security holders. As a result of this regulatory framework, Wachovia's earnings are affected by actions of the Federal Reserve Board, the Office of Comptroller of the Currency, that regulates our banking subsidiaries, the Federal Deposit Insurance Corporation, that insures the deposits of our banking subsidiaries within certain limits, and the SEC, that regulates the activities of certain subsidiaries engaged in the securities business.

Wachovia's earnings are also affected by general economic conditions, our management policies and legislative action.

In addition, there are numerous governmental requirements and regulations that affect our business activities. A change in applicable statutes, regulations or regulatory policy may have a material effect on Wachovia's business.

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Depository institutions, like Wachovia's bank subsidiaries, are also affected by various federal laws, including those relating to consumer protection and similar matters. Wachovia also has other financial services subsidiaries regulated, supervised and examined by the Federal Reserve Board, as well as other relevant state and federal regulatory agencies and self-regulatory organizations. Wachovia's non-bank subsidiaries may be subject to other laws and regulations of the federal government or the various states in which they are authorized to do business.

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**DESCRIPTION OF THE NOTES WE MAY OFFER**

*The following information outlines some of the provisions of the indentures and the notes. This information may not be complete in all respects, and is qualified entirely by reference to the indenture under which the notes are issued. These indentures are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. This information relates to certain terms and conditions that generally apply to the notes. The specific terms of any series of notes will be described in the relevant pricing supplement. As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If your pricing supplement is inconsistent with this prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this section may not apply to your note.*

**General**

Senior notes will be issued under an indenture, dated as of April 1, 1983, as amended and supplemented, between Wachovia and JPMorgan Chase Bank, (formerly known as The Chase Manhattan Bank) as trustee. Subordinated notes will be issued under an indenture, dated as of March 15, 1986, as amended and supplemented, between Wachovia and Bank One Trust Company, N.A., as trustee. Each of the senior and the subordinated notes constitutes a single series of debt securities of Wachovia issued under the senior and the subordinated indenture, respectively. The term debt securities, as used in this prospectus, refers to all debt securities, including the notes, issued and issuable from time to time under the relevant indenture. The indentures are subject to, and governed by, the Trust Indenture Act of 1939, as amended. These indentures are more fully described below in this section. Whenever we refer to specific provisions or defined terms in one or both of the indentures, those provisions or defined terms are incorporated in this prospectus by reference. Section references used in this discussion are references to the relevant indenture. Capitalized terms which are not otherwise defined shall have the meaning given to them in the relevant indenture. As long as the notes are listed on the Luxembourg Stock Exchange, the indentures will be available for inspection at the offices of the Luxembourg Listing Agent and Luxembourg Paying Agent and Transfer Agent.

The notes will be limited to an aggregate initial offering price of \$4,000,000,000, or at Wachovia's option if so specified in the relevant pricing supplement, the equivalent of this amount in any other currency or currency unit, and will be Wachovia's direct, unsecured obligations. The notes will not be deposits or other bank obligations and will not be FDIC insured.

The notes are being offered on a continuous basis by Wachovia through one or more agents listed under Plan of Distribution. The indentures do not limit the aggregate principal amount of senior or subordinated notes that we may issue. We may, from time to time, without the consent of the holders of the notes, provide for the issuance of notes or other debt securities under the indentures in addition to the \$4,000,000,000 aggregate initial offering price of notes noted on the cover of this prospectus. Each note issued under this prospectus will mature nine months or more from its date of issue, as selected by the purchaser and agreed to by Wachovia and may be subject to redemption or repayment before its stated maturity. Notes may be issued at significant discounts from their principal amount due on the stated maturity (or on any prior date on which the principal or an installment of principal of a note becomes due and payable, whether by the declaration of acceleration, call for redemption at the option of Wachovia, repayment at the option of the holder or otherwise), and some notes may not bear interest. Wachovia may from time to time, without the consent of the existing holders of the relevant notes, create and issue further notes having the same terms and conditions as such notes in all respects, except for the issue date, issue price and, if applicable, the first payment of interest thereon. Additional notes issued in this manner will be consolidated with, and will form a single series with, the previously outstanding notes.

Unless we specify otherwise in the relevant pricing supplement, currency amounts in this prospectus are expressed in United States dollars. Unless we specify otherwise in any note and pricing supplement, the notes





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will be denominated in U.S. dollars and payments of principal, premium, if any, and any interest on the notes will be made in U.S. dollars. If any note is to be denominated other than exclusively in U.S. dollars, or if the principal of, premium, if any, or any interest on the note is to be paid in one or more currencies (or currency units or in amounts determined by reference to an index or indices) other than that in which that note is denominated, additional information (including authorized denominations and related exchange rate information) will be provided in the relevant pricing supplement. Unless we specify otherwise in any pricing supplement, notes denominated in U.S. dollars will be issued in denominations of \$1,000 or any integral multiple of \$1,000.

Interest rates that we offer on the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered concurrently to different investors. We may change interest rates or formulas and other terms of notes from time to time, but no change of terms will affect any note we have previously issued or as to which we have accepted an offer to purchase.

Each note will be issued as a book-entry note in fully registered form without coupons. Each note issued in book-entry form will be represented by a global note that we deposit with and register in the name of a financial institution or its nominee, that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable pricing supplement, The Depository Trust Company, New York, New York, will be the depository for all notes in global form. Except as discussed below under "Global Notes", owners of beneficial interests in book-entry notes will not be entitled to physical delivery of notes in certificated form. We will make payments of principal of, and premium, if any and interest, if any, on the notes through the applicable trustee to the depository for the notes. See "Global Notes".

The indentures do not limit the aggregate principal amount of debt securities or of any particular series of debt securities which may be issued under the indentures and provide that these debt securities may be issued at various times in one or more series, in each case with the same or various maturities, at par or at a discount. (*Section 301*) The indentures provide that there may be more than one trustee under the indentures with respect to different series of debt securities. As of March 31, 2002, \$12.5 billion aggregate principal amount of senior debt securities was outstanding under the senior indenture. The senior trustee is trustee for such series. As of March 31, 2002, \$27.5 billion aggregate principal amount of subordinated debt securities was outstanding under the subordinated indenture. The subordinated trustee is trustee for such series.

The indentures do not limit the amount of other debt that Wachovia may issue and do not contain financial or similar restrictive covenants. As of March 31, 2002, Wachovia had an aggregate of \$4.1 billion of short-term senior indebtedness outstanding which consisted primarily of commercial paper. Wachovia expects from time to time to incur additional senior indebtedness and Other Financial Obligations (as defined below). The indentures do not prohibit or limit additional senior indebtedness or Other Financial Obligations.

