FORM 10-Q

WACHOVIA CORP NEW - WB

Filed: May 12, 2008 (period: March 31, 2008)

Quarterly report which provides a continuing view of a company's financial position

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10-Q - WACHOVIA CORPORATION

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10000

Wachovia Corporation
(Exact name of registrant as specified in its charter)

North Carolina	**56-0898180**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Wachovia Corporation
One Wachovia Center
Charlotte, North Carolina 28288-0013
(Address of principal executive offices)
(Zip Code)

(704) 374-6565
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

1,991,918,729 shares of Common Stock, par value $3.33 1/3 per share, were outstanding as of March 31, 2008.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

PART I — FINANCIAL INFORMATION

Forward-Looking Statements

Wachovia Corporation (formerly named First Union Corporation, "Wachovia") may from time to time make written or oral forward-looking statements, including statements contained in Wachovia's filings with the Securities and Exchange Commission (including this Quarterly Report on Form 10-Q and the Exhibits hereto), in its reports to stockholders and in other Wachovia communications. These statements relate to future, not past, events.

These forward-looking statements include, among others, statements with respect to Wachovia's beliefs, plans, objectives, goals, guidelines, expectations, financial condition, results of operations, future performance and business, including without limitation, (i) statements relating to the benefits of the merger between Wachovia and Golden West Financial Corporation (the "Golden West Merger") completed on October 1, 2006, including future financial and operating results, cost savings, enhanced revenues and the accretion or dilution to reported earnings that may be realized from the Golden West Merger, (ii) statements relating to the benefits of the merger between Wachovia and A.G. Edwards, Inc. (the "A.G. Edwards Merger" and together with the Golden West Merger, the "Mergers"), completed on October 1, 2007, including future financial and operating results, cost savings, enhanced revenues and the accretion or dilution to reported earnings that may be realized from the A.G. Edwards Merger, (iii) statements regarding Wachovia's goals and expectations with respect to earnings, earnings per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and (iv) statements preceded by, followed by or that include the words "may", "could", "should", "would", "believe", "anticipate", "estimate", "expect", "intend", "plan", "projects", "outlook" or similar expressions. These forward-looking statements are based upon the current beliefs and expectations of Wachovia's management and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond Wachovia's control). Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause Wachovia's financial performance to differ materially from that expressed in any forward-looking statements: (1) the risk that the businesses of Wachovia and Golden West in connection with the Golden West Merger or the businesses of Wachovia and A.G. Edwards in connection with the A.G. Edwards Merger will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the Mergers may not be fully realized or realized within the expected time frame; (3) revenues following the Mergers may be lower than expected; (4) deposit attrition, operating costs, customer loss and business disruption following the Mergers, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the strength of the United States economy in general and the strength of the local economies in which Wachovia conducts operations may be different than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia's loan portfolio and allowance for loan losses; (6) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (7) inflation, interest rate, market and monetary fluctuations; (8) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on Wachovia's capital markets and capital management activities, including, without limitation, Wachovia's mergers and acquisition advisory business, equity and debt underwriting activities, private equity investment activities, derivative securities activities, investment and wealth management advisory businesses, and brokerage activities; (9) the timely development of competitive new products and services by Wachovia and the acceptance of these products and services by new and existing customers; (10) the willingness of customers to accept third party products marketed by Wachovia; (11) the willingness of customers to substitute competitors' products and services for Wachovia's products and services and vice versa; (12) the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance); (13) technological changes; (14) changes in consumer spending and saving habits; (15) the effect of corporate restructurings, acquisitions and/or dispositions we may undertake from time to time, and the actual restructuring and other expenses related thereto, and the failure to achieve the expected revenue growth and/or expense savings from such corporate restructurings, acquisitions and/or dispositions; (16) the growth and profitability of Wachovia's noninterest or fee income being less than expected; (17) unanticipated regulatory or judicial proceedings or rulings; (18) the impact of changes in accounting principles; (19) adverse changes in financial performance and/or condition of Wachovia's borrowers which could impact repayment of such borrowers' outstanding loans; (20) the impact on Wachovia's businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts; and (21) Wachovia's success at managing the risks involved in the foregoing.

Wachovia cautions that the foregoing list of important factors is not exclusive. Wachovia does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of Wachovia.

Item 1. Financial Statements.

The Consolidated Balance Sheets of Wachovia and subsidiaries at March 31, 2008, and December 31, 2007, respectively, set forth on page 65 of Wachovia's First Quarter 2008 Financial Supplement for the three months ended March 31, 2008 (the "Financial Supplement"), are incorporated herein by reference.

The Consolidated Statements of Income of Wachovia and subsidiaries for the three months ended March 31, 2008 and 2007, set forth on page 66 of the Financial Supplement, are incorporated herein by reference.

The Consolidated Statements of Cash Flows of Wachovia and subsidiaries for the three months ended March 31, 2008 and 2007, set forth on page 67 of the Financial Supplement, are incorporated herein by reference.

Notes to Consolidated Financial Statements, set forth on pages 68 through 92 of the Financial Supplement, are incorporated herein by reference.

A copy of the Financial Supplement is being filed as Exhibit (19) to this Report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations appears on pages 2 through 34 of the Financial Supplement and is incorporated herein by reference.

A copy of the Financial Supplement is being filed as Exhibit (19) to this Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and Qualitative Disclosures About Market Risk appears on pages 30 through 32, pages 70 and 71, and pages 81 through 85 of the Financial Supplement and is incorporated herein by reference.

A copy of the Financial Supplement is being filed as Exhibit (19) to this Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of March 31, 2008, the end of the period covered by this Quarterly Report on Form 10-Q, Wachovia's management, including Wachovia's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, Wachovia's Chief Executive Officer and Chief Financial Officer each concluded that as of March 31, 2008, the end of the period covered by this Quarterly Report on Form 10-Q, Wachovia maintained effective disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the fiscal quarter ended March 31, 2008, that has materially affected, or is reasonably likely to materially affect, Wachovia's internal control over financial reporting.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

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 matters 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, 2007.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. On March 13, 2008 the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt to assert claims in the New York action, which they have now done. Wachovia has appealed this decision to the North Carolina Court of Appeals. Wachovia has filed a motion to dismiss the New York action which remains pending; if that motion is granted, the North Carolina judge has indicated that he will revisit the stay order. On April 4, 2008, Le-Nature's Director of Accounting pled guilty to four felony counts in federal district court in Pittsburgh, including one count of bank fraud for defrauding Wachovia. On April 28, 2008 holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia in June 2003, sued in state court in California alleging various fraud claims relating to that offering. Wachovia itself was victimized by the Le-Nature's fraud, and will pursue its rights against Le-Nature's and defend its interests vigorously in all litigation.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v.*

Wachovia, was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia. This suit alleges that Wachovia conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency ("OCC") entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. Wachovia is cooperating with government officials and is vigorously defending the civil lawsuits.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations.

In addition, Wachovia Bank N.A. and other financial institutions have been named as defendants in four substantially identical purported class actions filed in different U.S. District Courts. The complaints allege that Wachovia Bank, N.A. and various co-defendant financial institutions engaged in an anti-competitive conspiracy regarding bids for municipal derivatives (including Guaranteed Investment Contracts) sold to issuers of municipal bonds. All the complaints assert claims for violations of Section 1 of the Sherman Act, and one complaint also asserts a claim for unjust enrichment. The defendants have filed motions to consolidate these actions into one proceeding. Wachovia intends to vigorously defend its rights in these actions.

Auction Rate Securities. Since February 2008 the auctions which set the rates for most auction rate securities have failed resulting in a lack of liquidity for these auction rate securities. Wachovia Securities, LLC and affiliated firms have received inquiries and subpoenas from the SEC and several state regulators requesting information concerning the underwriting, sale and subsequent auctions of municipal auction rate securities and auction rate preferred securities. Further review and inquiry is anticipated by the regulatory authorities and Wachovia will cooperate fully. Wachovia and Wachovia Securities, LLC have been named in a civil suit captioned *Judy M. Waldman Trustee v. Wachovia Corporation and Wachovia Securities LLC* filed March 19, 2008 in the United States District Court for the Southern District of New York. The suit seeks class action status for customers who purchased and continue to hold auction rate securities based upon alleged misrepresentations made with respect to the quality, risk and characteristics of auction rate securities. Wachovia intends to vigorously defend the civil litigation.

Other Regulatory Matters and Government Investigations. In the course of its banking and financial services businesses, Wachovia and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted numerous ongoing investigations of various practices in the banking, securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wachovia or transactions in which Wachovia may be involved. 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 or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia's correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. In November 2007, Wachovia determined that it would stop providing correspondent banking services to non-domestic exchange houses and licensed foreign remittance companies. Wachovia is producing documents and is cooperating fully with the U.S. Attorney's Office's investigation.

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.

Item 1A. Risk Factors.

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

In August 2005, our board of directors authorized the repurchase of 100 million shares of our common stock, which together with remaining authority from previous board authorizations in 1999, 2000, and 2004 permitted Wachovia to repurchase up to approximately 130 million shares of our common stock as of August 16, 2005, the date that authorization was announced. Future stock repurchases may be private or open-market purchases, including block transactions, accelerated or delayed block transactions, forward transactions, collar transactions, and similar transactions. The amount and timing of stock repurchases will be based on various factors, such as management's assessment of Wachovia's capital structure and liquidity, the market price of Wachovia common stock compared to management's assessment of the stock's underlying value, and applicable regulatory, legal and accounting factors. In 2007, Wachovia repurchased 22 million shares of Wachovia common stock, all of such repurchases were in the open market, at an average cost of $54.35 per share. Please see "Stockholders' Equity" in the Financial Supplement, filed as Exhibit (19) to this Report, for additional information about Wachovia's share repurchases in the first quarter of 2008. The following table sets forth information about our stock repurchases for the three months ended March 31, 2008.

Issuer Repurchases of Equity Securities

Period (1)	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (3)
January 1, 2008 to January 31, 2008	150,000	$ 37.43	150,000	19,342,415
February 1, 2008 to February 29, 2008	—	—	—	19,342,415
March 1, 2008 to March 31, 2008	389,694	38.03	389,694	18,952,721
Total	539,694	$ 37.86	539,694	18,952,721

(1) Based on trade date, not settlement date.

(2) All of these shares were repurchased pursuant to publicly announced share repurchase programs. The nature of these repurchases were as follows: January 2008 — open market repurchases: 150,000 shares; and March 2008 — private transaction: 389,694 shares.

In addition to these repurchases, pursuant to Wachovia's employee stock option plans, participants may exercise Wachovia stock options by surrendering shares of Wachovia common stock the participants already own as payment of the option exercise price. Shares so surrendered by participants in Wachovia's employee stock option plans are repurchased pursuant to the terms of the applicable stock option plan and not pursuant to publicly announced share repurchase programs. For the quarter ended March 31, 2008, the following shares of Wachovia common stock were surrendered by participants in Wachovia's employee stock option plans: January 2008 — 3,664 shares at an average price per share of $37.32; February 2008 — 1,092 shares at an average price per share of $34.38; there were no shares surrendered in March 2008.

(3) On May 25, 1999, Wachovia announced a stock repurchase program pursuant to which Wachovia was authorized to repurchase up to 50 million shares of its common stock. On June 26, 2000, Wachovia announced a stock repurchase program pursuant to which Wachovia was authorized to repurchase up to 50 million shares of its common stock. On January 15, 2004, Wachovia announced a stock repurchase program pursuant to which Wachovia was authorized to repurchase up to 60 million shares of its common stock. On August 16, 2005, Wachovia announced a stock repurchase program pursuant to which Wachovia was authorized to repurchase up to 100 million shares of its common stock. None of these programs has an expiration date and each respective program expires upon completion of repurchases totaling the amount authorized for repurchase. During the second quarter of 2004, all remaining shares authorized under the May 1999 authorization, which totaled approximately 5.2 million shares at the beginning of the quarter, were repurchased. During the first quarter of 2005, all remaining shares authorized under the June 2000 authorization, which totaled approximately 15.7 million shares at the beginning of the quarter, were repurchased. During the first quarter of 2006, all remaining shares authorized under the January 2004 authorization, which totaled approximately 23.6 million shares at the beginning of the quarter, were repurchased. As of March 31, 2008, there are no more shares remaining under the May 1999, June 2000 and January 2004 authorizations, and approximately 18.95 million shares remaining under the August 2005 authorization.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting of Stockholders of Wachovia held on April 22, 2008, the following proposals were submitted to a vote of the holders of Wachovia's common stock voting as indicated:

1. Approval of a proposal to elect the following individuals as directors of Wachovia:

NAME	FOR	AGAINST	ABSTAIN
John D. Baker, II	1,624,515,524	62,175,961	23,462,138
Peter C. Browning	1,612,584,448	73,715,653	23,853,522
John T. Casteen, III	1,629,114,442	57,263,912	23,775,269
Jerry Gitt	1,628,105,148	58,684,844	23,363,631
William H. Goodwin, Jr.	1,559,352,709	126,621,294	24,179,620
Maryellen C. Herringer	1,613,771,781	73,433,173	22,948,669
Robert A. Ingram	1,578,683,153	106,607,134	24,863,336
Donald M. James	1,580,136,956	106,899,707	23,116,960
Mackey J. McDonald	1,623,942,737	62,635,813	23,575,073
Joseph Neubauer	1,621,987,513	64,678,592	23,487,518
Timothy D. Proctor	1,628,678,934	58,222,243	23,252,446
Ernest S. Rady	1,608,770,031	78,258,963	23,124,629

Van L. Richey	1,620,269,052	66,821,231	23,063,340
Ruth G. Shaw	1,612,769,447	74,154,171	23,230,005
Lanty L. Smith	1,624,085,867	62,829,509	23,238,247
G. Kennedy Thompson	1,616,116,718	71,044,671	22,992,234
Dona Davis Young	1,564,657,374	122,639,922	22,856,327

2. Approval of a proposal to ratify the appointment of KPMG LLP as Wachovia's auditors for 2008:

FOR	AGAINST	ABSTAIN
1,657,574,647	35,665,963	16,913,013

3. Disapproval of a stockholder proposal regarding non-binding stockholder vote ratifying executive compensation:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
396,986,923	883,145,372	83,263,314	346,758,014

4. Disapproval of a stockholder proposal regarding reporting political contributions:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
278,595,426	870,377,939	214,422,244	346,758,014

5. Disapproval of a stockholder proposal regarding the nomination of directors:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
77,417,339	1,257,036,592	28,941,678	346,758,014

Item 5. Other Information.

On May 8, 2008, Wachovia's board of directors elected Lanty L. Smith, the board's lead independent director, as chairman of the board of directors. G. Kennedy Thompson, who held both positions of chairman of the board and chief executive officer, will continue in his role as chief executive officer and president of Wachovia, as well as a member of the board of directors.

In addition, on May 8, 2008, Wachovia's board of directors approved amendments to Wachovia's bylaws relating to separating the positions of chairman of the board and chief executive officer. The bylaws were amended and restated to (i) add Section 8 to Article III of the bylaws to provide that the board of directors shall annually elect one of its members, who may, but need not, be an officer of Wachovia, to be chairman of the board and that the chairman of the board would preside at meetings of the board of directors and perform such other duties as may be directed by the board of directors, (ii) clarify in Article V, Section 1 of the bylaws that the chairman of the board is not an officer position of Wachovia, and (iii) repeal Section 8 of Article V of the bylaws, which had provided that the chairman of the board and the chief executive officer were both officer positions and that the chairman also would be the chief executive officer, unless a different officer was designated by the board of directors. Wachovia's amended and restated bylaws, which became effective on May 8, 2008, are attached as Exhibit 3(i) to this Report and are incorporated by reference into this Item 5.

Item 6. Exhibits.

Exhibit No.	Description
(3)(a)	Restated Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(a) to Wachovia's 2001 Third Quarter Report on Form 10-Q.)
(3)(b)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(b) to Wachovia's 2002 Annual Report on Form 10-K.)
(3)(c)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(c) to Wachovia's 2002 Annual Report on Form 10-K.)

(3)(d)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit 4.1 to Wachovia's Current Report on Form 8-K dated February 1, 2006.)
(3)(e)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit (3)(a) to Wachovia's Current Report on Form 8-K dated April 18, 2007.)
(3)(f)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated December 21, 2007.)
(3)(g)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated February 8, 2008.)
(3)(h)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated April 17, 2008.)
(3)(i)	Wachovia's Amended and Restated Bylaws.
(4)	Instruments defining the rights of security holders, including indentures.*
(12)(a)	Computations of Consolidated Ratios of Earnings to Fixed Charges.
(12)(b)	Computations of Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends.
(19)	Wachovia's First Quarter 2008 Financial Supplement.
(31)(a)	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31)(b)	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32)(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Wachovia agrees to furnish to the Commission upon request, copies of the instruments, including indentures, defining the rights of the holders of the long-term debt of Wachovia and its consolidated subsidiaries.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WACHOVIA CORPORATION

Date: May 12, 2008

By: /s/ PETER M. CARLSON
Peter M. Carlson
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
(3)(a)	Restated Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(a) to Wachovia's 2001 Third Quarter Report on Form 10-Q.)
(3)(b)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(b) to Wachovia's 2002 Annual Report on Form 10-K.)
(3)(c)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit (3)(c) to Wachovia's 2002 Annual Report on Form 10-K.)
(3)(d)	Articles of Amendment to Articles of Incorporation of Wachovia. (Incorporated by reference to Exhibit 4.1 to Wachovia's Current Report on Form 8-K dated February 1, 2006.)
(3)(e)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit (3)(a) to Wachovia's Current Report on Form 8-K dated April 18, 2007.)
(3)(f)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated December 21, 2007.)
(3)(g)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated February 8, 2008.)
(3)(h)	Articles of Amendment to Wachovia's Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Wachovia's Current Report on Form 8-K dated April 17, 2008.)
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Exhibit (3)(i)

BYLAWS OF
WACHOVIA CORPORATION

AMENDED AND RESTATED ON May 8, 2008

BYLAWS
OF
WACHOVIA CORPORATION

ARTICLE I
OFFICES

Section 1. Principal Office. The principal office of the corporation shall be located at such place as the Board of Directors may fix from time to time.

Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. Other Offices. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings. All meetings of shareholders shall be held at the principal office of the corporation, or at such other place, either within or without the State of North Carolina, as shall in each case be fixed by the Chairman of the Board, the Chief Executive Officer, the President, the Secretary or the Board of Directors and designated in the notice of the meeting.

Section 2. Annual Meetings. The annual meeting of shareholders shall be held at 9:30 a.m. on the third Tuesday in April of each year, or at such other time and on such other date as the Board of Directors, the Chairman of the Board or the Chief Executive Officer may determine.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 4. Special Meetings. Special meetings of the shareholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 5. Notice of Meetings. Written notice stating the date, time, and place of each shareholder meeting shall be given not less than 10 nor more than 60 days before the date of the meeting, by personal delivery, telegraph, teletype, or other form of wire or wireless communication, facsimile transmission, mail or private carrier, by or at the direction of the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, to each shareholder entitled to vote at such meeting; provided that such notice must be given to all shareholders with respect to any meeting at which merger or share exchange is to be considered and in such other instances as required by law. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, correctly addressed to the shareholder at the shareholder's address as it appears on the current record of shareholders of the corporation, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall include a description of the purpose or purposes for which the meeting is called. In the case of an annual or substitute annual meeting, the notice of meeting need not include a description of the purpose or purposes for which the meeting is called, unless such a description is required by the provisions of the North Carolina Business Corporation Act.

When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if (i) the new date, time or place is announced at the meeting before adjournment, and (ii) a new record date is not fixed for the adjourned meeting. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original meeting), notice of the adjourned meeting must be given as provided in this section to persons who are shareholders as of the new record date.

Section 6. Waiver of Notice. Any shareholder may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the shareholder and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance, in person or by proxy, at a meeting (i) waives objection to lack of notice or defective notice of the meeting, unless the shareholder or his proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder or his proxy objects to considering the matter before it is voted upon.

Section 7. Shareholders' List. Before each meeting of shareholders, the Secretary shall prepare an alphabetical list of the shareholders entitled to notice of such meeting. The list shall be arranged by voting group (and within each voting group by class or series of shares) and show the address of and number of shares held by each

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

shareholder. The list shall be kept on file at the principal office of the corporation or at a place identified in the meeting notice in the city where the meeting will be held, for the period beginning two business days after notice of the meeting is given and continuing through the meeting and shall be available for inspection by any shareholder, his agent or attorney, at any time during regular business hours. The list shall also be available at the meeting and shall be subject to inspection by any shareholder, his agent or attorney, at any time during the meeting or any adjournment thereof.

Section 8. Voting Group. All shares of one or more classes or series that under the articles of incorporation (as the same may be amended or amended and restated, the "Articles of Incorporation") or the North Carolina Business Corporation Act are entitled to vote and be counted together collectively on a matter at a meeting of shareholders, constitute a voting group. All shares entitled by the Articles of Incorporation or the North Carolina Business Corporation Act to vote generally on a matter are for that purpose a single voting group. Classes or series of shares shall not be entitled to vote separately by voting group unless expressly authorized by the articles of incorporation or specifically required by law.

Section 9. Quorum. Shares entitled to vote as a separate voting group may take action on a matter at the meeting only if a quorum of those shares exists. A majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

In the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by the vote of a majority of the votes cast on the motion to adjourn. Subject to the provisions of Section 5 of this Article II, at any adjourned meeting any business may be transacted that might have been transacted at the original meeting if a quorum exists with respect to the matter proposed.

Section 10. Proxies. Shares may be voted either in person or by one or more proxies authorized by a written appointment of proxy signed by the shareholder or by his duly authorized attorney-in-fact. Any appointment in the form of an electronic record that may be reproduced in paper form by an automated process and bears the shareholder's electronic signature, including a photocopy, telegram, cablegram, facsimile transmission, or email shall be deemed a valid appointment form. In addition, by resolution of the Board of Directors, the corporation may permit a shareholder to appoint one or more proxies by any kind of telephonic transmission, even if not accompanied by written communication, under circumstances or together with information from which the corporation can reasonably assume that the appointment was made or authorized by the shareholder. An appointment of proxy is valid for 11 months from the date of its execution, unless a different period is expressly provided in the appointment form.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 11. Voting of Shares. Subject to the provisions of the Articles of Incorporation, each outstanding share shall be entitled to one vote on each matter voted on at a meeting of shareholders.

Except as provided in Article 12 of the Articles of Incorporation with respect to the election of directors, if a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless a greater vote is required by law, the Articles of Incorporation or these Bylaws.

Absent special circumstances, shares of the corporation are not entitled to vote if they are owned, directly or indirectly, by another corporation in which the corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation; provided that this provision does not limit the power of the corporation to vote its own shares held by it in a fiduciary capacity.

Section 12. Informal Action by Shareholders. Any action that is required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if one or more written consents, describing the action so taken, shall be signed by all of the shareholders who would be entitled to vote upon such action at a meeting and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

If the corporation is required by law to give notice to nonvoting shareholders of action to be taken by unanimous written consent of the voting shareholders, then the corporation shall give the nonvoting shareholders, if any, written notice of the proposed action at least 10 days before the action is taken.

Section 13. Actions to be Taken at an Annual Meeting of Shareholders. No business shall be transacted at an annual meeting of shareholders, except such business as shall be (i) specified in the notice of meeting given as provided in Section 5 of this Article II, (ii) otherwise brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise brought before the meeting by a shareholder of record of the corporation entitled to vote at the meeting, in compliance with the procedure set forth in this Section 13. For business to be brought before an annual meeting by a shareholder pursuant to (iii) above, the shareholder must have given timely notice, and not withdrawn, in writing to the Secretary. To be timely, a shareholder's notice shall be delivered to, or mailed and received at, the principal executive offices of the corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, in the event the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by a shareholder must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Notice of actions to be brought before the annual meeting pursuant to (iii) above shall set forth, as to each matter the shareholder proposes to bring before the meeting, (a) a brief description of the business

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

desired to be brought before the meeting and the reasons for bringing such business before the meeting, and (b) as to the shareholder giving the notice, (i) the name and address, as they appear on the corporation's books, of such shareholder, (ii) the classes and number of shares of the corporation which are owned of record or beneficially by such shareholder, and (iii) any material interest of such shareholder in such business other than his interest as shareholder of the corporation. A shareholder may withdraw a notice provided pursuant to this Section 13 by providing a written notice of revocation to the Secretary of the corporation at the principal executive offices of the corporation prior to the commencement of the annual meeting of shareholders. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the provisions set forth in this Section 13. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that any business was not properly brought before the meeting in accordance with the provisions prescribed by these Bylaws and, if the chairman should so determine, the chairman shall so declare to the meeting and any such business not so properly brought before the meeting shall not be transacted.

Section 14. Conduct of Meeting and Order of Business. Unless determined otherwise by the Board of Directors, the Chairman of the Board, and in the absence of the Chairman of the Board, the Chief Executive Officer, shall act as chairman at all meetings of shareholders and the Secretary of the corporation shall act as secretary at all meetings of shareholders. The chairman of the meeting shall have the right and authority to determine and maintain the rules, regulations and procedures for the proper conduct of the meeting, including but not limited to restricting entry to the meeting after it has commenced, maintaining order and the safety of those in attendance, opening and closing the polls for voting, dismissing business not properly submitted, and limiting time allowed for discussion of the business of the meeting.

ARTICLE III
BOARD OF DIRECTORS

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors.

Section 2. Number, Term of Office and Qualification. The number of directors shall be determined by the Board of Directors in accordance with Article 7 of the Articles of Incorporation. Each director shall continue in office until the next annual meeting of shareholders and until such director's successor shall have been elected and qualified, or, if earlier, until such director's death, resignation, disqualification or removal in the manner hereinafter provided. Directors need not be residents of the State of North Carolina or shareholders of the corporation.

Section 3. [Repealed].

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 4. Removal. The Board of Directors or any individual director may be removed from office only in accordance with the provisions of Article 7 of the Articles of Incorporation.

Section 5. Vacancies. Any vacancies in the Board of Directors shall be filled in accordance with the provisions of Article 7 of the Articles of Incorporation.

Section 6. Compensation. The Board of Directors may provide for the compensation of directors for their services as such and for the payment or reimbursement of any or all expenses incurred by them in connection with such services.

Section 7. Nominations for Election of Directors. Only persons who are nominated in accordance with the provisions set forth in these Bylaws shall be eligible to be elected as directors at an annual meeting of shareholders. Nominations of persons for election to the Board of Directors may be made at such meeting of shareholders (i) by or at the direction of the Board of Directors, or (ii) by any shareholder of the corporation who is a shareholder of record at the time of giving of notice provided for in this Section 7, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 7. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice delivered in writing to the Secretary and not withdrawn. To be timely, a shareholder’s notice shall be delivered to, or mailed and received at, the principal executive offices of the corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year’s annual meeting; provided, however, in the event the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by a shareholder must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such shareholder’s notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director, information relating to such person similar in substance to that required to be disclosed in solicitations of proxies for election of directors pursuant to Items 7(a) and (b) of Regulation 14A under the Securities Exchange Act of 1934, as amended, and such person’s written consent to being named as a nominee and to serving as a director if elected, and (b) as to the shareholder giving the notice, (i) the name and address, as they appear on the corporation’s books, of such shareholder, and (ii) the class and number of shares of the corporation which are owned of record or beneficially by such shareholder. At the request of the Board of Directors, any person nominated by the Board for election as a director shall furnish to the Secretary that information required to be set forth in a shareholder’s notice of nomination which pertains to the nominee. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the provisions prescribed by these Bylaws and, if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded. A shareholder may withdraw a notice provided pursuant to this Section 7 by providing a written notice of revocation to the

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Secretary of the corporation at the principal executive offices of the corporation prior to the commencement of the annual meeting of shareholders. The foregoing provisions of this Section 7 shall not apply to any director who is nominated and elected under specified circumstances by holders of any class or series of stock having a preference over the common stock as to dividends or upon liquidation.

Section 8. Chairman of the Board. The Board of Directors shall annually elect one of its members to be Chairman of the Board and shall fill any vacancy in the position of Chairman of the Board at such time and in such manner as the Board of Directors shall determine. The Chairman of the Board may, but need not, be an officer of the corporation. The Chairman of the Board shall preside at meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors.

ARTICLE IV
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held on the same date, and at the same place, as the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings of the Board. Such a meeting may be held by teleconference call to the extent permitted by applicable law.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the President or by any three directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting. Such a meeting may be held by teleconference call to the extent permitted by applicable law.

Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least twenty-four hours before the meeting, give or cause to be given notice thereof by any usual means of communication, including electronic means. Such notice need not specify the purpose for which the meeting is called. Any duly convened regular or special meeting may be adjourned by the directors to a later time without further notice.

Section 4. Waiver of Notice. Any director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the director entitled to the notice and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A director’s attendance at or participation in a meeting waives any required notice of such meeting, unless the director at the beginning of the meeting, or promptly upon arrival, objects to holding the meeting or to transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 5. Quorum. Unless the Articles of Incorporation or these Bylaws provide otherwise, a majority of the number of directors fixed by or pursuant to the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided in the Articles of Incorporation or these Bylaws, including Section 9 of this Article IV, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (i) the director objects at the beginning of the meeting or promptly upon such director's arrival, to holding the meeting or to transacting business at the meeting, (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director files written notice of dissent or abstention with the presiding officer of the meeting before its adjournment or with the corporation immediately after the adjournment of the meeting. Such right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 8. Action without Meeting. Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents signed by each director before or after such action, describing the action taken and included in the minutes or filed with the corporate records.

Section 9. Committees of the Board. The Board of Directors may create an Executive Committee and other committees of the Board and appoint members of the Board of Directors to serve on them. The creation of a committee of the Board and appointment of members to it must be approved by the greater of (i) a majority of the number of directors in office when the action is taken, or (ii) the number of directors required to take action pursuant to Section 6 of this Article IV. Each committee of the Board must have two or more members and, to the extent authorized by law and specified by the Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation. Each committee member serves at the pleasure of the Board of Directors. The provisions in these Bylaws governing meetings, action without meetings, notice, waiver of notice, quorum and voting requirements of the Board of Directors apply to committees of the Board established under this section.

ARTICLE V
OFFICERS

Section 1. Number of Officers. The officers of the corporation may be a Chief Executive Officer, a President, one or more Vice Chairmen (who shall not be required to

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

be directors of the corporation), one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be appointed in accordance with the provisions of this Article V. Any two or more offices may be held by one person, but no individual may act in more than one capacity where action of two or more officers is required.

Section 2. Election, Term of Office and Qualification. Each officer, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article V, shall be chosen by the Board of Directors and shall hold office until the annual meeting of the Board of Directors held next after such officer's election or until such officer's successor shall have been duly chosen and qualified or until such officer's death, resignation, disqualification or removal from office.

Section 3. Subordinate Officers. The Board of Directors may delegate to any officer the power to appoint any subordinate officer and to prescribe such officer's respective authority and duties.

Section 4. Officers Acting as Assistant Secretary. Any Senior Executive Vice President, Executive Vice President, Senior Vice President, Vice President or Assistant Vice President shall have, by virtue of such officer's office and by authority of these Bylaws the authority from time to time to act as an Assistant Secretary of the corporation and to such extent said officers are appointed to the office of Assistant Secretary.

Section 5. Removal. The officers specifically designated in Section 1 of this Article V may be removed, either with or without cause, by vote of a majority of the number of directors then in office. The officers appointed in accordance with the provisions of Section 3 of this Article V may be removed, either with or without cause, by a majority vote of the directors present at any meeting or by any officer upon whom such power of removal may be conferred by the Board of Directors. The removal of any person from office shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the Chief Executive Officer, or the President, or if such officer was appointed by an officer in accordance with Section 3 of this Article V, by giving written notice to the officer who appointed such officer. Such resignation shall take effect at the time specified therein, or if no time is specified therein, at the time such resignation is received by the Chairman of the Board, the Chief Executive Officer, the President or the officer who appointed such officer, unless it shall be necessary to accept such resignation before it becomes effective, in which event the resignation shall take effect upon its acceptance by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or the officer who appointed such officer. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

Section 7. Vacancies. A vacancy in an office because of death, resignation, removal, disqualification or any other cause, shall be filled for the unexpired portion of

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

the term in the manner prescribed by these Bylaws for regular appointments or elections to such office.

Section 8. [Repealed].

Section 9. Duties of Officers. The duties of all officers elected by the Board of Directors shall be prescribed by the Board of Directors. Nevertheless, the Board of Directors may delegate to the Chief Executive Officer the authority to prescribe the duties of other officers of the corporation not inconsistent with law, the Articles of Incorporation and these Bylaws.