Because Wachovia is a holding company and a legal entity separate and distinct from its subsidiaries, Wachovia's rights to participate in any distribution of assets of any subsidiary upon its liquidation, reorganization or otherwise, and the holders of notes' ability to benefit indirectly from such distribution, would be subject to prior creditor's claims, except to the extent that Wachovia itself may be a creditor of that subsidiary with recognized claims. Claims on Wachovia's subsidiary banks by creditors other than Wachovia include long-term debt and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations. The indentures do not contain any covenants designed to afford holders of notes protection in the event of a highly leveraged transaction involving Wachovia.

## **Legal Ownership**

### ***Street Name and Other Indirect Holders***

Investors who hold their notes in accounts at banks or brokers will generally not be recognized by us as legal holders of notes. This is called holding in street name. Instead, we would recognize only the bank or

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broker, or the financial institution the bank or broker uses to hold its notes. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the notes, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold your notes in street name, you should check with your own institution to find out:

how it handles note payments and notices;

whether it imposes fees or charges;

how it would handle voting if it were ever required;

whether and how you can instruct it to send you notes registered in your own name so you can be a direct holder as described below; and

how it would pursue rights under the notes if there were a default or other event triggering the need for holders to act to protect their interests.

### ***Direct Holders***

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the notes run only to persons who are registered as holders of notes. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold your notes in that manner or because the notes are issued in the form of global securities as described below. For example, once we make payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

### ***Global Notes***

A global note is a special type of indirectly held security, as described above under [Street Name and Other Indirect Holders](#) . If we choose to issue notes in the form of global notes, the ultimate beneficial owners of global notes can only be indirect holders. We require that the global note be registered in the name of a financial institution we select.

We also require that the notes included in the global note not be transferred to the name of any other direct holder except in the special circumstances described in the section [Global Notes](#) . The financial institution that acts as the sole direct holder of the global note is called the depositary. Any person wishing to own a global note must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The pricing supplement indicates whether your series of notes will be issued only in the form of global notes.

Further details of legal ownership are discussed in the section [Global Notes](#) below.

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*In the remainder of this description you or holder means direct holders and not street name or other indirect holders of notes. Indirect holders should read the previous subsection titled Street Name and Other Indirect Holders .*

### **Types of Notes**

We may issue the following four types of notes:

***Fixed Rate Notes.*** A note of this type will bear interest at a fixed rate described in the applicable pricing supplement. This type includes zero-coupon notes, which bear no interest and are instead issued at a price lower than the principal amount.

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***Floating Rate Notes.*** A note of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below in **Interest Rates Floating Rate Notes** . If your note is a floating rate note, the formula and any adjustments that apply to the interest rate will be specified in your pricing supplement.

***Indexed Notes.*** A note of this type provides that the principal amount payable at its maturity, and/or the amount of interest payable on an interest payment date, will be determined by reference to:

one or more securities;

one or more currencies;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or

indices or baskets of any of these items.

If you are a holder of an indexed note, you may receive a principal amount at maturity that is greater than or less than the face amount of your note depending upon the value of the applicable index at maturity. That value may fluctuate over time. If you purchase an indexed note your pricing supplement will include information about the relevant index and about how amounts that are to become payable will be determined by reference to that index. Before you purchase any indexed note, you should read carefully the section entitled **Risk Factors Risks Relating to Indexed Notes** above.

***Exchangeable Notes.*** We may issue notes, which we refer to as **exchangeable notes**, that are exchangeable, at our option or the option of the holder, into securities of an issuer other than Wachovia or into other property. The exchangeable notes may or may not bear interest or be issued with original issue discount or at a premium. The general terms of the exchangeable notes are described below.

***Optionally Exchangeable Notes.*** The holder of an optionally exchangeable note may, during a period, or at specific times, exchange the note for the underlying property at a specified rate of exchange. If specified in your pricing supplement, we will have the option to redeem the optionally exchangeable note prior to maturity. If the holder of an optionally exchangeable note does not elect to exchange the note prior to maturity or any redemption date, the holder will receive the principal amount of the note plus any accrued interest at maturity or upon redemption.

***Mandatorily Exchangeable Notes.*** At maturity, the holder of a mandatorily exchangeable note must exchange the note for the underlying property at a specified rate of exchange, and, therefore, depending upon the value of the underlying property at maturity, the holder of a mandatorily exchangeable note may receive less than the principal amount of the note at maturity. If so indicated in your pricing supplement, the specified rate at which a mandatorily exchangeable note may be exchanged may vary depending on the value of the underlying property so that, upon exchange, the holder participates in a percentage, which may be less than, equal to, or greater than 100% of the change in value of the underlying property. Mandatorily exchangeable notes may include notes where we have the right, but not the obligation, to require holders of notes to exchange their notes for the underlying property.

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***Payments upon Exchange.*** Your pricing supplement will specify if upon exchange, at maturity or otherwise, the holder of an exchangeable note may receive, at the specified exchange rate, either the underlying property or the cash value of the underlying property. The underlying property may be the securities of either U.S. or foreign entities or both. The exchangeable notes may or may not provide for

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protection against fluctuations in the exchange rate between the currency in which that note is denominated and the currency or currencies in which the market prices of the underlying security or securities are quoted. Exchangeable notes may have other terms, which will be specified in your pricing supplement.

***Special Requirements for Exchange of Global Securities.*** If an optionally exchangeable note is represented by a global security, the depositary's nominee will be the holder of that note and therefore will be the only entity that can exercise a right to exchange. In order to ensure that the depositary's nominee will timely exercise a right to exchange a particular note or any portion of a particular note, the beneficial owner of the note must instruct the broker or other direct or indirect participant through which it holds an interest in that note to notify the depositary of its desire to exercise a right to exchange. Different firms have different deadlines for accepting instructions from their customers. Each beneficial owner should consult the broker or other participant through which it holds an interest in a note in order to ascertain the deadline for ensuring that timely notice will be delivered to the depositary.

***Payments upon Acceleration of Maturity or upon Tax Redemption.*** If the principal amount payable at maturity of any exchangeable note is declared due and payable prior to maturity, the amount payable on:

an optionally exchangeable note will equal the face amount of the note plus accrued interest, if any, to but excluding the date of payment, except that if a holder has exchanged an optionally exchangeable note prior to the date of declaration or tax redemption without having received the amount due upon exchange, the amount payable will be an amount of cash equal to the amount due upon exchange and will not include any accrued but unpaid interest; and

a mandatorily exchangeable note will equal an amount determined as if the date of declaration or tax redemption were the maturity date plus accrued interest, if any, to but excluding the date of payment.

## **Original Issue Discount Notes**

A fixed rate note, a floating rate note or an indexed note may be an original issue discount note. A note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount note may be a zero coupon note. A note issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of maturity. See United States Taxation below for a brief description of the U.S. federal income tax consequences of owning an original issue discount note.

## **Information in the Pricing Supplement**

Your pricing supplement will describe one or more of the following terms of your note:

the stated maturity;

the specified currency or currencies for principal and interest, if not U.S. dollars;



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the price at which we originally issue your note, expressed as a percentage of the principal amount, and the original issue date;

whether your note is a fixed rate note, a floating rate note, an indexed note or an exchangeable note;

if your note is a fixed rate note, the yearly rate at which your note will bear interest, if any, and the interest payment dates;

if your note is a floating rate note, the interest rate basis, which may be one of the eight interest rate bases described in [Interest Rates - Floating Rate Notes](#) below; any applicable index currency or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the

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interest reset, determination, calculation and payment dates, all of which we describe under Interest Rates Floating Rate Notes below;

if your note is an indexed note, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and whether your note will be exchangeable for or payable in cash, securities of an issuer other than Wachovia or other property;

if your note is an exchangeable note, the securities or property for which the notes may be exchanged, whether the notes are exchangeable at your option or at Wachovia's option, and the other items described in Exchangeable Notes above;

if your note is an original issue discount note, the yield to maturity;

if applicable, the circumstances under which your note may be redeemed at our option before the stated maturity, including any redemption commencement date, redemption price(s) and redemption period(s);

if applicable, the circumstances under which you may demand repayment of your note before the stated maturity, including any repayment commencement date, repayment price(s) and repayment period(s);

any special United States federal income tax consequences of the purchase, ownership or disposition of a particular issuance of notes;

the use of proceeds, if materially different than those discussed in this prospectus; and

any other terms of your note, which could be different from those described in this prospectus.

***Market-Making Transactions.*** If you purchase your note in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in which Wachovia Securities or another of our affiliates resells a note that it has previously acquired from another holder. A market-making transaction in a particular note occurs after the original sale of the note.

**Redemption at the Option of Wachovia; No Sinking Fund**

If an initial redemption date is specified in the applicable pricing supplement, we may redeem the particular notes prior to their stated maturity date at our option on any date on or after that initial redemption date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at the applicable redemption price (as defined below), together with unpaid interest accrued thereon to the date of redemption. We must give written notice to registered holders of the particular notes to be redeemed at our option not more than 60 nor less than 30 calendar days prior to the date of redemption. Redemption price, with respect to a note, means an amount equal to the initial redemption percentage specified in the applicable pricing supplement (as adjusted by the annual redemption percentage reduction, if applicable) multiplied by the unpaid principal amount thereof to be redeemed. The initial redemption percentage, if any, applicable to a note shall decline at each anniversary of the initial redemption date by an amount equal to the applicable annual redemption percentage reduction, if any, until the redemption price is equal to 100% of the unpaid principal amount thereof to be redeemed.

The notes will not be subject to, or entitled to the benefit of, any sinking fund.

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### **Repayment at the Option of the Holder**

If one or more optional repayment dates are specified in the applicable pricing supplement, registered holders of the particular notes may require us to repay those notes prior to their stated maturity date on any optional repayment date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at a repayment price equal to 100% of the unpaid principal amount thereof to be repaid, together with unpaid interest accrued thereon to the date of repayment. A registered holder's exercise of the repayment option will be irrevocable.

For any note to be repaid, the applicable trustee must receive, at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the date of repayment, the particular notes to be repaid and, in the case of a book-entry note, repayment instructions from the applicable beneficial owner (as defined below) to the depositary and forwarded by the depositary.

Only the depositary may exercise the repayment option in respect of global notes representing book-entry notes. Accordingly, beneficial owners of global notes that desire to have all or any portion of the book-entry notes represented thereby repaid must instruct the participant (as defined below) through which they own their interest to direct the depositary to exercise the repayment option on their behalf by forwarding the repayment instructions to the applicable trustee as aforesaid. In order to ensure that these instructions are received by the applicable trustee on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before that participant's deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, beneficial owners should consult their participants for the respective deadlines. All instructions given to participants from beneficial owners of global notes relating to the option to elect repayment shall be irrevocable. In addition, at the time repayment instructions are given, each beneficial owner shall cause the participant through which it owns its interest to transfer the beneficial owner's interest in the global note representing the related book-entry notes, on the depositary's records, to the applicable trustee. See Global Notes.

If applicable, we will comply with the requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules promulgated thereunder, and any other securities laws or regulations in connection with any repayment of notes at the option of the registered holders thereof.

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may, at our discretion, be held, resold or surrendered to the applicable trustee for cancellation.

### **Interest**

Each interest-bearing note will bear interest from its date of issue at the rate per annum, in the case of a fixed rate note, or pursuant to the interest rate formula, in the case of a floating rate note, in each case as specified in the applicable pricing supplement, until the principal thereof is paid. We will make interest payments in respect of fixed rate notes and floating rate notes in an amount equal to the interest accrued from and including the immediately preceding interest payment date in respect of which interest has been paid or from and including the date of issue, if no interest has been paid, to but excluding the applicable interest payment date or the maturity date, as the case may be (each, an interest period).

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Interest on fixed rate notes and floating rate notes will be payable in arrears on each interest payment date and on the maturity date. The first payment of interest on any note originally issued between a regular record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding record date to the registered holder on the next succeeding record date. The

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regular record date shall be the fifteenth calendar day, whether or not a business day, immediately preceding the related interest payment date. Business Day is defined below under Interest Rates Special Rate Calculation Terms. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 P.M., New York City time, on that day.

### **Interest Rates**

This subsection describes the different kinds of interest rates that may apply to your note, if it bears interest.

#### ***Fixed Rate Notes***

The relevant pricing supplement will specify the interest payment dates for a fixed rate note as well as the maturity date. Interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months or such other day count fraction set forth in the pricing supplement.

If any interest payment date or the maturity date of a fixed rate note falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and/or interest on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

#### ***Floating Rate Notes***

*In this subsection, we use several specialized terms relating to the manner in which floating interest rates are calculated. These terms appear in **bold, italicized** type the first time they appear, and we define these terms in Special Rate Calculation Terms at the end of this subsection.*

The following will apply to floating rate notes.

***Interest Rate Basis.*** We currently expect to issue floating rate notes that bear interest at rates based on one or more of the following interest rate bases:

commercial paper rate;

prime rate;

LIBOR;

EURIBOR;

treasury rate;

CMT rate;

CD rate; and/or

federal funds rate.