In case of the absence of any officer of the corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officer to any other officer or to any director for the time being, provided a majority of the directors then in office concurs therein.

Section 10. Salaries of Officers. No officer of the corporation shall be prevented from receiving a salary as such officer or from voting thereon by reason of the fact that such officer is also a director of the corporation. The salaries of the officers of the corporation, including such officers as may be directors of the corporation, shall be fixed from time to time by the Board of Directors, except that the Board of Directors may delegate to any officer who has been given power to appoint subordinate officers, as provided in Section 3 of this Article V, the authority to fix the salaries or other compensation of any such officers appointed by him.

ARTICLE VI
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors, the Chief Executive Officer or such other officers designated by the Board or the Chief Executive Officer. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as may from time to time be determined by the Board of Directors.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as may be selected by or under the authority of the Board of Directors.

ARTICLE VII
SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The Board of Directors may authorize the issuance of some or all of the shares of the corporation's classes or series without issuing certificates to represent such shares. If shares are represented by certificates, the certificates shall be in such form as required by law and as determined by the Board of Directors. Certificates shall be signed, either manually or in facsimile, by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and by the Secretary or Treasurer or an Assistant Secretary or an Assistant Treasurer. All certificates for shares shall be consecutively numbered or otherwise identified and entered into the stock transfer books of the corporation. When shares are represented by certificates, the corporation shall issue and deliver to each shareholder to whom such shares have been issued or transferred, certificates representing the shares owned by him. When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by law to be on certificates.

Section 2. Stock Transfer Books. The corporation shall keep, or cause one or more stock transfer agents to keep, a book or set of books, to be known as the stock transfer books of the corporation, containing the name of each shareholder of record, together with such shareholder's address and the number and class or series of shares held by such shareholder. Transfers of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by such holder's legal representative, who shall furnish proper evidence of authority to transfer, or by such holder's attorney authorized to effect such transfer by power of attorney duly executed, and upon surrender for cancellation of the certificate for such shares (if the shares are represented by certificates). The Board of Directors may make rules and regulations as it deems expedient concerning the issue, transfer and registration of shares of the corporation.

Section 3. Lost, Stolen or Destroyed Certificates. The corporation may authorize the issuance of a new certificate to be issued in place of any certificate theretofore issued by the corporation claimed to have been lost, stolen or destroyed, upon receipt of an affidavit of such fact from the person claiming the certificate to have been lost, stolen or destroyed. When authorizing such issue of a new certificate, the corporation shall require that the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, give the corporation a bond in such sum and with such surety or other security as the corporation may direct as indemnity against any claim that may be made against the corporation with respect to the certificate claimed to have been lost, stolen or

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

destroyed, except where the Board of Directors or the Chief Executive Officer finds that the circumstances justify omission of a bond.

Section 4. Fixing Record Date. The Board of Directors may fix a future date as the record date for one or more voting groups in order to determine the shareholders entitled to notice of a shareholders' meeting, to vote or to take any other action. Such record date may not be more than 70 days before the meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

If no record date is fixed by the Board of Directors for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, the close of business on the day before the first notice of the meeting is delivered to shareholders shall be the record date for such determination of shareholders.

The Board of Directors may fix a date as the record date for determining shareholders entitled to a distribution or share dividend. If no record date is fixed by the Board of Directors for such determination, it is the date the Board of Directors authorizes the distribution or share dividend.

Section 5. Holder of Record. Except as otherwise required by law, the corporation may treat the person in whose name the shares stand of record on its books as the absolute owner of the shares and the person exclusively entitled to receive notification and distributions, to vote and to otherwise exercise the rights, powers and privileges of ownership of such shares.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Distributions. The Board of Directors may from time to time authorize, and the corporation may grant, distributions and share dividends to its shareholders pursuant to law and subject to the provisions of the Articles of Incorporation.

Section 2. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal, as impressed or affixed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

Section 3. Fiscal Year. The fiscal year of the corporation shall be the calendar year or such other period fixed by the Board of Directors.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Section 4. Amendments. Except as otherwise provided in these Bylaws, the Articles of Incorporation or the North Carolina Business Corporation Act, these Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the number of directors then in office at any regular or special meeting of the Board of Directors. The Board of Directors shall not have power to amend, repeal or adopt a Bylaw (i) requiring more than a majority of the voting shares for a quorum at a meeting of shareholders or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by law, (ii) providing for the management of the corporation other than by the Board of Directors or its Executive Committee, (iii) increasing or decreasing the authorized number of directors beyond the maximum number or minimum number set forth in Article 7 of the Articles of Incorporation, or (iv) inconsistent with, or (as to any matter covered by said Article 7) in a manner other than as prescribed by, Article 7 of the Articles of Incorporation. The shareholders may amend or repeal the Bylaws and adopt new Bylaws at any annual meeting or at a special meeting called for such purpose provided that no Bylaw may be so amended, repealed or adopted which is inconsistent with, or (as to any matter covered by said Article 7) adopted in a manner other than as prescribed by, Article 7 of the Articles of Incorporation without the affirmative vote of the holders of not less than 80% of the outstanding shares of capital stock of the corporation entitled to vote in the election of directors, voting together as a single class. No Bylaw adopted or amended by the shareholders shall be altered or repealed by the Board of Directors, except when the Articles of Incorporation or a Bylaw adopted by the shareholders authorizes the Board of Directors to adopt or repeal any such Bylaw.

Section 5. Definitions. Unless the context otherwise requires, terms used in these Bylaws shall have the meanings assigned to them in the North Carolina Business Corporation Act to the extent defined therein.

Section 6. Inapplicability of The North Carolina Shareholder Protection Act. The provisions of The North Carolina Shareholder Protection Act (N.C.G.S. § 55-9-01 through § 55-9-05) shall not be applicable to the corporation, effective as of August 21, 1990, the date this Bylaw was adopted by the Board of Directors in accordance with Section 55-9-05 of such Act.

Section 7. Inapplicability of The North Carolina Control Share Acquisition Act. The provisions of The North Carolina Control Share Acquisition Act (N.C.G.S. § 55-9A-01 through § 55-9A-09) shall not be applicable to the corporation, effective as of August 21, 1990, the date this Bylaw was adopted by the Board of Directors in accordance with Section 55-9A-09 of such Act.

Section 8. Execution of Instruments. All agreements, indentures, mortgages, deeds, conveyances, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies, and other instruments or documents may be signed, executed, acknowledged, verified, delivered or accepted on behalf of the corporation by the Chairman of the Board, the Chief Executive Officer or the President, or any Vice Chairman, any Vice President,

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

however designated, or the Secretary or any Assistant Secretary; provided, however, that where required, any such instrument shall be attested by one of such officers other than the officer executing such instrument. Any such instruments may also be executed, acknowledged, verified, delivered, or accepted on behalf of the corporation in such other manner and by such other officers as the Board of Directors may from time to time direct. The provisions of this Section 8 are supplementary to any other provisions of these Bylaws.

ARTICLE IX
INDEMNIFICATION

Section 1. Right to Indemnification — Executive Officers, Directors of the Corporation or of Designated Subsidiaries, and Requested Representatives. Except as otherwise limited in this Article IX, the Corporation shall, to the fullest extent permitted by law, indemnify any person who at any time serves or has served as (i) an officer of the Corporation or of a Subsidiary if such officer is an Executive Officer, (ii) a Director of the Corporation or of a Designated Subsidiary, and (iii) any person who, while serving in any of the foregoing capacities, also serves or has served as a Requested Representative, against Liability that arises out of his or her status as an officer of the Corporation or of a Subsidiary, a Director of the Corporation or of a Designated Subsidiary, or as a Requested Representative.

Section 2. Right to Advancement of Expenses — Executive Officers, Directors of the Corporation or of Designated Subsidiaries, and Requested Representatives. Except as otherwise provided in this Section 2, the Corporation shall pay, from time to time in advance of the final disposition of such Proceeding, the reasonable Expenses of any person who at any time serves or has served in any of the capacities described in Section 1 incurred by him or her in defending any Proceeding that arises out of his or her status as an officer of the Corporation or of a Subsidiary if such officer is an Executive Officer, or as a Director of the Corporation or of a Designated Subsidiary, or as a Requested Representative. The Corporation shall not be required to pay Expenses in advance, however, (i) in any case, if it shall not have received an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation against such Expenses under Section 1; and (ii) in connection with a Federal Banking Agency Proceeding, unless the Board of Directors of the Corporation, or its designee as permitted under such regulations, shall have determined that such advance payment of Expenses is not a Prohibited Indemnification Payment and is otherwise permissible under the Federal Banking Regulations.

Section 3. Board Determinations. The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification and pay in advance the Expenses that are required by Sections 1 and 2 of this Article IX, including (i)

making a determination of whether such indemnification is permitted by law and required under Section 1 and, if so permitted and required, a determination of the reasonable amount due under these Bylaws, and (ii) making such other determinations as are required by any Federal Banking Regulations. The Board of Directors may appoint a committee of the Board of Directors or special counsel, or both, to make such determinations as permitted by applicable law, including any Federal Banking Regulations.

Section 4. Actions to Enforce Rights to Indemnification or Advancement of Expenses. If indemnification or advancement of Expenses due under Sections 1 or 2 hereof is not paid in full by the Corporation within ninety days after a written claim therefor has been received by the Corporation, the person claiming such indemnification or advancement may, at any time within one (1) year after the end of such 90-day period, bring suit against the Corporation to recover the unpaid amount of the claim due, and, if successful in whole or in part, such person shall be entitled, to the fullest extent permitted by law, to be paid also the reasonable expenses, including counsel fees, incurred by him or her in making and enforcing such claim. In (a) any suit brought to enforce a right to indemnification under Section 1 of this Article IX (but not, except as set forth in clause (b) hereof, in a suit brought to enforce a right to advancement of Expenses under Section 2 of this Article IX) and (b) any suit brought to enforce a right to advancement of Expenses under Section 2 of this Article IX in connection with a Federal Banking Agency Proceeding, it shall be a defense to any such claim that the standards for indemnification or advancement of Expenses, as the case may be, under state or federal law have not been met. In any suit brought by the Corporation to recover Expenses advanced pursuant to the terms of an undertaking to repay such Expenses, the Corporation shall be entitled to recover such Expenses unless a court of competent jurisdiction determines, in a final adjudication, that the standards for indemnification under state or federal law have been met.

Section 5. Discretionary Indemnification and Advancement of Expenses. Except as otherwise provided in Section 1, the Corporation may, but shall not be required to, indemnify any person who at any time serves or has served as a Director, officer, employee or agent of the Corporation or of a Subsidiary (including a Designated Subsidiary), or any person who serves or has served as a Requested Representative, to the fullest extent permitted by law, against Liability incurred by such person that arises out of his or her status as such. Except as otherwise provided in Section 2, the Corporation may, but shall not be required to, pay, from time to time in advance of the final disposition of any such Proceeding, the reasonable Expenses incurred by any such person in defending any Proceeding that arises out of such person's status as a Director, officer, employee or agent of the Corporation or of a Subsidiary (including a Designated Subsidiary), or as a Requested Representative. The Corporation shall not pay such Expenses in advance, however, (i) in any case, if it shall not have received an undertaking by or on behalf of such person to repay such amount unless it shall

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

ultimately be determined that he or she is entitled to be indemnified by the Corporation under applicable law, including the Federal Banking Regulations; and (ii) in connection with a Federal Banking Agency Proceeding, unless the Board of Directors of the Corporation, or its designee as permitted under such regulations, shall have determined that such advance payment of Expenses is not a Prohibited Indemnification Payment and is otherwise permissible under the Federal Banking Regulations. Such undertaking may contain such other terms and provisions as the Corporation may require.

The Chief Executive Officer of the Corporation, or his or her designee, shall make all determinations with respect to indemnification and advancement of Expenses under Section 5 of this Article IX, except that (i) the Board of Directors of the Corporation (or a special committee thereof or special counsel, as permitted under Section 3 of this Article IX) shall make all such determinations with respect to indemnification of or advancement of Expenses for any person otherwise covered under Section 1 of this Article or as may be required by applicable law, and (ii) no indemnification or advancement of Expenses shall be made in connection with a Federal Banking Agency Proceeding unless the Board of Directors of the Corporation, or its designee as may be permitted under such regulations, shall have determined that such indemnification or advancement of Expenses is permissible under the Federal Banking Regulations.

Section 6. Insurance. Except as otherwise prohibited by law, including the Federal Banking Regulations, the Corporation may purchase and maintain insurance to protect itself and any person who is serving or has served in any of the capacities enumerated in Sections 1 and 5 against liability or loss arising from such person's status in that capacity, whether or not the Corporation would have the power to indemnify such person against such liability or loss.

Section 7. Miscellaneous Matters. Notwithstanding any provision otherwise set forth in this Article IX:

(a) Any person who at any time after the adoption of this Article IX serves or has served in any of the capacities described in Section 1 for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the rights of indemnification and advance payment of Expenses provided in this Article IX. Such right shall inure to the benefit of the legal representative of any such person.

(b) The rights to indemnification and advancement of Expenses set forth in Sections 1, 2 and 5 of this Article IX shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(c) The Corporation shall have no obligation to indemnify any person against liability for any amount paid in settlement or compromise of any Proceeding unless the Corporation has consented in writing to such settlement or compromise.

(d) If and to the extent that providing indemnification or paying Expenses to any person otherwise entitled thereto hereunder would reduce or otherwise render wholly or partly unavailable any (i) indemnification from any source other than the Corporation or its Subsidiaries or (ii) insurance coverage otherwise available as a source of such payment, then, to the extent such indemnification or coverage would otherwise be available, the Corporation shall not be obligated to provide such indemnification or pay such Expenses hereunder.

(e) Amounts payable by the Corporation to any Requested Representative shall be reduced by and to the extent of any indemnification of or advance or reimbursement of Expenses to such person from any other corporation or entity for which such person served as the Corporation's (or one of its Subsidiaries') Requested Representative.

(f) A Requested Representative described in Section 7(i)(xvi) who acted in the best interests of the employee benefit plan, its participants and beneficiaries, shall be deemed to have acted in the best interests of the Corporation.

(g) The right to indemnification herein provided for shall apply to persons who are directors, officers, or employees of corporations or other entities that are hereafter merged or otherwise combined with or acquired by the Corporation or any Subsidiary only after the effective date of such merger, combination or acquisition and only as to their status and activities after such date.