We describe each of the interest rate bases in further detail below in this subsection. If you purchase a floating rate note, your pricing supplement will specify the interest rate basis that applies to your note.

***Calculation of Interest.*** Calculations relating to floating rate notes will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may include any affiliate of ours, such as Wachovia Securities or Wachovia Bank, N.A. (formerly named First Union National Bank). If

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other than Wachovia Securities or Wachovia Bank, N.A., the pricing supplement for a particular floating rate note will name the institution that we have appointed to act as the calculation agent for that note as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the note without your consent and without notifying you of the change.

For each floating rate note, the calculation agent will determine, on no later than the corresponding interest calculation date or on the interest determination date, as described below, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate note by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the relevant pricing supplement.

Upon the request of the holder of any floating rate note, the calculation agent will provide for that note the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a note will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the interest rate basis that applies to a floating rate note during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as discussed below. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any agent participating in the distribution of the relevant floating rate notes and its affiliates, and they may include affiliates of Wachovia.

**Initial Interest Rate.** For any floating rate note, the interest rate in effect from the original issue date to the first interest reset date will be the initial interest rate. We will specify the initial interest rate or the manner in which it is determined in the relevant pricing supplement.

**Spread or Spread Multiplier.** In some cases, the interest rate basis for a floating rate note may be adjusted:

by adding or subtracting a specified number of basis points, called the spread, with one basis point being 0.01%; or

by multiplying the interest rate basis by a specified percentage, called the spread multiplier.

If you purchase a floating rate note, your pricing supplement will indicate whether a spread or spread multiplier will apply to your note and, if so, the amount of the spread or spread multiplier.





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**Maximum and Minimum Rates.** The actual interest rate, after being adjusted by the spread or spread multiplier, may also be subject to either or both of the following limits:

a maximum rate i.e., a specified upper limit that the actual interest rate in effect at any time may not exceed; and/or

a minimum rate i.e., a specified lower limit that the actual interest rate in effect at any time may not fall below.

If you purchase a floating rate note, your pricing supplement will indicate whether a maximum rate and/or minimum rate will apply to your note and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a floating rate note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by U.S. law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less than \$250,000 is 16% and for any loan in the amount of \$250,000 or more but less than \$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of \$2,500,000 or more.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a floating rate note.

**Interest Reset Dates.** The rate of interest on a floating rate note will be reset, by the calculation agent described below, daily, weekly, monthly, quarterly, semi-annually or annually. The date on which the interest rate resets and the reset rate becomes effective is called the interest reset date. Except as otherwise specified in the applicable pricing supplement, the interest reset date will be as follows:

for floating rate notes that reset daily, each *business day*;

for floating rate notes that reset weekly and are not treasury rate notes, the Wednesday of each week;

for treasury rate notes that reset weekly, the Tuesday of each week;

for floating rate notes that reset monthly, the third Wednesday of each month;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

for floating rate notes that reset semi-annually, the third Wednesday of each of two months of each year as indicated in the relevant pricing supplement; and

for floating rate notes that reset annually, the third Wednesday of one month of each year as indicated in the relevant pricing supplement.

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For a floating rate note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest interest reset date that occurs on or before that day. There are several exceptions, however, to the reset provisions described above.

The interest rate in effect from the original issue date to the first interest reset date will be the initial interest rate.

If any interest reset date for a floating rate note would otherwise be a day that is not a business day, the interest reset date will be postponed to the next day that is a business day. For a LIBOR or EURIBOR note, however, if that business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day.

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**Interest Determination Dates.** The interest rate that takes effect on an interest reset date will be determined by the calculation agent by reference to a particular date called an interest determination date. Except as otherwise indicated in the relevant pricing supplement:

for commercial paper rate, federal funds rate and prime rate notes, the interest determination date relating to a particular interest reset date will be the business day preceding the interest reset date;

for CD rate and CMT rate notes, the interest determination date relating to a particular interest reset date will be the second business day preceding the interest reset date;

for LIBOR notes, the interest determination date relating to a particular interest reset date will be the second *London business day* preceding the interest reset date, unless the *index currency* is pounds sterling, in which case the interest determination date will be the interest reset date. We refer to an interest determination date for a LIBOR note as a LIBOR interest determination date;

for EURIBOR notes, the interest determination date relating to a particular interest reset date will be the second *euro business day* preceding the interest reset date. We refer to an interest determination date for a EURIBOR note as a EURIBOR interest determination date; and

for treasury rate notes, the interest determination date relating to a particular interest reset date, which we refer to as a treasury interest determination date, will be the day of the week in which the interest reset date falls on which treasury bills i.e., direct obligations of the U.S. government would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the treasury interest determination date relating to the interest reset date occurring in the next succeeding week.

The interest determination date pertaining to a floating rate note the interest rate of which is determined with reference to two or more interest rate bases will be the latest business day which is at least two business days before the related interest reset date for the applicable floating rate note on which each interest rate basis is determinable.

**Interest Calculation Dates.** As described above, the interest rate that takes effect on a particular interest reset date will be determined by reference to the corresponding interest determination date. Except for LIBOR notes and EURIBOR notes, however, the determination of the rate will actually be made on a day no later than the corresponding interest calculation date. The interest calculation date will be the earlier of the following:

the tenth calendar day after the interest determination date or, if that tenth calendar day is not a business day, the next succeeding business day; and

the business day immediately preceding the interest payment date or the maturity, whichever is the day on which the next payment of interest will be due.

The calculation agent need not wait until the relevant interest calculation date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

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***Interest Payment Dates.*** The interest payment dates for a floating rate note will depend on when the interest rate is reset and, unless we specify otherwise in the relevant pricing supplement, will be as follows:

for floating rate notes that reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the relevant pricing supplement;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

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for floating rate notes that reset semi-annually, the third Wednesday of the two months of each year specified in the relevant pricing supplement; or

for floating rate notes that reset annually, the third Wednesday of the month specified in the relevant pricing supplement.

Regardless of these rules, if a note is originally issued after the regular record date and before the date that would otherwise be the first interest payment date, the first interest payment date will be the date that would otherwise be the second interest payment date.

In addition, the following special provision will apply to a floating rate note with regard to any interest payment date other than one that falls on the maturity. If the interest payment date would otherwise fall on a day that is not a business day, then the interest payment date will be the next day that is a business day. However, if the floating rate note is a LIBOR note or a EURIBOR note and the next business day falls in the next calendar month, then the interest payment date will be advanced to the next preceding day that is a business day. If the maturity date of a floating rate note falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and interest on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

**Calculation Agent.** We have initially appointed First Union Securities, Inc. as our calculation agent for the notes. See Calculation of Interest above for details regarding the role of the calculation agent.

### **Commercial Paper Rate Notes**

If you purchase a commercial paper rate note, your note will bear interest at an interest rate equal to the commercial paper rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The commercial paper rate will be the **money market yield** of the rate, for the relevant interest determination date, for commercial paper having the **index maturity** indicated in your pricing supplement, as published in **H.15(519)** under the heading Commercial Paper Nonfinancial . If the commercial paper rate cannot be determined as described above, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the commercial paper rate will be the rate, for the relevant interest determination date, for commercial paper having the index maturity specified in your pricing supplement, as published in **H.15 daily update** or any other recognized electronic source used for displaying that rate, under the heading Commercial Paper Nonfinancial .

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the commercial paper rate will be the money market yield of the arithmetic mean of the following offered rates for U.S. dollar commercial paper that has the relevant index maturity and is placed for an industrial issuer whose bond rating is AA , or the equivalent, from a nationally recognized rating agency: the rates offered as of 11:00 A.M., New York City time, on the relevant interest determination date, by three leading U.S. dollar commercial paper dealers in New York City selected by the calculation agent.

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If fewer than three dealers selected by the calculation agent are quoting as described above, the commercial paper rate for the new interest period will be the commercial paper rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

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### ***Prime Rate Notes***

If you purchase a prime rate note, your note will bear interest at an interest rate equal to the prime rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The prime rate will be the rate, for the relevant interest determination date, published in H.15(519) under the heading **Bank Prime Loan**. If the prime rate cannot be determined as described above, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the prime rate will be the rate, for the relevant interest determination date, as published in H.15 daily update or another recognized electronic source used for the purpose of displaying that rate, under the heading **Bank Prime Loan**.

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the prime rate will be the arithmetic mean of the following rates as they appear on the **Reuters screen US PRIME 1 page**: the rate of interest publicly announced by each bank appearing on that page as that bank's prime rate or base lending rate, as of 11:00 A.M., New York City time, on the relevant interest determination date.

If fewer than four of these rates appear on the Reuters screen US PRIME 1 page, the prime rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on the relevant interest determination date, of three major banks in New York City selected by the calculation agent. For this purpose, the calculation agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year.

If fewer than three banks selected by the calculation agent are quoting as described above, the prime rate for the new interest period will be the prime rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

### ***LIBOR Notes***

If you purchase a LIBOR note, your note will bear interest at an interest rate equal to LIBOR, which will be the London interbank offered rate for deposits in U.S. dollars or any other index currency, as noted in your pricing supplement. In addition, when LIBOR is the interest rate basis the applicable LIBOR rate will be adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement. LIBOR will be determined in the following manner:

LIBOR will be either:

the offered rate appearing on the **Telerate LIBOR page**; or



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the arithmetic mean of the offered rates appearing on the *Reuters screen LIBOR page* unless that page by its terms cites only one rate, in which case that rate;

in either case, as of 11:00 A.M., London time, on the relevant LIBOR interest determination date, for deposits of the relevant index currency having the relevant index maturity beginning on the relevant interest reset date. Your pricing supplement will indicate the index currency, the index maturity and the reference page that apply to your LIBOR note. If no reference page is mentioned in your pricing supplement, Telerate LIBOR page will apply to your LIBOR note.

If Telerate LIBOR page applies and the rate described above does not appear on that page, or if Reuters screen LIBOR page applies and fewer than two of the rates described above appears on that page or no rate appears on any page on which only one rate normally appears, then LIBOR

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will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on the relevant LIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the London interbank market by four major banks in that market selected by the calculation agent: deposits of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a *representative amount*. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for the relevant LIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, LIBOR for the relevant LIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading European banks quoted, at approximately 11:00 A.M., in the principal financial center for the country of the index currency, on that LIBOR interest determination date, by three major banks in that financial center selected by the calculation agent: loans of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.

If fewer than three banks selected by the calculation agent are quoting as described above, LIBOR for the new interest period will be LIBOR in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

## *EURIBOR Notes*

If you purchase a EURIBOR note, your note will bear interest at an interest rate equal to the interest rate for deposits in euro, designated as EURIBOR and sponsored jointly by the European Banking Federation and ACI the Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing that rate. In addition, when EURIBOR is the interest rate basis the EURIBOR base rate will be adjusted by the spread or spread multiplier, if any, specified in your pricing supplement. EURIBOR will be determined in the following manner:

EURIBOR will be the offered rate for deposits in euros having the index maturity specified in your pricing supplement, beginning on the second *euro business day* after the relevant EURIBOR interest determination date, as that rate appears on *Telerate page* 248 as of 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date.

If the rate described above does not appear on Telerate page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on the relevant EURIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the *euro-zone* interbank market by the principal euro-zone office of each of four major banks in that market selected by the calculation agent: euro deposits having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount. The calculation agent will request the principal euro-zone office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on that EURIBOR interest determination date, by three major banks in the euro-zone selected by the calculation agent: loans of euros having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.

If fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.



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***Treasury Rate Notes***

If you purchase a treasury rate note, your note will bear interest at an interest rate equal to the treasury rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The treasury rate will be the rate for the auction, on the relevant treasury interest determination date, of treasury bills having the index maturity specified in your pricing supplement, as that rate appears on Telerate page 56 or 57 under the heading *Investment Rate* . If the treasury rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, the treasury rate will be the ***bond equivalent yield*** of the rate, for the relevant interest determination date, for the type of treasury bill described above, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading *U.S. Government Securities/Treasury Bills/Auction High* .

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the auction rate, for the relevant treasury interest determination date and for treasury bills of the kind described above, as announced by the U.S. Department of the Treasury.

If the auction rate described in the prior paragraph is not so announced by 3:00 P.M., New York City time, on the relevant interest calculation date, or if no such auction is held for the relevant week, then the treasury rate will be the bond equivalent yield of the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15(519) under the heading *U.S. Government Securities /Treasury Bills/Secondary Market* .

If the rate described in the prior paragraph does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the treasury rate will be the rate, for the relevant treasury interest determination date and for treasury bills having a remaining maturity closest to the specified index maturity, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading *U.S. Government Securities/Treasury Bills/Secondary Market* .