(h) No revocation of, change in, or adoption of any resolution or provision in the Articles of Incorporation or Bylaws of the Corporation inconsistent with this Bylaw shall adversely affect the rights of any Director, Executive Officer, officer or employee of the Corporation or a Subsidiary with respect to (i) any proceeding commenced or threatened prior to such revocation, change, or adoption, or (ii) any proceeding arising out of any act or omission occurring prior to such revocation, change, or adoption, in either case, without the written consent of such person.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(i) The following terms used in this Article IX shall have the meanings set forth in this paragraph unless the context plainly requires otherwise:

(i) "Corporation" means Wachovia Corporation;

(ii) "Designated Subsidiary" means a Subsidiary of the Corporation or other company or entity designated by the Board of Directors of the Corporation as subject to Section 1 of this Article IX;

(iii) "Director" means a person who is appointed or elected as a director of a corporation or other company in accordance with applicable statutes and the organizational documents of such corporation or company and any Manager;

(iv) "Executive Officer" means a Regulation O Officer of the Corporation or of a Designated Subsidiary, a member of the Corporation's Operating Committee, or a Section 16 Officer;

(v) "Expenses" means expenses of every kind incurred in defending a Proceeding, including counsel fees and expenses;

(vi) "Federal Banking Agency" has the same meaning set forth in 12 United States Code Section 1813(z) and any successor or replacement statute, as the same may be amended or modified from time to time;

(vii) "Federal Banking Agency Proceeding" means an administrative proceeding or civil action initiated by a Federal Banking Agency;

(viii) "Federal Banking Regulations" means 12 Code of Federal Regulations Part 359 and any successor or replacement regulation therefor, as the same may be amended or modified from time to time, and any other regulation or interpretation thereof promulgated by a federal banking agency with respect to indemnification or advancement of expenses;

(ix) "including" means including without limitation;

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(x) “Liability” means (a) any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty or settlement (but in the case of any settlement, subject to Section 7(c) of this Article IX) that a person shall actually incur or for which he or she has become liable in any Proceeding and (b) reasonable Expenses incurred in defending any Proceeding;

(xi) “Manager” means (a) a person who is designated a manager of a manager-managed limited liability company in accordance with applicable statutes and the organizational documents of such company, and (b) any other person in whom management of the affairs of a limited liability company is vested in accordance with applicable statutes and the organizational documents of such company;

(xii) “Operating Committee” means the members from time to time of the Corporation’s Operating Committee or successor committee designated by the Chief Executive Officer of the Corporation;

(xiii) “Proceeding” means any threatened, pending or completed civil, criminal, administrative, investigative or arbitrative action, suit or proceeding (and any appeal therein), whether formal or informal and whether or not brought by or on behalf of the Corporation;

(xiv) “Prohibited Indemnification Payment” has the same meaning set forth in the Federal Banking Regulations;

(xv) “Regulation O Officer” means an executive officer of the Corporation or a Subsidiary who, by resolution of the Corporation’s or Subsidiary’s board of directors, has been designated an executive officer of the Corporation or Subsidiary for purposes of Regulation O of the Federal Reserve Board;

(xvi) “Requested Representative” means any person who serves or has served, at the request of the Corporation (or one of its Subsidiaries), as (A) a trustee, administrator, member of a plan committee with respect to an employee benefit plan for the benefit of employees of the Corporation or any of its Subsidiaries, or any other

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

position that imposes duties upon such person with respect to such employee benefit plan, its beneficiaries or participants, or (B) a Director, partner, trustee, officer, employee or agent of (1) a stock or non-stock corporation, partnership, limited liability company, joint venture, trust or other entity or enterprise (other than a Subsidiary) in which the Corporation directly or indirectly owns shares of stock, other equity interests, or instruments that may be convertible to equity interests, or has any direct or indirect financial or business interest, (2) a charitable, not-for-profit, religious, or educational corporation, partnership, limited liability company, joint venture, trust or other entity or enterprise, (3) another corporation, partnership, limited liability company, joint venture, trust or other entity or enterprise in connection with the administration of an estate or trust by the Corporation or by Wachovia Bank, N.A. or by any of the Corporation's Subsidiaries, or (4) a trade association;

(xvii) "Section 16 Officer" means an officer of the Corporation who by resolution of the Board of Directors of the Corporation has been determined to be an "officer" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended;

(xviii) "serving at the request of the Corporation" or any similar phrase shall be deemed to include any person who serves in an office or as an employee or in another capacity if such person was designated, appointed, or elected to such position by the Corporation, by any Subsidiary, by the Board of Directors of the Corporation, by the Directors (or other governing body) of any Subsidiary, or by any officer or employee authorized to make such designation, appointment, or election acting on behalf of the Corporation or any Subsidiary; and

(xix) "Subsidiary" means a corporation, partnership, limited liability company, joint venture, trust or other entity or enterprise in which the Corporation, directly or indirectly, owns at least fifty percent of the capital stock or other equity interest of such entity or enterprise.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

WACHOVIA CORPORATION AND SUBSIDIARIES
COMPUTATIONS OF CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

(In millions)		*Three Months Ended March 31, 2008*	*Years Ended December 31,* 2007	2006	2005	2004	2003
EXCLUDING INTEREST ON DEPOSITS							
Pretax income (loss) from continuing operations		$ **(898)**	8,773	11,470	9,462	7,633	6,080
Fixed charges, excluding capitalized interest		**2,572**	11,458	8,189	4,971	2,701	2,309
Earnings	**(A)**	$ **1,674**	20,231	19,659	14,433	10,334	8,389
Interest, excluding interest on deposits		$ **2,486**	11,140	7,897	4,711	2,474	2,113
One-third of rents		**86**	318	292	260	227	196
Capitalized interest		**-**	-	-	-	-	-
Fixed charges (a)	**(B)**	$ **2,572**	11,458	8,189	4,971	2,701	2,309
Consolidated ratios of earnings to fixed charges, excluding interest on deposits	**(A)/(B)**	**0.65** X	1.77	2.40	2.90	3.83	3.63
INCLUDING INTEREST ON DEPOSITS							
Pretax income (loss) from continuing operations		$ **(898)**	8,773	11,470	9,462	7,633	6,080
Fixed charges, excluding capitalized interest		**5,513**	24,419	17,308	10,268	5,554	4,669
Earnings	**(C)**	$ **4,615**	33,192	28,778	19,730	13,187	10,749
Interest, including interest on deposits		$ **5,427**	24,101	17,016	10,008	5,327	4,473
One-third of rents		**86**	318	292	260	227	196
Capitalized interest		**-**	-	-	-	-	-
Fixed charges (a)	**(D)**	$ **5,513**	24,419	17,308	10,268	5,554	4,669
Consolidated ratios of earnings to fixed charges, including interest on deposits	**(C)/(D)**	**0.84** X	1.36	1.66	1.92	2.37	2.30

(a) Fixed charges do not include: 1) other obligations which exist under Financial Accounting Standards Board Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” and 2) interest on uncertain income tax positions.

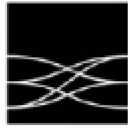
Exhibit (12)(b)

WACHOVIA CORPORATION AND SUBSIDIARIES
COMPUTATIONS OF CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(In millions)		*Three Months Ended March 31, 2008*	*Years Ended December 31, 2007*	*2006*	*2005*	*2004*	*2003*
EXCLUDING INTEREST ON DEPOSITS							
Pretax income (loss) from continuing operations		$ **(898)**	8,773	11,470	9,462	7,633	6,080
Fixed charges, excluding preferred stock dividends and capitalized interest		**2,572**	11,458	8,189	4,971	2,701	2,309
Earnings	**(A)**	$ **1,674**	20,231	19,659	14,433	10,334	8,389
Interest, excluding interest on deposits		$ **2,486**	11,140	7,897	4,711	2,474	2,113
One-third of rents		**86**	318	292	260	227	196
Preferred stock dividends		**43**	-	-	-	-	5
Capitalized interest		**-**	-	-	-	-	-
Fixed charges (a)	**(B)**	$ **2,615**	11,458	8,189	4,971	2,701	2,314
Consolidated ratios of earnings to fixed charges and preferred stock dividends, excluding interest on deposits	**(A)/(B)**	**0.64** X	1.77	2.40	2.90	3.83	3.63
INCLUDING INTEREST ON DEPOSITS							
Pretax income (loss) from continuing operations		$ **(898)**	8,773	11,470	9,462	7,633	6,080
Fixed charges, excluding preferred stock dividends and capitalized interest		**5,513**	24,419	17,308	10,268	5,554	4,669
Earnings	**(C)**	$ **4,615**	33,192	28,778	19,730	13,187	10,749
Interest, including interest on deposits		$ **5,427**	24,101	17,016	10,008	5,327	4,473
One-third of rents		**86**	318	292	260	227	196
Preferred stock dividends		**43**	-	-	-	-	5
Capitalized interest		**-**	-	-	-	-	-
Fixed charges (a)	**(D)**	$ **5,556**	24,419	17,308	10,268	5,554	4,674
Consolidated ratios of earnings to fixed charges and preferred stock dividends, including interest on deposits	**(C)/(D)**	**0.83** X	1.36	1.66	1.92	2.37	2.30

(a) Fixed charges do not include: 1) other obligations which exist under Financial Accounting Standards Board Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” and 2) interest on uncertain income tax positions.

Exhibit (19)



WACHOVIA

First Quarter Ended March 31, 2008

Quarterly Financial Supplement

Management's Discussion and Analysis

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

WACHOVIA CORPORATION AND SUBSIDIARIES
QUARTERLY FINANCIAL SUPPLEMENT
THREE MONTHS ENDED MARCH 31, 2008
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FINANCIAL HIGHLIGHTS

(Dollars in millions, except per share data)	Three Months Ended March 31, 2008	2007	Percent Increase (Decrease)
EARNINGS SUMMARY			
Net interest income *(GAAP)*	$ **4,752**	4,500	6%
Tax-equivalent adjustment	**53**	37	43
Net interest income *(Tax-equivalent)*	**4,805**	4,537	6
Fee and other income	**2,777**	3,734	(26)
Total revenue *(Tax-equivalent)*	**7,582**	8,271	(8)
Provision for credit losses	**2,831**	177	—
Other noninterest expense	**5,097**	4,493	13
Merger-related and restructuring expenses	**241**	10	—
Other intangible amortization	**103**	118	(13)
Total noninterest expense	**5,441**	4,621	18
Minority interest in income of consolidated subsidiaries	**155**	136	14
Income (loss) before income taxes (benefits) *(Tax-equivalent)*	**(845)**	3,337	—
Tax-equivalent adjustment	**53**	37	43
Income taxes (benefits)	**(234)**	998	—
Net income (loss)	**(664)**	2,302	—
Dividends on preferred stock	**43**	—	—
Net income (loss) available to common stockholders	$ **(707)**	2,302	—%
Diluted earnings per common share (a)			
Net income (loss) available to common stockholders	$ **(0.36)**	1.20	—%
Return on average common stockholders' equity	**(3.81)**%	13.47	—
Return on average total stockholders' equity	**(3.39)**	13.47	—
Return on average assets (b)	**(0.34)**%	1.35	—
ASSET QUALITY			
Allowance for loan losses as % of loans, net	**1.37**%	0.80	—
Allowance for loan losses as % of nonperforming assets	**78**	189	—
Allowance for credit losses as % of loans, net	**1.41**	0.84	—
Net charge-offs as % of average loans, net	**0.66**	0.15	—
Nonperforming assets as % of loans, net, foreclosed properties and loans held for sale	**1.70**%	0.42	—
CAPITAL ADEQUACY			
Tier I capital ratio	**7.42**%	7.35	—
Total capital ratio	**12.05**	11.41	—
Leverage ratio	**6.18**%	6.08	—
OTHER FINANCIAL DATA			
Net interest margin	**2.92**%	3.06	—
Fee and other income as % of total revenue	**36.62**	45.15	—
Effective income tax rate	**26.02**%	30.22	—
BALANCE SHEET DATA			
Securities	$ **114,183**	106,841	7%
Loans, net	**480,482**	421,663	14
Total assets	**808,575**	702,669	15
Total deposits	**444,964**	405,270	10
Long-term debt	**175,653**	142,334	23
Stockholders' equity	$ **77,992**	69,786	12%
OTHER DATA			
Average basic common shares *(In millions)*	**1,963**	1,894	4%
Average diluted common shares *(In millions)*	**1,977**	1,925	3
Actual common shares *(In millions)*	**1,992**	1,913	4
Dividends paid per common share	$ **0.64**	0.56	14
Dividend payout ratio on common shares	**(177.78)**%	46.67	—
Book value per common share	$ **36.24**	36.47	(1)
Common stock price	**27.00**	55.05	(51)
Market capitalization	$ **53,782**	105,330	(49)
Common stock price to book value	**75**%	151	(50)
FTE employees	**120,378**	110,369	9

Total financial centers/brokerage offices	**4,850**	4,167	16
ATMs	**5,308**	5,146	3%

(a) Calculated using average basic common shares in the first quarter of 2008.

(b) Net income (loss) as a percentage of average assets.

Management's Discussion and Analysis

This discussion contains forward-looking statements. Please refer to our First Quarter 2008 Report on Form 10-Q for a discussion of various factors that could cause our actual results to differ materially from those expressed in such forward-looking statements.

Executive Summary

Summary of Results of Operations

(In millions, except per share data)	*Three Months Ended March 31,*	
	2008	*2007*
Net interest income (GAAP)	$ **4,752**	4,500
Tax-equivalent adjustment	**53**	37
Net interest income (a)	**4,805**	4,537
Fee and other income	**2,777**	3,734
Total revenue *(a)*	**7,582**	8,271
Provision for credit losses	**2,831**	177
Other noninterest expense	**5,097**	4,493
Merger-related and restructuring expenses	**241**	10
Other intangible amortization	**103**	118
Total noninterest expense	**5,441**	4,621
Minority interest in income of consolidated subsidiaries	**155**	136
Income taxes (benefits)	**(234)**	998
Tax-equivalent adjustment	**53**	37
Net income (loss)	**(664)**	2,302
Dividends on preferred stock	**43**	—
Net income (loss) available to common stockholders	**(707)**	2,302
Diluted earnings per common share	$ **(0.36)**	1.20

(a) Tax-equivalent.

Against a backdrop of the weakest domestic economy in more than 16 years, sudden and severe home price deterioration particularly in certain markets in California and Florida, and dislocated capital markets, we took several actions in the first quarter of 2008 to fortify Wachovia's credit reserves and balance sheet. Solid underlying performance in the majority of our businesses in the first quarter of 2008 was overwhelmed by the increased credit provision of $2.8 billion and additional net market disruption-related valuation losses of $2.3 billion. Subsequent to our announcement of first quarter financial results on April 14, 2008, these valuation losses now include a $314 million loss on assets related to our bank-owned life insurance (BOLI) portfolio. As a result, our first quarter 2008 earnings reflect a net loss available to common shareholders of $707 million, or 36 cents per share, compared with earnings of $2.3 billion, or $1.20 per share, in the first quarter of 2007. More information on the May 6, 2008, announcement regarding valuation losses related to our BOLI assets is in the *Market Disruption, Fee Income* and *Parent* sections.

Results for the quarter benefited from $445 million in net gains related to the adoption and application of new fair value accounting standards and a $225 million gain from our ownership in Visa, which completed its initial public offering in March.

On April 14, 2008, we announced the following capital initiatives designed to further strengthen and enhance our capital levels and improve our operational flexibility in the face of deteriorating economic conditions:

- A public offering of an aggregate $8.05 billion in capital consisting of concurrent offerings of common stock and noncumulative perpetual convertible preferred stock, and
- A reduction in the quarterly common stock dividend, which preserves approximately $2.1 billion of capital annually.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

On April 30, 2008, we announced we expect to record an after-tax noncash charge of between $800 million and $1 billion in the second quarter of 2008 related to certain leasing transactions we entered into between 1999 and 2003 involving lease-to-service contracts and leases of qualified technological equipment, which are widely known as sale-in, lease-out or “SILO” transactions. We discontinued originating these transactions in 2003. The decision to record the noncash charge came after our analysis of a federal appeals court opinion in a case involving another financial institution that disallowed tax benefits associated with certain lease-in, lease-out or “LILO” transactions. While the tax law involving SILO transactions remains unsettled, as we disclosed in *Note 1* to *Consolidated Financial Statements* in our 2007 Annual Report, applicable accounting standards require us to update the tax cash flow assessment on our SILO transactions in light of the federal court ruling. A majority of the charge will be recognized as income over the remaining terms of the affected leases, generally 35 to 40 years. More information is in *Note 1* to *Consolidated Financial Statements* in our First Quarter 2008 Report on Form 10-Q.

The provision for credit losses of $2.8 billion, up from $177 million in the first quarter of 2007, exceeded net charge-offs by $2.1 billion. This included $1.1 billion related to our payment option mortgage product (Pick-a-Payment), reflecting higher expected 12-month forward losses in the portfolio that incorporate the use of a new dynamic loss model which more closely ties deterioration in housing prices and changes in borrower behavior related to loss of equity in their home. In general, the model is more forward-looking and less reliant on historical loss experience. These changes also reflect our current view that nationwide home prices will continue to decline until mid 2009.

On January 1, 2008, we adopted Statement of Financial Accounting Standards (SFAS) No. 157, *“Fair Value Measurements,”* and SFAS No. 159, *“The Fair Value Option for Financial Assets and Financial Liabilities.”* SFAS 157 defines “fair value,” and is applied in any situation where an asset or liability is measured at fair value. SFAS 159 permits companies to elect to carry certain financial instruments at fair value with corresponding changes in fair value recorded in the results of operations.

The adoption and application of these standards resulted in a net gain of $445 million in the first quarter 2008 results of operations, of which net gains of $517 million related to SFAS 157 and net losses of $72 million related to SFAS 159. Of the net gains resulting from the adoption and application of SFAS 157, $486 million related to a change in the methodology used to calculate the fair value of certain investments in private equity funds held in our Principal Investing business. For more information on the adoption and application of these standards, please refer to *Note 1* to *Consolidated Financial Statements.*

Market Disruption-Related Losses The net market disruption-related valuation losses in the first quarter of 2008 amounted to $2.3 billion, of which $1.6 billion was in our Corporate and Investment Bank, and $723 million was in the Parent (see *Market Disruption-Related Losses, Net* table on the next page).