If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the arithmetic mean of the following secondary market bid rates for the issue of treasury bills with a remaining maturity closest to the specified index maturity: the rates bid as of approximately 3:30 P.M., New York City time, on the relevant treasury interest determination date, by three primary U.S. government securities dealers in New York City selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described in the prior paragraph, the treasury rate in effect for the new interest period will be the treasury rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***CD Rate Notes***

If you purchase a CD rate note, your note will bear interest at an interest rate equal to the CD rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

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The CD rate will be the rate, on the relevant interest determination date, for negotiable U.S. dollar certificates of deposit having the index maturity specified in your pricing supplement, as published in H.15(519) under the heading **CDs (Secondary Market)**. If the CD rate cannot be determined in this manner, the following procedures will apply.

If the rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CD rate will be the rate, for the relevant interest determination date, described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading **CDs (Secondary Market)**.

If the rate described above does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the CD rate will be the arithmetic mean of the following secondary market offered rates for negotiable U.S. dollar certificates of deposit of major U.S. money market banks with a remaining maturity closest to the specified index maturity, and in a representative amount: the rates offered as of 10:00 A.M., New York City time, on the relevant interest determination date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the calculation agent.

If fewer than three dealers selected by the calculation agent are quoting as described above, the CD rate in effect for the new interest period will be the CD rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

***CMT Rate Notes***

If you purchase a CMT rate note, your note will bear interest at an interest rate equal to the CMT rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The CMT rate will be the following rate displayed on the designated ***CMT Moneyline Telerate page*** under the heading **... Treasury Constant Maturities ... Federal Reserve Board Release H.15 Mondays Approximately 3:45 P.M.**, under the column for the ***designated CMT index maturity***:

if the designated CMT Moneyline Telerate page is Telerate page 7051, the rate for the relevant interest determination date; or

if the designated CMT Moneyline Telerate page is Telerate page 7052, the weekly or monthly average, as specified in your pricing supplement, for the week that ends immediately before the week in which the relevant interest determination date falls, or for the month that ends immediately before the month in which the relevant interest determination date falls, as applicable.

If the CMT rate cannot be determined in this manner, the following procedures will apply.

If the applicable rate described above is not displayed on the relevant designated CMT Moneyline Telerate page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from

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that source at that time, then the CMT rate will be the applicable treasury constant maturity rate described above i.e., for the designated CMT index maturity and for either the relevant interest determination date or the weekly or monthly average, as applicable as published in H.15(519).

If the applicable rate described above does not appear in H.15(519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the treasury constant

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maturity rate, or other U.S. treasury rate, for the designated CMT index maturity and with reference to the relevant interest determination date, that:

is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; *and*

is determined by the calculation agent to be comparable to the applicable rate formerly displayed on the designated CMT Moneyline Telerate page and published in H.15(519).

If the rate described in the prior paragraph does not appear at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for the most recently issued treasury notes having an original maturity of approximately the designated CMT index maturity and a remaining term to maturity of not less than the designated CMT index maturity *minus* one year, and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. Treasury notes are direct, non-callable, fixed rate obligations of the U.S. government.

If the calculation agent is unable to obtain three quotations of the kind described in the prior paragraph, the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market bid rates for treasury notes with an original maturity longer than the designated CMT index maturity, with a remaining term to maturity closest to the designated CMT index maturity and in a representative amount: the bid rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these bid rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. If two treasury notes with an original maturity longer than the designated CMT index maturity have remaining terms to maturity that are equally close to the designated CMT index maturity, the calculation agent will obtain quotations for the treasury note with the shorter remaining term to maturity.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the bid rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

If two or fewer primary dealers selected by the calculation agent are quoting as described above, the CMT rate in effect for the new interest period will be the CMT rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

### ***Federal Funds Rate Notes***

If you purchase a federal funds rate note, your note will bear interest at an interest rate equal to the federal funds rate and adjusted by the spread or spread multiplier, if any, indicated in your pricing supplement.

The federal funds rate will be the rate for U.S. dollar federal funds on the relevant interest determination date, as published in H.15 (519) under the heading Federal Funds (Effective) , as that rate is





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displayed on Telerate page 120. If the federal funds rate cannot be determined in this manner, the following procedures will apply.

If the rate described above is not displayed on Telerate page 120 at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the federal funds rate, for the relevant interest determination date, will be the rate described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading Federal Funds (Effective) .

If the rate described above is not displayed on Telerate page 120 and does not appear in H.15(519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the federal funds rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on the relevant interest determination date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the calculation agent.

If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate in effect for the new interest period will be the federal funds rate in effect for the prior interest period. If the initial interest rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

***Special Rate Calculation Terms***

In this subsection entitled Interest Rates , we use several terms that have special meanings relevant to calculating floating interest rates. We define these terms as follows:

The term ***bond equivalent yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where

D means the annual rate for treasury bills quoted on a bank discount basis and expressed as a decimal;

N means 365 or 366, as the case may be; and

M means the actual number of days in the applicable interest reset period.

The term **business day** means, for any note, a day that meets all the following applicable requirements:

for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close;

if the note is a LIBOR note, is also a London business day;

if the note has a specified currency other than U.S. dollars or euros, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and

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if the note is a EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the index currency is euros, is also a TARGET business day.

The term ***designated CMT index maturity*** means the index maturity for a CMT rate note and will be the original period to maturity of a U.S. treasury security either 1, 2, 3, 5, 7, 10, 20 or 30 years specified in the applicable pricing supplement.

The term ***designated CMT Moneyline Telerate page*** means the Telerate page mentioned in the relevant pricing supplement that displays treasury constant maturities as reported in H.15(519). If no Telerate page is so specified, then the applicable page will be Telerate page 7052. If Telerate page 7052 applies but the relevant pricing supplement does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term ***euro business day*** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

The term ***euro-zone*** means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992.

***H.15(519)*** means the weekly statistical release entitled Statistical Release H.15 (519) , or any successor publication, published by the Board of Governors of the Federal Reserve System.

***H.15 daily update*** means the daily update of H.15(519) available through the worldwide website of the Board of Governors of the Federal Reserve System, at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

The term ***index currency*** means, with respect to a LIBOR note, the currency specified as such in the relevant pricing supplement. The index currency may be U.S. dollars or any other currency, and will be U.S. dollars unless another currency is specified in the relevant pricing supplement.

The term ***index maturity*** means, with respect to a floating rate note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

***London business day*** means any day on which dealings in the relevant index currency are transacted in the London interbank market.

The term ***money market yield*** means a yield expressed as a percentage and calculated in accordance with the following formula:

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$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where

D means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and

M means the actual number of days in the relevant interest reset period.

The term ***representative amount*** means an amount that, in the calculation agent's judgment, is representative of a single transaction in the relevant market at the relevant time.