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Market Disruption-Related Losses, Net

(Pre-tax dollars in millions)	2008 First Quarter Trading profits (losses)	Securities gains (losses)	Other Income	Total	2007 2nd Half Total	Cumulative Total
Corporate and Investment Bank						
ABS CDO and other subprime-related	$ (281)	(67)	9	(339)	(1,048)	(1,387)
Commercial mortgage (CMBS)	(283)	—	(238)	(521)	(1,088)	(1,609)
Consumer mortgage	(187)	—	(64)	(251)	(205)	(456)
Leveraged finance	483	—	(792)	(309)	(179)	(488)
Other	(131)	(4)	(9)	(144)	(50)	(194)
Total	(399)	(71)	(1,094)	(1,564)	(2,570)	(4,134)
Capital Management						
Asset-backed commercial paper	—	—	—	—	(57)	(57)
Parent						
Securities impairment losses	—	(409)	—	(409)	(94)	(503)
Valuation losses on BOLI contracts	—	—	(314)	(314)	—	(314)
Total, net	$ (399)	(480)	(1,408)	(2,287)	(2,721)	(5,008)
Discontinued operations (*BluePoint*)	$ —	—	—	—	(330)	(330)

For a number of years, we have been a major participant in structuring and underwriting fixed income investment products backed by pools of loans, such as commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS), as well as collateralized debt obligations (CDOs) that are typically backed by pools of bonds including CMBS and RMBS, loans and other assets. We have also been a participant in underwriting and syndicating leveraged commercial loans.

Our CMBS and RMBS structuring activities involve consumer and commercial real estate loans underwritten primarily through our direct origination channels. Our CDO business involves transactions predominantly backed by commercial loans and commercial real estate loans. While we do not operate a subprime residential origination channel, we have purchased subprime residential assets such as RMBS as part of our CDO distribution strategy.

The markets for subprime RMBS and for CDOs collateralized by subprime RMBS, which we refer to as ABS CDOs, as well as for CMBS, have been particularly hard hit by the market disruption, while the market for leveraged loans has been affected by spread widening.

Rising defaults and delinquencies in subprime residential mortgages as well as rating agencies' downgrades of a large number of subprime RMBS have led to continued declines in the valuations of these types of securities and certain indices that serve as a reference point for determining the value of such securities. The continued pressures of the weaker housing markets despite relatively solid commercial real estate fundamentals and performance of underlying loans, particularly in income-producing categories, as well as growing concerns over the U.S. economy and reduced liquidity in the commercial real estate sector led to further declines in the value of CMBS and CDOs backed by commercial real estate loans. In addition, investor reaction to weak market conditions and expectations of returns on commercial loans fueled increased declines in the value of leveraged finance commitments.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Subprime-related, CMBS and Leveraged Finance
Distribution Exposure, Net

($ in millions)	3/31/08 Gross Exposure	3/31/08 Exposure Hedged With Various Instruments	3/31/08 Net Exposure	12/31/07 Net Exposure
ABS CDO-related exposures:				
Super senior ABS CDO exposures				
High grade	$ 2,403	(2,403)	**—**	—
Mezzanine	2,038	(1,599)	**439**	613
CDO-squared	—	—	**—**	—
Total super senior ABS CDO exposures	4,441	(4,002)	**439**	613
Other retained ABS CDO-related exposures	67	—	**67**	208
Total ABS CDO-related exposures (a)	4,508	(4,002)	**506**	821
Subprime RMBS exposures:				
AAA rated	1,684	—	**1,684**	1,948
Below AAA rated (net of hedges) (b)	(365)	—	**(365)**	(253)
Total subprime RMBS exposures	1,319	—	**1,319**	1,695
Total subprime-related exposure	5,827	(4,002)	**1,825**	2,516
Commercial mortgage-related (CMBS)	3,793	(840)	**2,953**	7,564
Leveraged finance (net of applicable fees)	$ n.a.	n.a.	**8,157**	9,149

(a) At 3/ 31/ 08, $2.0 billion is hedged with highly rated monoline financial guarantors; $900 million with a AA-rated large European bank, under margin agreements; and $1.1 billion with a large AA-rated global multi-line insurer, under margin agreements.

(b) Net short position due to hedging activities.

We have taken steps to significantly reduce the size of our exposure to structured products and leveraged finance assets originally intended for distribution, which have been most exposed to market disruptions, specifically ABS CDOs, subprime RMBS, CMBS and leveraged finance commitments. The table above shows our remaining exposure at March 31, 2008, and the comparable changes in those exposures since December 31, 2007.

Since the market disruption began in July 2007, we have elected to transfer certain assets that were originally intended for distribution to the loan portfolio based on our view that the market valuations provide attractive longer term investment returns. These assets were transferred at fair value and are no longer being marketed. In the first quarter of 2008, these transfers amounted to $6.9 billion, which included $4.6 billion of commercial and commercial real estate exposure, of which $529 million was unfunded; $2.0 billion of consumer real estate loans and $801 million of auto loans.

As of March 31, 2008, our notional subprime ABS CDO distribution exposure, net of hedges with financial guarantors, was $506 million and $1.7 billion of our subprime RMBS exposure was rated AAA or equivalent by rating agencies.

Our CMBS mark-to-market exposure of $3.0 billion at March 31, 2008, was down from $7.6 billion at December 31, 2007. More than 50 percent of the exposure was AAA-rated or equivalent. Leveraged finance exposure at March 31, 2008, of $8.2 billion included $6.5 billion of unfunded commitments.

The fair values of all of our assets that are subject to market valuation adjustments, including subprime RMBS and ABS CDOs, CMBS warehouse assets and leveraged finance commitments, depend on market conditions and assumptions that may change over time. Accordingly, the fair values of these investments in future periods and their effect on our financial results will depend on future market developments and assumptions and may be materially greater or less than the changes in values discussed above.

Market disruption-related losses of $723 million in the Parent included securities impairments of $409 million with $301 million related to fixed income securities, of which $269 million resulted from revised cash flow estimates largely on RMBS and subprime RMBS securities. The remaining $108 million of impairments was recorded on publicly traded equity securities. Parent results also reflected the previously mentioned $314 million valuation losses related to our BOLI portfolio.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

In the second half of 2007, we recorded market disruption-related losses of $330 million related to BluePoint Re Limited, a Bermuda-based monoline bond reinsurer and a consolidated subsidiary of Wachovia. There were no additional losses in the first quarter of 2008. The management of BluePoint is currently pursuing a restructuring strategy that, if completed, will lead to a significant reduction in our ownership interest and result in the deconsolidation of BluePoint in Wachovia's financial statements. Accordingly, BluePoint results are presented as discontinued operations. More information is in the *Parent* section.

Further information on these market disruption-related losses is provided in the *Corporate Results of Operations*, *Net Interest Income and Margin*, *Fee Income*, and *Corporate and Investment Bank* sections that follow. The *Outlook* section also has additional information.

Other Earnings Factors Results included after-tax net merger-related and restructuring expenses of $123 million, or 6 cents per share, in the first quarter of 2008 and $6 million in the first quarter of 2007, which had no effect on earnings per share. Revenues and expenses also reflect the impact of the A.G. Edwards Inc. acquisition from October 1, 2007; and a majority interest investment in European Credit Management Ltd. (ECM), a London-based fixed income investment management firm, from January 31, 2007.

Growth Trends The market disruption and credit headwinds that continued to weigh on our first quarter 2008 revenue overwhelmed solid performance in many of our businesses. In the first quarter of 2008 compared with the first quarter of 2007, growth came from:

- 6 percent higher net interest income, driven by higher loans and deposits, despite a 14 basis point decline in the margin that largely reflected customer preference for fixed rate deposits and loans in a rising rate environment as well as the effect of higher wholesale borrowing costs and increased liquidity levels.
- Strength in fiduciary and asset management fees and in brokerage commissions, reflecting the A.G. Edwards acquisition and organic growth, as well as higher traditional banking fees. These results were muted by a 17 percent decline in fee and other income as a result of the market disruption-related valuation losses of $2.3 billion, somewhat offset by $445 million of net gains from the January 1, 2008, adoption and application of new fair value accounting standards and the $225 million Visa initial public offering gain.

Most of our core banking businesses, while absorbing increased credit costs, continued to generate strong underlying performance, as did our brokerage operations. The General Bank's earnings declined to $1.2 billion, down $249 million, driven by rapidly rising credit costs and related expenses, which overshadowed continued strong sales momentum. Wealth Management earned $92 million on 4 percent revenue growth in challenging markets. The capital markets disruption hit our Corporate and Investment Bank (CIB) particularly hard, resulting in a segment loss of $77 million driven by $1.6 billion in net valuation losses reflecting continued disruption in the capital markets and reduced origination volume in most markets-related businesses. The losses were somewhat offset by the $486 million of principal investing net gains related to the adoption and application of new fair value accounting standards. In addition, CIB has a number of businesses that continued to generate solid results and were not adversely affected by the market disruption, as described further in the *Corporate and Investment Bank* section. Capital Management generated earnings of $381 million in the first quarter of 2008, reflecting 42 percent revenue growth, primarily related to the A.G. Edwards acquisition.

Average loans increased 12 percent from the first quarter of 2007 to $465.9 billion. Average consumer loans rose 4 percent, driven by organic growth in traditional mortgage loans. The payment option mortgage product increased 2 percent as slower prepayments offset lower volumes. Certain of the

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

payment options under this product result in deferral of interest, which is included in the loan balance. The balance of deferred interest was $3.5 billion at March 31, 2008, and $3.1 billion at December 31, 2007.

Average commercial loan growth of 26 percent reflected strength in large corporate and middle-market commercial loans and in commercial real estate. This included the transfer of $4.1 billion in commercial loans and $2.8 billion in consumer loans from the held-for-sale portfolio in the first quarter of 2008. We currently expect new loan growth to be more modest due to increased pricing discipline and tighter underwriting guidelines.

Average core deposits increased 7 percent from the first quarter of 2007 to $394.5 billion. We expect deposits to grow further in 2008 as we continue to expand product distribution in the newly integrated former World Savings branches, offer FDIC sweep deposits in the former A.G. Edwards franchise, increase productivity in our de novo (or new) branches and benefit from new product introductions throughout our marketplace. We also continue to enhance the efficiency of our financial center network and expand our presence in higher growth markets. In the first quarter of 2008, we opened 23 de novo branches, consolidated 58 branches and expanded our commercial banking presence, which added $44 million to noninterest expense.

The increase in provision expense noted above was prompted by continuing home price devaluation in certain stressed markets, particularly in Florida and California. In addition, we refined our credit reserve modeling for the payment option mortgage portfolio in response to the rapid decreases in home market values and the related effect on borrower behavior. The model better captures multiple and more granular factors that affect expected losses over the succeeding 12 months given our view that changes in borrowers' equity levels are a greater predictor of future losses than credit scores and historical payment experience. In the first quarter of 2008 our net charge-offs were $765 million, an increase of $610 million from the first quarter of 2007, and represented a 51 basis point increase in the net charge-off ratio to 0.66 percent of average net loans. This included increased commercial net charge-offs of $237 million, up $209 million from the first quarter of 2007, including $120 million from consumer-related commercial real estate and $66 million relating to a Corporate and Investment Bank loan backed by ABS securities. Consumer net charge-offs increased $401 million to $528 million, driven by net losses of $341 million in consumer real estate, including $240 million in our payment option mortgage product, and $145 million in auto loans.

Nonperforming assets, including loans held for sale, were $8.4 billion, representing a ratio of nonperforming assets to loans, foreclosed properties and loans held for sale of 1.70 percent, an increase from $1.8 billion, or 42 basis points, from the first quarter of 2007, largely reflecting increases relating to our payment option mortgage product and residential-related commercial real estate. We continue to mitigate the risk and volatility of our balance sheet through prudent risk management practices, including increased collection efforts and the enhanced credit reserve modeling described above.

In the first quarter of 2008, we paid common stockholders dividends of $1.3 billion, or 64 cents per share. On April 13, 2008, the board of directors declared a quarterly common stock dividend of $0.375 per common share, payable on June 16, 2008, to stockholders of record on May 30, 2008. This dividend level is consistent with Wachovia's capital needs and growth opportunities for each of its business segments, and over the intermediate horizon, aligns with an anticipated 40 percent to 50 percent dividend payout ratio before merger-related and restructuring charges and other intangible amortization.

We remain well positioned in a challenging environment with a strong liquidity position and fortified capital levels. The concurrent April 2008 issuances of $4.025 billion of convertible preferred

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

stock and $4.025 billion of common stock, the February 2008 issuance of $3.5 billion of preferred stock, and the December 2007 issuances of $2.3 billion of preferred stock and $838 million of trust preferred securities increased tier 1 capital by approximately 225 basis points. We are well capitalized under regulatory guidelines with a tier 1 capital ratio of 7.42 percent, a leverage ratio of 6.18 percent and a tangible capital ratio of 4.31 percent at March 31, 2008. On a pro forma basis including the April issuances, our tier 1 ratio would have been approximately 8.70 percent at March 31, 2008, and our tangible capital ratio would have been approximately 5.30 percent.

More information is in the *Stockholders' Equity* section.

Outlook

Despite the disruption in the capital markets that began in July 2007, our diversified business model and fundamental strengths continued to serve us well even in the face of significant deterioration in the housing market and pressure on our markets-oriented businesses. We expect that revenue generation from many of our markets-related businesses will be challenged over the next few quarters and we anticipate higher credit costs through 2009. But longer term, we are optimistic that our strong capital and liquidity position us well to capitalize on the opportunities arising in the wake of these market conditions.

Looking ahead, we are taking appropriate steps to ensure that as financial markets remain unsettled and loan losses increase, we focus intently on controlling costs and on actively managing our exposures in a challenging credit environment. We are confident our company is in the right businesses for long-term growth, and that our strategy of focusing on high growth businesses and markets, customer service, expense discipline, and our commitment to strong credit risk management will restore our value for shareholders over the long term.

Our outlook for 2008, which follows, generally assumes a slowing U.S. economy overall and the benefits of a steeper yield curve and low short-term interest rates. Based on these assumptions, for full year 2008 compared with full year 2007, and before merger-related and restructuring expenses, we expect:

- Net interest income will grow approximately 5 percent to 7 percent in the second quarter of 2008 compared with the first quarter of 2008, and then grow slightly over the rest of 2008 reflecting the benefits of our liability sensitive interest rate positioning, modest loan growth, continued deposit growth including growth in FDIC sweep deposits, the capital issuance and a lower dividend rate.
- Fee income will remain exposed to net market disruption losses/gains.
- Higher charge-offs and continued increases in the allowance throughout the rest of 2008.
- An after-tax noncash charge of between $800 million and $1 billion in the second quarter of 2008, related to SILO transactions, as noted earlier.
- An effective income tax rate (updated subsequent to our first quarter 2008 earnings release in April 2008) of approximately 32.5 percent to 33 percent on a tax-equivalent basis.
- No share repurchases in the rest of 2008. We estimate that our second quarter 2008 common and convertible preferred issuances will increase our 2008 fully diluted shares by approximately 120 million related to the common issuance and an insignificant amount for the convertible preferred issuance.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

We are focused on ensuring a successful integration of the A.G. Edwards acquisition, which is scheduled to continue through the third quarter of 2009. The integration of former World Savings offices in the overlapping states in our Eastern regions was successfully completed in February 2008, while the offices in our Western regions were integrated in the fall of 2007.

When consistent with our overall business strategy, we may consider disposing of certain assets, branches, subsidiaries or lines of business. We routinely explore acquisition opportunities in areas that would complement our core businesses, and conduct due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations take place and future acquisitions involving cash, debt or equity securities could occur.

Critical Accounting Policies

Our accounting and reporting policies are in accordance with U.S. GAAP, and conform to general practices within the applicable industries. We use a significant amount of judgment and estimates based on assumptions for which the actual results are uncertain when we make the estimations. We have identified five policies as being particularly sensitive to judgments and the extent to which significant estimates are used: allowance for loan losses and the reserve for unfunded lending commitments (which is recorded in other liabilities); fair value of certain financial instruments; consolidation; goodwill impairment; and contingent liabilities. For more information on these critical accounting policies, please refer to our 2007 Annual Report on Form 10-K.

Corporate Results of Operations

Average Balance Sheets and Interest Rates

	Three Months Ended March 31, 2008		*Three Months Ended March 31, 2007*	
(In millions)	***Average Balances***	***Interest Rates***	*Average Balances*	*Interest Rates*
Interest-bearing bank balances	**$ 4,253**	**4.85%**	$ 1,523	7.80%
Federal funds sold	**11,865**	**3.49**	14,124	5.07
Trading account assets	**44,655**	**5.28**	29,681	5.97
Securities	**110,401**	**5.60**	108,071	5.42
Commercial loans, net	**198,578**	**5.72**	157,288	7.15
Consumer loans, net	**267,358**	**7.04**	257,973	7.55
Total loans, net	**465,936**	**6.48**	415,261	7.40
Loans held for sale	**11,592**	**7.71**	16,748	6.16
Other earning assets	**10,331**	**5.69**	8,255	6.82
Risk management derivatives	**—**	**0.04**	—	0.03
Total earning assets	**659,033**	**6.23**	593,663	6.90
Interest-bearing deposits	**387,021**	**3.03**	338,130	3.63
Federal funds purchased	**35,956**	**3.45**	35,142	4.97
Commercial paper	**5,509**	**2.74**	4,920	4.72
Securities sold short	**6,919**	**3.63**	8,709	3.86
Other short-term borrowings	**10,154**	**1.77**	6,898	2.54
Long-term debt	**165,540**	**4.75**	141,979	5.35
Risk management derivatives	**—**	**0.06**	—	0.09
Total interest-bearing liabilities	**611,099**	**3.57**	535,778	4.26
Net interest income and margin	**$ 4,805**	**2.92%**	$ 4,537	3.06%

Net Interest Income and Margin Tax-equivalent net interest income increased 6 percent in the first quarter of 2008 from the first quarter of 2007. The effect of earning asset growth of $65.4 billion, improving loan spreads and deposit growth were partially offset by the shift to lower spread deposits, increased liquidity levels and higher funding costs in response to the market disruption, as well as increased nonaccrual loans.

The net interest margin declined 14 basis points to 2.92 percent, primarily due to growth in consumer and commercial loans, and as noted above, a shift in deposits toward lower-spread categories, the impact of increased liquidity levels and higher funding costs in response to the

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

market disruption, as well as increased nonaccrual loans, partially offset by the benefit of a liability sensitive rate position.

The average federal funds rate in the first quarter of 2008 was 208 basis points lower than the average rate in the first quarter of 2007, while the average longer-term two-year treasury note rate decreased 275 basis points and the average 10-year treasury note rate decreased 102 basis points. Market rates suggest that in 2008 the yield curve will be steeper than in 2007 as a result of short-term rates falling more than long-term rates. If this expectation materializes, we expect the effect on net interest income and the margin to be positive. The *Interest Rate Risk Management* section has more information.

In order to maintain our targeted interest rate risk profile, derivatives are often used to manage the interest rate risk inherent in our assets and liabilities. We routinely deploy hedging strategies designed to protect future net interest income. These strategies may reduce current income in the short-term, although we expect them to benefit future periods. In the first quarter of 2008, interest rate risk management-related derivatives reduced net interest income by $45 million, or 3 basis points on our net interest margin, compared with a decrease of $71 million, or 5 basis points, in the first quarter of 2007.

Fee and Other Income

	Three Months Ended March 31,	
(In millions)	***2008***	*2007*
Service charges	$ **676**	614
Other banking fees	**498**	416
Commissions	**914**	659
Fiduciary and asset management fees	**1,439**	953
Advisory, underwriting and other investment banking fees	**261**	407
Trading account profits (losses)	**(308)**	128
Principal investing	**446**	48
Securities gains (losses)	**(205)**	53
Other income	**(944)**	456
Total fee and other income	$ **2,777**	3,734

Fee and Other Income Fee and other income declined 26 percent in the first quarter of 2008 compared with the first quarter of 2007 due to net market disruption-related valuation losses of $2.3 billion and reduced volume in several of our investment banking businesses. Otherwise, strong momentum continued in fiduciary and asset management fees and in brokerage commissions, which largely related to the A.G. Edwards acquisition. Results included $445 million in net gains related to adoption and application of new fair value accounting standards and a $225 million gain related to the Visa initial public offering. In addition, in the first quarter of 2008 compared with the first quarter of 2007:

- Service charge growth was driven by strength in consumer service charges on higher volume and improved pricing, while commercial service charges rose on increased volume.
- Other banking fees rose largely due to strength in mortgage banking income and interchange fees.
- Higher commissions reflected the addition of A.G. Edwards, partially offset by lower transactional revenue as well as lower insurance commissions.
- Increased fiduciary and asset management fees were driven by continued growth in retail brokerage managed account and other asset-based fees, trust and investment fees, and the addition of A.G. Edwards and ECM.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

- Advisory and underwriting results declined from a strong first quarter a year ago driven by lower origination activity in businesses affected by the market disruption, partially offset by strong results in high grade, global rate products and equities despite market weakness.
- Trading account losses of $308 million driven by $399 million of market disruption losses, including:
  - $281 million in subprime residential asset-backed CDOs and other subprime-related products largely relating to losses in warehouse positions.
  - $283 million in commercial mortgage structured products.
  - $187 million in consumer mortgage structured products.
  - $483 million of hedging gains in leveraged finance.
  - $131 million in non-subprime collateralized debt obligations and other structured products.
- Principal investing results were up from the year ago quarter largely due to the $486 million of net gains related to the adoption and application of new fair value accounting standards.
- Net securities losses were $205 million compared with gains of $53 million in the year ago quarter. Results included market-disruption impairment losses of $480 million, partially offset by the $225 million gain related to the Visa initial public offering.

Other income was a net loss of $944 million in the first quarter of 2008 compared with income of $456 million a year ago. The decline was largely attributable to $1.4 billion of market disruption losses in other income in the first quarter this year. The market disruption losses included $238 million in commercial mortgage sales/securitization activity; a gross $792 million of leveraged finance losses ($310 million net of related macro credit hedge gains reflected in trading); and $314 million of valuation losses related to our BOLI portfolio discussed above. Of the leveraged finance losses, $729 million related to write-downs on unfunded commitments, which are valued assuming the commitments were fully funded under the current contractual terms.

Noninterest Expense

	Three Months Ended March 31,	
(In millions)	*2008*	*2007*
Salaries and employee benefits	$ **3,260**	2,972
Occupancy	**379**	312
Equipment	**323**	307
Marketing	**97**	62
Communications and supplies	**186**	173
Professional and consulting fees	**196**	177
Sundry expense	**656**	490
Other noninterest expense	**5,097**	4,493
Merger-related and restructuring expenses	**241**	10
Other intangible amortization	**103**	118
Total noninterest expense	$ **5,441**	4,621

Noninterest Expense Noninterest expense increased 18 percent in the first quarter of 2008 from the first quarter of 2007, primarily reflecting the A.G. Edwards acquisition impact as well as growth in credit-related sundry expense. More than a third of the increase was in salaries and employee benefits expense largely attributable to the addition of A.G. Edwards, which more than offset lower revenue-based incentives in other areas as well as other expense initiatives. Expenses also reflected higher legal expense offset by the reversal of $102 million of Visa litigation reserves, and $87

million associated with our strategic initiatives, including de novo expansion, branch consolidations and western expansion, compared with $73 million in 2007.

In the first quarters of 2008 and 2007, we granted stock awards to employees. Under the applicable accounting, we are required to fully expense the fair value as of the grant date of awards to employees who are retirement-eligible at the date of the grant. This incremental salaries and employee benefits expense for retirement-eligible employees amounted to $109 million in the first quarter of 2008 and $93 million in the same period a year ago.

Merger-Related and Restructuring Expenses Merger-related and restructuring expenses in the first quarter of 2008 of $241 million included $206 million related to A.G. Edwards and $35 million related to Golden West. In the first quarter of 2007, we recorded $10 million of these expenses.

Income Taxes Income tax benefit on a tax-equivalent basis was $181 million in the first quarter of 2008, which included $49 million related primarily to amounts on deposit with the IRS for prior periods, compared with income tax expense of $1.0 billion in the first quarter of 2007. The related income tax rates were 21.38 percent and 30.99 percent, with the decrease primarily due to the valuation losses on our bank-owned life insurance portfolio.

Business Segments

We provide diversified banking and nonbanking financial services and products primarily through four core business segments, the General Bank, Wealth Management, the Corporate and Investment Bank, and Capital Management. We also have a Parent segment that includes all asset and liability management functions, including managing our securities portfolio for liquidity and interest rate risk. Business segment data excludes merger-related and restructuring expenses, other intangible amortization, discontinued operations, and the effect of changes in accounting principles. A provision for credit losses is allocated to each core business segment based on net charge-offs, and the difference between the total for the segments and the consolidated provision for credit losses is recorded in the Parent segment. In the first quarter of 2008, provision for credit losses amounted to $2.1 billion in the Parent segment.

We continuously update segment information for changes that occur in the management of our businesses. In the first quarter of 2008, we updated our segment reporting to reflect BluePoint as a discontinued operation, which is included in the Parent. Previously, BluePoint was included in the Corporate and Investment Bank. Also, we realigned corporate overhead allocations, resulting in a shift of such allocations from the four core business segments to the Parent. Our current and historical financial reporting reflects these changes. The impact to full year 2007 segment earnings as a result of these changes was:

- In the General Bank, an increase of $194 million.
- In Wealth Management, an increase of $26 million.
- In the Corporate and Investment Bank, an increase of $329 million.
- In Capital Management, an increase of $76 million.
- In the Parent, a decrease of $625 million, which included $230 million in 2007 losses from discontinued operations excluded from core segment earnings; previously, this amount was included in Corporate and Investment Bank segment earnings.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

The economic capital and expected loss for the Pick-a-Payment first mortgage portfolio within the General Bank's Retail and Small Business line of business will be revised in the second quarter of 2008 based on updated performance expectations, modeling and macroeconomic conditions. This will more closely align economic capital and expected loss with management's view of the perceived risk profile of the business going forward.

General Bank
Performance Summary

(Dollars in millions)	*Three Months Ended March 31,* *2008*	*2007*
Income statement data		
Net interest income *(Tax-equivalent)*	$ **3,455**	3,398
Fee and other income	**990**	845
Intersegment revenue	**55**	47
Total revenue *(Tax-equivalent)*	**4,500**	4,290
Provision for credit losses	**569**	147
Noninterest expense	**2,050**	1,869
Income taxes *(Tax-equivalent)*	**686**	830
Segment earnings	$ **1,195**	1,444

Performance and other data

	2008	2007
Economic profit	$ **997**	1,123
Risk adjusted return on capital (RAROC)	**42.58**%	53.73
Economic capital, average	$ **12,695**	10,662
Cash overhead efficiency ratio *(Tax-equivalent)*	**45.55**%	43.56
Lending commitments	$**132,165**	124,253
Average loans, net	**311,447**	288,229
Average core deposits	$**297,680**	284,046
FTE employees	**54,847**	56,722

General Bank The General Bank includes our Retail and Small Business and Commercial lines of business. The General Bank's earnings declined to $1.2 billion, down $249 million, driven by rapidly rising credit costs and related expenses, which overshadowed continued strong sales momentum reflected in total revenue of $4.5 billion, up 5 percent. Other key General Bank trends in the first quarter of 2008 compared with the first quarter of 2007 included:

- Average loan growth of 8 percent, with double digit growth in wholesale businesses and consumer installment loans, and 6 percent growth in consumer real estate, as a decline in prepayments offset lower volumes in the payment option mortgage product.
  - Significant efforts in our mortgage business to mitigate risk in the face of declining housing markets, by restructuring its operating model, implementing extensive loss mitigation efforts and undertaking initiatives to increase the volume of marketable mortgages.
  - Reduced home equity originations, reflecting efforts to improve the efficiency of originations and implementation of tightened credit standards. Over 95 percent of our home equity loans are originated through our branch network and other direct channels.
  - A 26 percent increase in auto originations with continued focus on increasing credit scores.
- Average core deposit growth of 5 percent, largely reflecting strength in wholesale deposits, which were up 10 percent, and an increase of 4 percent in retail deposits.
  - Growth in net new retail checking accounts, reflecting continued benefits from retention and acquisition efforts resulting in a still strong increase of 174,000 in

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

the first quarter of 2008 compared with an increase of 268,000 in the first quarter of 2007.

- o Net new checking accounts include 139,000 linked to the new Way2Save accounts, which launched in mid-January 2008.

- 17 percent growth in fee and other income, with strength in service charges, interchange income and mortgage banking fee income. Strong interchange income reflected an 18 percent increase in debit/credit card volume from the first quarter of 2007.
- Noninterest expense up 10 percent due to growth in credit-related sundry expense, as well as continued strategic investment in de novo branch activity, Western expansion and buildup in credit card operations. During the first quarter of 2008, 23 de novo branches were opened and 58 branches were consolidated. As a result of performance initiatives, operating leverage continued to improve, which enabled the continued strategic investment.
- $422 million increase in the provision for credit losses largely reflecting rapid deterioration in consumer real estate in certain housing markets and higher losses in auto loans.

Wealth Management
Performance Summary

	Three Months Ended March 31,	
(Dollars in millions)	***2008***	*2007*
Income statement data		
Net interest income *(Tax-equivalent)*	$ **181**	181
Fee and other income	**211**	196
Intersegment revenue	**5**	3
Total revenue *(Tax-equivalent)*	**397**	380
Provision for credit losses	**5**	1
Noninterest expense	**246**	247
Income taxes *(Tax-equivalent)*	**54**	48
Segment earnings	$ **92**	84
Performance and other data		
Economic profit	$ **70**	63
Risk adjusted return on capital (RAROC)	**50.80**%	54.31
Economic capital, average	$ **705**	592
Cash overhead efficiency ratio *(Tax-equivalent)*	**62.08**%	65.12
Lending commitments	$ **7,007**	6,686
Average loans, net	**22,413**	20,394
Average core deposits	$**17,397**	17,267
FTE employees	**4,650**	4,589

Wealth Management Wealth Management includes banking, personal trust, investment advisory services, charitable services, financial planning and insurance brokerage. Wealth Management earned $92 million on 4 percent revenue growth in challenging markets. Other key Wealth Management trends in the first quarter of 2008 compared with the first quarter of 2007 included:

- Strong fiduciary and asset management fees as a pricing initiative implemented in the third quarter of 2007 and new sales offset declines in equity valuations. Insurance commissions declined largely due to a soft market for insurance premiums and nonstrategic insurance account dispositions.
- Relatively flat net interest income as solid loan growth offset deposit spread compression.
- A slight decline in expense driven by efficiency initiatives, which offset the impact of private banking and Western expansion investment.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

- 5 percent growth in assets under management to $79.8 billion as asset gathering overcame market depreciation.

Corporate and Investment Bank
Performance Summary

(Dollars in millions)	*Three Months Ended March 31,* 2008	2007
Income statement data		
Net interest income *(Tax-equivalent)*	$ **1,032**	716
Fee and other income	**(159)**	1,109
Intersegment revenue	**(50)**	(43)
Total revenue *(Tax-equivalent)*	**823**	1,782
Provision for credit losses	**197**	6
Noninterest expense	**747**	911
Income taxes (benefits) *(Tax-equivalent)*	**(44)**	315
Segment earnings (loss)	$ **(77)**	550

Performance and other data

	2008	2007
Economic profit (loss)	$ **(411)**	286
Risk adjusted return on capital (RAROC)	**(1.49)**%	24.91
Economic capital, average	$ **13,242**	8,329
Cash overhead efficiency ratio *(Tax-equivalent)*	**90.76**%	51.10
Lending commitments	$ **113,521**	110,214
Average loans, net	**101,024**	73,385
Average core deposits	$ **33,623**	34,227
FTE employees	**6,358**	6,650

Corporate and Investment Bank Our Corporate and Investment Bank includes corporate lending, investment banking and treasury and international trade finance. The capital markets disruption has hit our Corporate and Investment Bank particularly hard, resulting in a segment loss of $77 million driven by $1.6 billion in net valuation losses reflecting continued disruption in the capital markets and reduced origination volume in most markets-related businesses. The losses were somewhat offset by $447 million of principal investing net gains largely due to $486 million of gains related to the adoption and application of new fair value accounting standards.

The market valuation losses, net of applicable hedges, included:

- $339 million in subprime residential asset-backed collateralized debt obligations and other related exposures;
- $521 million in commercial mortgage structured products;
- $251 million in consumer mortgage structured products;
- $309 million in leveraged finance net of fees and macro credit hedges; and
- $144 million in non-subprime collateralized debt obligations and other structured products.