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**Reuters screen LIBOR page** means the display on the Reuters Monitor Money Rates Service, or any successor service, on the page designated as LIBO or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

**Reuters screen US PRIME 1 page** means the display on the US PRIME 1 page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

**Telerate LIBOR page** means Telerate page 3750 or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

**Telerate page** means the display on Moneyline Telerate, or any successor service, on the page or pages specified in this prospectus or the relevant pricing supplement, or any replacement page or pages on that service.

If, when we use the terms designated CMT Moneyline Telerate page, H.15(519), H.15 daily update, Reuters screen LIBOR page, Reuters screen US PRIME 1 page, Telerate LIBOR page or Telerate page, we refer to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the calculation agent.

## **Payment of Additional Amounts to United States Aliens**

Wachovia will, subject to certain exceptions and limitations listed below (unless otherwise specified in any pricing supplement), pay to the holder of any note who is a United States Alien (as defined below), as additional interest, certain amounts ( Additional Amounts ) as may be necessary so that every net payment on that note (including payment of the principal of and interest on that note) by Wachovia or a paying agent, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority of or in the United States), will not be less than the amount provided in that note to be then due and payable; this obligation to pay Additional Amounts, however, will not apply to:

(a) any tax, assessment or other governmental charge that would not have been so imposed but for (i) the existence of any present or former connection between the holder or beneficial owner of that note (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, that holder, if that holder is an estate or a trust, or a member or shareholder of that holder, if that holder is a partnership or corporation) and the United States or any political subdivision or taxing authority, including but not limited to that holder (or the fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident of the United States or treated as a resident of the United States or being or having been engaged in a trade or business in the United States or present in the United States or having or having had a permanent establishment in the United States or (ii) that holder's or beneficial owner's past or present status as a personal holding company, foreign personal holding company, foreign private foundation or other foreign tax-exempt organization relating to the United States, controlled foreign corporation for United States tax purposes or corporation that accumulates earnings to avoid United States Federal income tax;

(b) any estate, inheritance, gift, excise, sales, transfer, wealth or personal property tax or any similar tax, assessment or other governmental charge;

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(c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a note for payment more than 30 days after the date on which that payment became due and payable or the date on which payment on that note was duly provided for, whichever occurred later;

(d) any tax, assessment or other governmental charge that is payable otherwise than by withholding from a payment on a note;

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(e) any tax, assessment or other governmental charge required to be withheld by any paying agent from a payment on a note, if that payment can be made without that withholding by any other paying agent;

(f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, information, documentation, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a note if that compliance is required by statute or regulation of the United States or by an applicable tax treaty to which the United States is a party as a precondition to relief or exemption from that tax, assessment or other governmental charge;

(g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of Wachovia's stock;

(h) any withholding or deduction imposed pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law or regulation implementing such directive; or

(i) any combination of items (a), (b), (c), (d), (e), (f), (g) and (h);

nor shall Additional Amounts be paid in relation to a payment on a note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of that payment to the extent a beneficiary or settlor with respect to that fiduciary or a member of that partnership or a beneficial owner would not have been entitled to Additional Amounts (or payment of Additional Amounts would not have been necessary) had that beneficiary, settlor, member or beneficial owner been the holder of that note.

For the purposes of this discussion, a United States Alien means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary, of a foreign estate or trust. United States means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas that come under its jurisdiction.

***Redemption for Tax Purposes***

If (a) as a result of any change in the laws, regulations or rulings of the United States (or any political subdivision or taxing authority of or in the United States), or any change in the official application (including a ruling by a court of competent jurisdiction in the United States) or interpretation of those laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the consummation of any offering of the notes, Wachovia is obligated to pay Additional Amounts as described above or (b) any act is taken by a taxing authority of the United States on or after the consummation of any offering of the notes, whether or not this act is taken in relation to Wachovia or any affiliate, that results in a substantial likelihood that Wachovia will or may be required to pay these Additional Amounts, then Wachovia may, at its option, redeem, as a whole, but not in part, the notes on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with accrued interest to the date fixed for redemption; provided that Wachovia determines, in its business judgment, that the obligation to pay these Additional Amounts cannot be avoided by the use of reasonable measures available to it, not including substitution of the obligor under the notes or any action that would entail a material cost to Wachovia. No redemption under (b) above



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may be made unless Wachovia shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial likelihood that it will or may be required to pay Additional Amounts described above and Wachovia shall have delivered to the Trustee a certificate, signed by a duly authorized officer, saying that based on this opinion Wachovia is entitled to redeem the notes according to their terms.

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### **Other Provisions; Addenda**

Any provisions relating to the notes, including the determination of the interest rate basis, calculation of the interest rate applicable to a floating rate note, its interest payment dates, any redemption or repayment provisions, or any other term relating thereto, may be modified and/or supplemented by the terms as specified under **Other Provisions** on the face of the applicable notes or in an Addendum relating to the applicable notes, if so specified on the face of the applicable notes, and, in each case, in the relevant pricing supplement.

### **Subordination of the Subordinated Notes**

Wachovia's obligations to make any payment of the principal and interest on any subordinated notes will, to the extent the subordinated indenture specifies, be subordinate and junior in right of payment to all of Wachovia's senior indebtedness. Unless otherwise specified in the pricing supplement relating to a specific series of subordinated notes, Wachovia's senior indebtedness is defined in the subordinated indenture to mean the principal of, premium and interest, if any, on

all Wachovia indebtedness for money borrowed, including indebtedness Wachovia guarantees, other than the subordinated notes, whether outstanding on the date of execution of the indenture or incurred afterward, except

any obligations on account of Existing Subordinated Indebtedness and

indebtedness as is by its terms expressly stated to be not superior in payment right to the subordinated notes or to rank equal to the subordinated notes and

any deferrals, renewals or extensions of any such senior indebtedness. (*Section 101* of the subordinated indenture)

The payment of the principal and interest on the subordinated notes will, to the extent described in the subordinated indenture, be subordinated in payment right to the prior payment of all senior indebtedness. Unless otherwise described in the pricing supplement relating to the specific series of subordinated notes, in certain events of insolvency, the payment of the principal and interest on the subordinated notes, other than subordinated notes that are also Existing Subordinated Indebtedness, will, to the extent described in the subordinated indenture, also be effectively subordinated in payment right to the prior payment of all Other Financial Obligations. Upon any payment or distribution of assets to creditors under Wachovia's liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, or any bankruptcy, insolvency or similar proceedings, all senior indebtedness holders will be entitled to receive payment in full of all amounts due before the subordinated note holders will be entitled to receive any payment in respect of the principal or interest on their securities. If upon any such payment or asset distribution to creditors, there remains, after giving effect to those subordination provisions in favor of senior indebtedness holders, any amount of cash, property or securities available for payment or distribution in respect of subordinated notes (defined in the subordinated indenture as **Excess Proceeds**) and if, at that time, any Entitled Persons (as defined below) in respect of Other Financial Obligations have not received payment of all amounts due on such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay these Other Financial Obligations before any payment may be applied to the subordinated notes which are not Existing Subordinated Indebtedness. In the event of the acceleration of the maturity of any subordinated notes, all senior indebtedness holders will be entitled to receive payment of all amounts due before the subordinated note holders will be entitled to receive any payment upon the principal of or interest on their subordinated notes. (*Sections 1403, 1404 and 1413* of the subordinated indenture)