Additional key Corporate and Investment Bank trends in the first quarter of 2008 compared with the first quarter of 2007 included:

- A 44 percent increase in net interest income, which reflected 38 percent growth in average loans including the transfer into the loan portfolio at fair value of certain loans originally slated for disposition, as well as loan growth in the corporate lending and the global financial institutions businesses.
- Strong performance in high grade, global rate products and equities offset by lower results in structured products and leveraged finance.

- An 18 percent decline in noninterest expense primarily due to lower revenue-based incentive compensation and reduced headcount in markets-related businesses.
- Provision of $197 million largely reflecting residential-related commercial real estate losses, compared to $6 million in the first quarter of 2007.

Capital Management
Performance Summary

(Dollars in millions)	*Three Months Ended March 31,* *2008*	*2007*
Income statement data		
Net interest income *(Tax-equivalent)*	$ **274**	259
Fee and other income	**2,191**	1,477
Intersegment revenue	**(10)**	(8)
Total revenue *(Tax-equivalent)*	**2,455**	1,728
Provision for credit losses	**—**	—
Noninterest expense	**1,855**	1,237
Income taxes *(Tax-equivalent)*	**219**	179
Segment earnings	$ **381**	312
Performance and other data		
Economic profit	$ **322**	275
Risk adjusted return on capital (RAROC)	**71.51**%	94.78
Economic capital, average	$ **2,143**	1,334
Cash overhead efficiency ratio *(Tax-equivalent)*	**75.54**%	71.59
Lending commitments	$ **1,348**	961
Average loans, net	**2,562**	1,554
Average core deposits	$**43,084**	31,683
FTE employees	**29,838**	17,703

Capital Management Capital Management includes Retail Brokerage Services and Asset Management. Capital Management generated earnings of $381 million in the first quarter of 2008, reflecting 42 percent revenue growth, primarily related to the A.G. Edwards acquisition. Other key Capital Management trends in the first quarter of 2008 compared with the first quarter of 2007 included:

- Solid growth in revenue despite declining equity markets:
  - $2.2 billion in revenue from our retail brokerage businesses including transactional revenues of $822 million and asset-based and other income of $1.3 billion. Retail brokerage fee income increased 57 percent driven by the addition of A.G. Edwards, strength in managed account and other asset-based fees, partially offset by lower brokerage transaction activity and equity syndicate distribution fees.
  - $300 million in revenue from our asset management businesses, up $25 million, primarily driven by the ECM acquisition and higher securities lending revenue, partially offset by the impact of declining equity markets.
- The impact of FDIC sweep deposit growth of $11.0 billion partially offset spread compression in the declining interest rate environment.
- 50 percent growth in noninterest expense largely due to the effect of A.G. Edwards, as well as higher legal expense and revenue-based commissions.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Total Assets Under Management (AUM)

(In billions)	2008 First Quarter Amount	2008 First Quarter Mix	Fourth Quarter Amount	Fourth Quarter Mix	2007 First Quarter Amount	2007 First Quarter Mix
Equity	**$ 74**	**28%**	$ 84	30%	$ 107	34%
Fixed income	**118**	**46**	123	45	143	45
Money market	**67**	**26**	68	25	65	21
Total assets under management (a)	**$ 259**	**100%**	$ 275	100%	$ 315	100%
Securities lending	**46**	**—**	52	—	56	—
Total assets under management and securities lending	**$ 305**	**—**	$ 327	—	$ 371	—

(a) Includes $39 billion in assets managed for Wealth Management, which are also reported in that segment.

Mutual Funds (AUM also included in the above)

(In billions)	2008 First Quarter Amount	2008 First Quarter Fund Mix	Fourth Quarter Amount	Fourth Quarter Fund Mix	2007 First Quarter Amount	2007 First Quarter Fund Mix
Equity	**$ 32**	**30%**	$ 36	32%	$ 37	34%
Fixed income	**18**	**17**	19	17	23	21
Money market	**57**	**53**	58	51	50	45
Total mutual fund assets	**$ 107**	**100%**	$ 113	100%	$ 110	100%

Total assets under management (AUM) of $258.7 billion at March 31, 2008, decreased 6 percent from December 31, 2007, due to $9.6 billion in declining market valuations as well as $6.4 billion in net outflows. Total brokerage client assets were $1.1 trillion at March 31, 2008, down 4 percent from year-end 2007.

Parent
Performance Summary

(Dollars in millions)	Three Months Ended March 31, 2008	2007
Income statement data		
Net interest income *(Tax-equivalent)*	**$ (137)**	(17)
Fee and other income	**(456)**	107
Intersegment revenue	**—**	1
Total revenue *(Tax-equivalent)*	**(593)**	91
Provision for credit losses	**2,060**	23
Noninterest expense	**302**	347
Minority interest	**198**	136
Income taxes (benefits) *(Tax-equivalent)*	**(1,021)**	(333)
Segment earnings (loss)	**$ (2,132)**	(82)
Performance and other data		
Economic profit (loss)	**$ (842)**	(61)
Risk adjusted return on capital (RAROC)	**(167.55)%**	1.61
Economic capital, average	**$ 1,888**	2,658
Cash overhead efficiency ratio *(Tax-equivalent)*	**(34.17)%**	250.80
Lending commitments	**$ 538**	503
Average loans, net	**28,490**	31,699
Average core deposits	**$ 2,729**	2,047
FTE employees	**24,685**	24,705

Parent Parent includes all asset and liability management functions, including managing our securities portfolio for liquidity and interest rate risk. Parent also includes goodwill and other intangible assets, and related funding costs; certain revenue and expenses that are not allocated to the business segments; and the results of wind-down or divested businesses, including the cross-border leasing activity. In addition, the Parent includes the provision for loan losses that exceeds net charge-offs in the business segments. Key trends in the Parent segment in the first quarter of 2008 compared with the first quarter of 2007 included:

•

A decline in net interest income, reflecting growth in wholesale funding as well as securitization of higher yielding real estate-secured loans that were largely replaced by lower yielding foreign commercial loans.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

- A $2.0 billion increase in the provision for credit losses reflecting increased credit risk and loan growth.
- A $249 million decrease in fee and other income reflecting net securities losses of $143 million, including $409 million of impairment losses related to the market disruption, compared with $47 million of net securities gains in 2007, and $314 million of valuation losses related to our BOLI portfolio discussed above. This was partially offset by the $225 million Visa gain.
- A 13 percent decrease in noninterest expense, reflecting efficiencies, as well as increased costs in the business segments offset in the Parent. In addition, noninterest expense includes higher legal costs, which were flat year over year, including the reversal of legal reserves established in late 2007 related to the Visa initial public offering.

As mentioned in the *Executive Summary*, we recorded valuation losses of $314 million in the Parent segment following a review of three stable value agreements (SVAs) totaling $386 million provided by a third party guarantor in connection with our BOLI portfolio. Although no assurances can be given, we believe it is possible that certain circumstances may arise that would allow us to realize benefits from these SVAs, which would be recorded as gains in future periods.

BOLI assets on our balance sheet amounted to $14.9 billion at March 31, 2008, and $15.0 billion at December 31, 2007. BOLI is an insurance investment product where we purchase life insurance policies on a group of officer-level employees, and where we are the owner and beneficiary of the policies. The insurance premiums we pay are recorded as cash surrender value on the balance sheet. The earnings from the policies, represented by increases in the cash surrender value, offset the costs of providing employee benefits. BOLI portfolio results are reported as a component of other noninterest income in our results of operations. The cash surrender value of BOLI may increase or decrease further depending on market conditions related to the underlying investments.

Of our total BOLI portfolio, 25 percent is in general account life insurance placed with several highly rated insurance carriers. This general account life insurance typically includes a feature guaranteeing minimum returns. Seventy-five percent is in separate account life insurance, which is managed by third party investment advisors under pre-determined investment guidelines. Stable value protection is a feature available with respect to separate account life insurance policies that is designed to protect a policy's cash surrender value from market fluctuations on underlying investments. Approximately 95 percent of our separate account portfolio has some form of stable value protection, with 74 percent of such protected portfolio being fully protected and 26 percent having partial protection. Nearly all of such stable value protection is provided by large, highly rated financial institutions. Approximately 5 percent of the separate account portfolio has no protection.

This segment includes the impact of Prudential Financial Inc.'s minority interest in Wachovia Securities Financial Holdings, LLC ("WSFH"). As a result of Wachovia's contribution to WSFH of the retail securities business of A.G. Edwards on January 1, 2008, Prudential Financial's percentage interest in WSFH has been diluted as of that date based on the value of the contributed business relative to the value of WSFH. Although the adjustment in Prudential Financial's interest will be effective on a retroactive basis as of the January 1, 2008 contribution date, the valuations necessary to calculate the precise reduction in that percentage interest are not yet complete. Based on currently available information, Wachovia estimates that Prudential Financial's percentage interest has been diluted from its pre-contribution percentage interest of 38 percent to approximately 23 percent as a result of the A.G. Edwards contribution.

As discussed above and in connection with Wachovia's acquisition of A.G. Edwards and under the terms of Wachovia Securities' joint venture with Prudential Financial, Prudential elected to

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

exercise its lookback option, which permits Prudential to delay for two years following the combination of the A.G. Edwards retail brokerage business with Wachovia Securities its decision to make or not make an additional capital contribution to the joint venture or other payments to avoid or limit dilution of its 38 percent ownership interest in the joint venture. During this period, Prudential's share in the joint venture's earnings and one-time costs associated with the combination will be based on Prudential's diluted ownership level following the A.G. Edwards combination. At the end of the lookback period, Prudential may elect to make an additional capital contribution or other payment, based on the appraised value (as defined in the joint venture agreement) of the existing joint venture and the A.G. Edwards business as of the date of the combination with Wachovia Securities, to avoid or limit dilution. In this case, Prudential also would make a true-up payment of one-time costs to reflect the incremental increase in its ownership interest in the joint venture. In addition, in this case, Prudential may not then exercise its existing discretionary put option, described below, until the first anniversary of the end of the lookback period. Alternatively, at the end of the lookback period Prudential may put its joint venture interests to Wachovia based on the appraised value of the joint venture, excluding the A.G. Edwards business, as of the date of the combination of the A.G. Edwards business with Wachovia Securities. Prudential also has a discretionary right to put its joint venture interests to Wachovia at its appraised value, including the A.G. Edwards business, at any time after July 1, 2008. If this put option is exercised, the closing would occur approximately 1 year from the date of exercise. Wachovia may pay the purchase price for the put option in cash, shares of Wachovia common stock, or a combination thereof. Total minority interest expense, which also includes other subsidiaries, was $155 million in the first quarter of 2008 compared with $136 million in the first quarter of 2007.

In the first quarter of 2008, management of BluePoint Re Limited, a 100-percent owned monoline reinsurer based in Bermuda, initiated a restructuring strategy that, if completed, will lead to a significant reduction in Wachovia's ownership interest in BluePoint and result in deconsolidation of BluePoint in Wachovia's financial statements.

We currently expect that a resolution with respect to BluePoint will be effected by September 30, 2008. Accordingly, the results for the third and fourth quarters of 2007 have been reclassified to reflect the results of BluePoint as a discontinued operation. Results from inception of BluePoint in 2005 through the second quarter of 2007 were not material, and accordingly, have not been included in discontinued operations.

In 2007, BluePoint recorded significant losses on certain derivative instruments (principally credit default swaps on ABS CDOs) and these losses through December 31, 2007, approximated substantially all of Wachovia's investment in BluePoint and were included in Wachovia's 2007 consolidated results. Wachovia has no further obligation to inject capital in BluePoint. BluePoint continued to record these instruments at fair value in the first quarter of 2008. In estimating the fair value of these instruments under the new fair value measurement accounting standard, a company must consider, among other things, its own credit rating, which in this case is BluePoint's. As Wachovia has no obligation to fund losses in excess of BluePoint's equity, BluePoint assessed the discount required in valuing these instruments to reflect a market participant's view of BluePoint's nonperformance risk. BluePoint's valuation at March 31, 2008, reflected a discount of approximately 60 percent for its nonperformance risk, such that BluePoint recorded no further loss on the derivative instruments in the first quarter of 2008. Accordingly, our first quarter 2008 consolidated results reflect no additional losses in discontinued operations.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Balance Sheet Analysis

Securities The decrease in securities from December 31, 2007, is primarily attributable to the transfer to trading of $6.8 billion of securities in connection with the January 1, 2008, election under SFAS 159 to carry these securities at fair value and a $1.0 billion increase in net unrealized losses due to continued spread widening predominantly on our fixed rate mortgage-backed securities, largely offset by purchases and net securities retained from agency securitizations of consumer real estate loans. The average duration of this portfolio was 3.5 years in the first quarter of 2008 and 3.4 years in the first quarter of 2007. The average rate earned on securities available for sale was 5.60 percent in the first quarter of 2008 and 5.42 percent in the first quarter of 2007.

Securities Available For Sale

(In billions)	***March 31, 2008***	*December 31, 2007*
Market value	$ **114.2**	115.0
Net unrealized loss	$ **(2.3)**	(1.3)
Memoranda *(Market value)*		
Residual interests	$ **0.5**	0.5
Retained bonds		
Investment grade (a)	$ **12.9**	11.6

(a) $ 12.6 billion had credit ratings of AA and above at March 31, 2008.

The *Interest Rate Risk Management* section further explains our interest rate risk management practices.

We retain interests in the form of either bonds or residual interests in connection with certain securitizations primarily of residential mortgage loans, home equity lines, auto loans and student loans. Securities available for sale at March 31, 2008, included residual interests with a market value of $472 million, which included a net unrealized gain of $108 million, and retained bonds from securitizations with a market value of $12.9 billion, which included a net unrealized gain of $260 million.

Retained interests from securitizations recorded as either available for sale securities, trading account assets or loans amounted to $13.7 billion at March 31, 2008, and $12.4 billion at December 31, 2007.

Loans — On-Balance Sheet

	2008				*2007*
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
Commercial					
Commercial, financial and agricultural	$ **119,193**	112,509	109,269	102,397	99,687
Real estate - construction and other	**18,597**	18,543	18,167	17,449	16,965
Real estate - mortgage	**26,370**	23,846	21,514	20,448	20,130
Lease financing	**23,637**	23,913	23,966	24,083	24,053
Foreign	**33,616**	29,540	26,471	20,959	16,240
Total commercial	**221,413**	208,351	199,387	185,336	177,075
Consumer					
Real estate secured	**230,197**	227,719	225,355	220,293	220,682
Student loans	**9,324**	8,149	7,742	6,757	8,479
Installment loans	**27,437**	25,635	24,763	25,017	23,665
Total consumer	**266,958**	261,503	257,860	252,067	252,826
Total loans	**488,371**	469,854	457,247	437,403	429,901
Unearned income	**(7,889)**	(7,900)	(8,041)	(8,283)	(8,238)
Loans, net (On-balance sheet)	$ **480,482**	461,954	449,206	429,120	421,663

Loans — Managed Portfolio *(Including on-balance sheet)*

	2008				*2007*
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
Commercial	$ **224,875**	217,896	213,434	197,079	187,723
Real estate secured	**254,685**	250,520	242,526	238,575	236,995
Student loans	**11,962**	11,012	12,618	11,760	11,576
Installment loans	**31,571**	30,487	29,365	28,273	27,118
Total managed portfolio	$ **523,093**	509,915	497,943	475,687	463,412

Loans The increase in net loans from year-end 2007 reflected 6 percent growth in commercial loans and 2 percent growth in consumer loans. Commercial loan growth reflected strength in large corporate and middle-market, including the impact of $4.1 billion transferred to the loan portfolio from loans held for sale as a result of a change in management's strategy based on our view that the market valuations provide attractive long-term investment returns.

Consumer loan growth reflected strength in consumer real estate and auto loans, partially offset by the impact of the securitization and sale of $1.9 billion of consumer loans, including securitization of $1.8 billion of real estate secured loans and $47 million in student loans. We transferred to held for sale $2.3 billion of first lien home equity loans and transferred from held for sale $801 million of auto loans and $1.9 billion of consumer real estate loans in the Corporate and Investment Bank.

Our loan portfolio is broadly diversified by industry, concentration and geography. Additionally, the portfolio is well collateralized and we periodically estimate the impact that changes in market conditions would have on our loan-to-value (LTV) positions for loans in certain portfolios. At March 31, 2008:

- Commercial loans represented 45 percent and consumer loans 55 percent of the loan portfolio.
- 71 percent of the commercial loan portfolio is secured by collateral.
- 99 percent of the consumer loan portfolio is either secured by collateral or guaranteed.