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By reason of such subordination in favor of senior indebtedness holders, in the event of insolvency, Wachovia's creditors who are not senior indebtedness holders or subordinated note holders may recover less, ratably, than senior indebtedness holders and may recover more, ratably, than subordinated note holders. By

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reason of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect to Other Financial Obligations, in the event of insolvency, Existing Subordinated Indebtedness holders may recover less, ratably, than Entitled Persons in respect of Other Financial Obligations and may recover more, ratably, than the subordinated note holders (other than Existing Subordinated Indebtedness).

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Existing Subordinated Indebtedness means subordinated notes issued under the subordinated indenture prior to November 15, 1992. (*Section 101* of the subordinated indenture)

Unless otherwise specified in the pricing supplement relating to the particular subordinated notes series offered by it, Other Financial Obligations means all obligations of Wachovia to make payment under the terms of financial instruments, such as

securities contracts and foreign currency exchange contracts;

derivative instruments such as

swap agreements (including interest rate and foreign exchange rate swap agreements);

cap agreements;

floor agreements;

collar agreements;

interest rate agreements;

foreign exchange rate agreements;

options;

commodity futures contracts;

commodity option contracts; and

similar financial instruments other than

obligations on account of senior indebtedness; and

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obligations on account of indebtedness for money borrowed ranking equal or subordinate to the subordinated notes.  
(*Section 101* of the subordinated indenture)

Unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, *Entitled Persons* means any person who is entitled to payment under the terms of Other Financial Obligations. (*Section 101* of the subordinated indenture)

Wachovia's obligations under the subordinated notes shall rank equal in right of payment with each other and with the Existing Subordinated Indebtedness, subject, unless otherwise described in the pricing supplement relating to a specific series of subordinated notes, to the obligations of subordinated note holders (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as provided in the subordinated indenture. (*Section 1413* of the subordinated indenture)

The relevant pricing supplement may further describe the provisions, if any, applicable to the subordination of the subordinated notes of a particular series.

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### Defaults

#### *The Senior Indenture*

The senior indenture defines an event of default as

default in any principal or premium payment on any senior note of that series at maturity;

default for 30 days in interest payment of any senior note of that series;

failure to deposit any sinking fund payment when due in respect of that series;

Wachovia's failure for 60 days after notice in performing any other covenants or warranties in the senior indenture (other than a covenant or warranty solely for the benefit of other senior notes series);

failure to pay when due any Wachovia indebtedness or Wachovia Bank, N.A. indebtedness in excess of \$5,000,000, or maturity acceleration of any indebtedness exceeding that amount if acceleration results from a default under the instrument giving rise to that indebtedness and is not annulled within 30 days after due notice;

Wachovia's or Wachovia Bank, N.A.'s bankruptcy, insolvency or reorganization; and

any other event of default provided for senior notes of that series. (*Section 501*)

The senior indenture provides that, if any event of default for senior notes of any series outstanding occurs and is continuing, either the senior trustee or the holders of not less than 25% in principal amount of the outstanding senior notes of that series may declare the principal amount (or, if the notes of that series are original issue discount notes, such principal amount portion as the terms of that series specify) of all senior notes of that series to be due and payable immediately. However, no such declaration is required upon certain bankruptcy events. In addition, upon fulfillment of certain conditions, this declaration may be annulled and past defaults waived by the holders of a majority in principal amount of the outstanding senior notes of that series on behalf of all senior note holders of that series. (*Sections 502 and 513*) In the event of Wachovia's bankruptcy, insolvency or reorganization, senior note holders' claims would fall under the broad equity power of a federal bankruptcy court, and to that court's determination of the nature of those holders' rights.

The senior indenture contains a provision entitling the senior trustee, acting under the required standard of care, to be indemnified by the holders of any outstanding senior note series before proceeding to exercise any right or power under the senior indenture at the holders' request. (*Section 603*) The holders of a majority in principal amount of outstanding senior notes of any series may direct the time, method and place of conducting any proceeding for any remedy available to the senior trustee, or exercising any trust or other power conferred on the senior trustee, with respect to the senior notes of such series. The senior trustee, however, may decline to act if that direction is contrary to law or the senior indenture or would involve the senior trustee in personal liability. (*Section 512*)

Wachovia will file annually with the senior trustee a compliance certificate as to all conditions and covenants in the senior indenture. (*Section 1007*)

***The Subordinated Indenture***

Subordinated notes principal payment may be accelerated only upon an event of default. There is no acceleration right in the case of a default in the payment of interest or principal prior to the maturity date or a default in Wachovia performing any covenants in the subordinated indenture, unless a specific series of subordinated notes provide otherwise, which will be described in the relevant pricing supplement.

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The subordinated indenture defines an event of default as certain events involving Wachovia's bankruptcy, insolvency or reorganization and any other event of default provided for the subordinated notes of that series. (*Section 501*) The subordinated indenture defines a default to include

any event of default;

a default in any principal or premium payment of any subordinated debt security of that series at maturity;

default in any interest payment when due and continued for 30 days;

a default in any required designation of funds as available funds ; or

default in the performance, or breach, of Wachovia's covenants in the subordinated indenture or in the subordinated notes of that series and continued for 90 days after written notice to

Wachovia by the subordinated trustee; or

Wachovia and the subordinated trustee by the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series. (*Section 503*)

If an event of default for subordinated notes of any series occurs and is continuing, either the subordinated trustee or the holders of not less than 25% in aggregate principal amount of the outstanding subordinated notes of that series may accelerate the maturity of all outstanding subordinated notes of such series. The holders of a majority in aggregate principal amount of the outstanding subordinated notes of that series may waive an event of default resulting in acceleration of the subordinated notes of such series, but only if all events of default have been remedied and all payments due on the subordinated notes of that series (other than those due as a result of acceleration) have been made and certain other conditions have been met. (*Section 502*) Subject to subordinated indenture provisions relating to the subordinated trustee's duties, in case a default shall occur and be continuing, the subordinated trustee will be under no obligation to exercise any of its rights or powers under the subo