Of our $230.2 billion consumer real estate loan portfolio:

- 86 percent is secured by a first lien.
- 84 percent has an original loan-to-value ratio of 80 percent or less.
- 95 percent has an original loan-to-value ratio of 90 percent or less.
- 14 percent of the home equity and prime equity portfolios have an original loan-to-value ratio greater than 90 percent; of which 44 percent are in the first lien position.

Our managed loan portfolio grew 3 percent from year-end 2007, reflecting the growth discussed above. The managed loan portfolio includes the on-balance sheet loan portfolio; loans held for sale; loans securitized for which the retained interests are classified in securities; and the off-balance sheet portfolio of securitized loans sold where we service the loans.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Asset Quality

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Nonperforming assets					
Nonaccrual loans	$ **7,788**	4,995	2,715	1,945	1,632
Troubled debt restructurings (a)	**48**	—	—	—	—
Foreclosed properties	**530**	389	334	207	155
Total nonperforming assets	$ **8,366**	5,384	3,049	2,152	1,787
as % of loans, net and foreclosed properties	**1.74%**	1.16	0.68	0.50	0.42
Nonperforming assets in loans held for sale	$ **5**	62	59	42	26
Total nonperforming assets in loans and in loans held for sale	$ **8,371**	5,446	3,108	2,194	1,813
as % of loans, net, foreclosed properties and loans held for sale	**1.70%**	1.14	0.66	0.49	0.42
Provision for credit losses	$ **2,831**	1,497	408	179	177
Allowance for credit losses	$ **6,767**	4,717	3,691	3,552	3,533
Allowance for loan losses					
as % of loans, net	**1.37%**	0.98	0.78	0.79	0.80
as % of nonaccrual and restructured loans (b)	**84**	90	129	174	207
as % of nonperforming assets (b)	**78**	84	115	157	189
Allowance for credit losses					
as % of loans, net	**1.41%**	1.02	0.82	0.83	0.84
Net charge-offs	$ **765**	461	206	150	155
Commercial, as % of average commercial loans	**0.48%**	0.34	0.08	0.07	0.07
Consumer, as % of average consumer loans	**0.79**	0.46	0.27	0.19	0.20
Total, as % of average loans, net	**0.66%**	0.41	0.19	0.14	0.15
Past due accruing loans, 90 days and over	$ **1,047**	708	590	562	555
Commercial, as a % of loans, net	**0.05%**	0.05	0.04	0.03	0.03
Consumer, as a % of loans, net	**0.35%**	0.23	0.20	0.20	0.20

(a) Troubled debt restructurings were not significant prior to the first quarter of 2008.

(b) These ratios do not include nonperforming assets included in loans held for sale.

Nonperforming Assets Increases in both nonaccrual loans and foreclosed properties resulting from significant weakness, particularly in certain stressed housing markets, contributed to an increase in nonperforming assets from year-end 2007 to 1.70 percent of loans, foreclosed properties and loans held for sale. Consumer nonaccrual loans were $5.1 billion at March 31, 2008, up $1.8 billion from year-end 2007, driven primarily by new nonaccruals of $1.5 billion related to our Pick-a-Payment portfolio and $215 million related to nonbranch-originated Alt-A loans in the Corporate and Investment Bank transferred from loans held for sale to the portfolio. Commercial nonaccrual loans at March 31, 2008, were $2.7 billion, up $1.0 billion from year-end 2007, reflecting new nonaccrual loans of $1.4 billion, which included $722 million of residential-related commercial real estate in our Real Estate Financial Services portfolio, partially offset by gross charge-offs of $252 million.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Nonperforming Assets

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Nonaccrual Loans					
Commercial:					
Commercial, financial and agricultural	$ **908**	602	354	318	303
Commercial real estate — construction and mortgage	**1,750**	1,059	289	161	117
Total commercial	**2,658**	1,661	643	479	420
Consumer:					
Real estate secured:					
First lien	**5,015**	3,234	1,986	1,380	1,124
Second lien	**75**	58	41	44	37
Installment and other loans (a)	**40**	42	45	42	51
Total consumer	**5,130**	3,334	2,072	1,466	1,212
Total nonaccrual loans	**7,788**	4,995	2,715	1,945	1,632
Troubled debt restructurings (b)	**48**	—	—	—	—
Foreclosed properties	**530**	389	334	207	155
Total nonperforming assets	$ **8,366**	5,384	3,049	2,152	1,787
As % of loans, net, and foreclosed properties (c)	**1.74**%	1.16	0.68	0.50	0.42
Nonperforming assets included in loans held for sale					
Commercial	$ **—**	—	—	—	1
Consumer	**5**	62	50	37	23
Total nonaccrual loans	**5**	62	50	37	24
Foreclosed properties	**—**	—	9	5	2
Total nonperforming assets included in loans held for sale	**5**	62	59	42	26
Nonperforming assets included in loans and in loans held for sale	$ **8,371**	5,446	3,108	2,194	1,813
As % of loans, net, foreclosed properties and loans held for sale (d)	**1.70**%	1.14	0.66	0.49	0.42
Past due loans, 90 days and over, and nonaccrual loans					
Accruing loans past due 90 days and over	$ **1,047**	708	590	562	555
Nonaccrual loans	**7,788**	4,995	2,715	1,945	1,632
Total past due loans 90 days and over, and nonaccrual loans	$ **8,835**	5,703	3,305	2,507	2,187
Commercial, as a % of loans, net	**1.31**%	0.89	0.38	0.31	0.28
Consumer, as a % of loans, net	**2.26**%	1.49	1.00	0.78	0.68

(a) Principally auto loans; nonaccrual status does not apply to student loans.

(b) Troubled debt restructurings were not significant prior to the first quarter of 2008.

(c) These ratios do not include nonperforming assets included in loans held for sale.

(d) These ratios reflect nonperforming assets included in loans held for sale.

Past Due Loans Accruing loans 90 days or more past due, excluding loans that are classified as loans held for sale, were $1.0 billion at March 31, 2008, compared with $708 million at year-end 2007. Of the total past due loans, $113 million were commercial loans or commercial real estate loans and $934 million were consumer loans.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Charge-offs

(In millions)	2008 First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2007 First Quarter
Loan losses:					
Commercial, financial and agricultural	$ **(171)**	(67)	(41)	(39)	(34)
Commercial real estate - construction and mortgage	**(81)**	(117)	(5)	(4)	(6)
Total commercial	**(252)**	(184)	(46)	(43)	(40)
Real estate secured	**(351)**	(156)	(59)	(40)	(33)
Student loans	**(3)**	(4)	(5)	(2)	(3)
Installment and other loans (a)	**(242)**	(225)	(168)	(138)	(142)
Total consumer	**(596)**	(385)	(232)	(180)	(178)
Total loan losses	**(848)**	(569)	(278)	(223)	(218)
Loan recoveries:					
Commercial, financial and agricultural	**14**	22	9	15	9
Commercial real estate - construction and mortgage	**1**	—	3	—	3
Total commercial	**15**	22	12	15	12
Real estate secured	**10**	9	12	11	6
Student loans	**1**	2	3	—	1
Installment and other loans (a)	**57**	75	45	47	44
Total consumer	**68**	86	60	58	51
Total loan recoveries	**83**	108	72	73	63
Net charge-offs	$ **(765)**	(461)	(206)	(150)	(155)
Net charge-offs as a % of average loans, net (b)					
Commercial, financial and agricultural	**0.41**%	0.12	0.10	0.07	0.08
Commercial real estate - construction and mortgage	**0.73**	1.12	0.02	0.04	0.04
Total commercial	**0.48**	0.34	0.08	0.07	0.07
Real estate secured	**0.59**	0.26	0.08	0.05	0.05
Student loans	**0.08**	0.10	0.14	0.07	0.10
Installment and other loans (a)	**2.76**	2.35	1.99	1.47	1.67
Total consumer	**0.79**	0.46	0.27	0.19	0.20
Total, as % of average loans, net	**0.66**%	0.41	0.19	0.14	0.15
Consumer real estate secured net charge-offs:					
First lien	$ **(291)**	(122)	(32)	(17)	(15)
Second lien	**(50)**	(25)	(15)	(12)	(12)
Total consumer real estate secured net charge-offs	$ **(341)**	(147)	(47)	(29)	(27)

(a) Principally auto loans.

(b) Annualized.

Net Charge-offs Net charge-offs, which represent loan amounts written off as uncollectible, net of recoveries of previously charged-off amounts, were $765 million, or 66 basis points of average net loans in the first quarter of 2008, an increase from $155 million, or 15 basis points, in the first quarter of 2007. Commercial net charge-offs were $237 million in the first quarter of 2008, compared with $28 million in the first quarter of 2007, and included $120 million in residential-related commercial real estate loans. Consumer net charge-offs were $528 million, up from $127 million in the first quarter of 2007. The increase in consumer net charge-offs was driven by consumer real estate losses of $341 million, including Pick-a-Payment losses of $240 million, and installment losses of $185 million, including $145 million in the auto portfolio.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Allowance for Credit Losses

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Allowance for credit losses (a)					
Allowance for loan losses, beginning of period	$ **4,507**	3,505	3,390	3,378	3,360
Net charge-offs	**(765)**	(461)	(206)	(150)	(155)
Allowance relating to loans acquired, transferred to loans held for sale or sold	**(16)**	(10)	(63)	(10)	(3)
Provision for credit losses related to loans transferred to loans held for sale or sold (b)	**7**	6	3	4	1
Provision for credit losses	**2,834**	1,467	381	168	175
Allowance for loan losses, end of period	**6,567**	4,507	3,505	3,390	3,378
Reserve for unfunded lending commitments, beginning of period	**210**	186	162	155	154
Provision for credit losses	**(10)**	24	24	7	1
Reserve for unfunded lending commitments, end of period	**200**	210	186	162	155
Allowance for credit losses	$ **6,767**	4,717	3,691	3,552	3,533
Allowance for loan losses					
as % of loans, net	**1.37**%	0.98	0.78	0.79	0.80
as % of nonaccrual and restructured loans (c)	**84**	90	129	174	207
as % of nonperforming assets (c)	**78**	84	115	157	189
Allowance for credit losses					
as % of loans, net	**1.41**%	1.02	0.82	0.83	0.84

(a) The allowance for credit losses is the sum of the allowance for loan losses and the reserve for unfunded lending commitments.

(b) The provision related to loans transferred or sold includes recovery of lower of cost or market losses.

(c) These ratios do not include nonperforming assets included in loans held for sale.

Provision, Allowance and Reserves Provision expense was $2.8 billion in the first quarter of 2008 and $177 million in the first quarter of 2007, with the increase driven mostly by the effect of dramatic deterioration in certain housing markets as well as the refinement in our credit reserve modeling.

Provision exceeded net charge-offs by $2.1 billion, which included:

- $1.6 billion due to higher expected loss factors for Pick-a-Payment, home equity and traditional mortgage, and auto portfolios on significant market weakness and changing consumer behaviors. Of this amount, $1.1 billion related to the Pick-a-Payment portfolio.
- $137 million on the commercial portfolio on higher loss frequency and severity expectations.
- $107 million on the commercial real estate portfolio, including $98 million on impaired loans.
- $165 million increase in unallocated reserves due to increased credit risk uncertainty stemming from economic and other market environmental factors.

In the first quarter of 2008, we refined our reserve modeling for the Pick-a-Payment portfolio, which, when combined with significant continuing deterioration in the housing market particularly in certain geographic areas, resulted in additional reserves of $1.1 billion. We believe the new model more precisely captures key factors that drive default rates and credit losses. The new model strongly correlates forward expected losses to changes in home prices and the resulting change in borrower behavior, and is less reliant on historical delinquency trends. In addition, the new model incorporates approximately 20 loan and/or borrower characteristics to further enhance loss forecasting by correlating borrower propensity to default and resulting loss severity to a widely used home price index, and it connects borrower equity to projected changes in home prices by geographic region.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

More information on the provision for credit losses, including the impact of transfers to loans held for sale, is in *Table 11: Allowance for Credit Losses*. The *Corporate Results of Operations* section has further information.

The allowance for credit losses increased $2.1 billion from year-end 2007 to $6.8 billion at March 31, 2008, reflecting higher credit risk and loan growth. Our allowance for loan losses as a percent of nonperforming assets declined to 78 percent at March 31, 2008, from 84 percent at December 31, 2007. In the context of evaluating this allowance coverage ratio, it is important to note the high percentage of our portfolio that is collateralized and our low level of unsecured loans on which industry-wide losses are typically high, such as credit card loans.

The reserve for unfunded lending commitments declined $10 million from year-end 2007 to $200 million at March 31, 2008, which reflected funding of commitments. The reserve for unfunded lending commitments relates to commercial lending activity.

Loans Held for Sale Loans held for sale declined $5.3 billion from year-end 2007 to $11.4 billion at March 31, 2008, as $6.9 billion of transfers to the loan portfolio of commercial and consumer real estate and auto loans, sales activity and lower originations in commercial real estate were somewhat offset by leveraged finance fundings. Net write-downs on the held for sale portfolio amounted to $353 million in the first quarter of 2008 compared with $3 million in the same period a year ago.

The loans held for sale portfolio includes loans originated for sale or securitization as part of our core business strategy and the activities related to our ongoing portfolio risk management strategies to reduce exposure to areas of perceived higher risk. At March 31, 2008 and 2007, core business activity represented the majority of loans held for sale. Core business activity includes residential and commercial mortgages, auto loans and credit card receivables, which we originate with the intent to sell to third parties.

In the first quarter of 2008, we sold or securitized $8.3 billion in loans out of the loans held for sale portfolio, including $3.3 billion of commercial loans and $5.0 billion of consumer loans. In the first quarter of 2007, we sold or securitized $14.7 billion of loans out of the loans held for sale portfolio, including $9.5 billion of commercial loans and $5.2 billion of consumer loans, primarily residential mortgages. Substantially all of the loans sold in both periods were performing.

Goodwill In connection with acquisitions, we record purchase accounting adjustments to reflect the respective fair values of the assets and liabilities of acquired entities, as well as certain exit costs related to these acquisitions. Purchase accounting adjustments are subject to refinement for up to one year following acquisition consummation.

Related to the October 1, 2007, A.G. Edwards acquisition, in the first quarter of 2008, we recorded fair value and exit cost purchase accounting adjustments amounting to a net $10 million increase in goodwill. Based on a purchase price of $6.8 billion, A.G. Edwards tangible stockholders' equity of $2.2 billion and a customer relationship intangible of $850 million ($513 million after-tax), goodwill amounted to $4.1 billion at March 31, 2008. The rest of the $54 million net decrease in goodwill from December 31, 2007, related to other acquisitions.

We test goodwill for impairment on an annual basis, or more often if events or circumstances indicate there may be impairment. If the carrying amount of a reporting unit's goodwill exceeds its implied fair value, we would recognize an impairment loss in an amount equal to that excess. A reporting unit is our sub-segment level.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Historically, we determined fair values of reporting units using two methods, one based on market earnings multiples of peer companies for each reporting unit, and the other based on discounted cash flow models with estimated cash flows based on internal forecasts of revenues and expenses. In the first quarter of 2008, we added a third method, one based on the previously described market earnings multiples of peer companies adjusted to include a control premium calculated based on comparable transactions for each reporting unit. The earnings multiples for the first method ranged between 9.1 times and 17.2 times. The estimated cash flows for the second method used market-based discount rates ranging from 12.4 percent to 17.8 percent. The method employing a control premium adjusted earnings multiple resulted in multiples ranging from 12.6 times to 23.7 times. These three methods provide a range of valuations we use in evaluating goodwill for possible impairment. Also, we stress the results of each of our three testing methods by approximately 20 percent to identify areas where additional investigation or procedures may be necessary to complete our analysis.

Our goodwill impairment testing indicated that none of our goodwill is impaired at March 31, 2008. However, as a result of the market disruption and the further spread between our market capitalization and our book value, the excess of the fair value over the carrying value of several of our reporting units continues to narrow. A continuing period of market disruption, or further market deterioration, may result in impairment of our goodwill in the future.

Liquidity and Capital Adequacy

Core Deposits Core deposits increased modestly from year-end 2007 to $398.6 billion at March 31, 2008. Compared with the first quarter of 2007, average core deposits in the first quarter of 2008 increased 7 percent to $394.5 billion. Average low-cost core deposits, which exclude consumer certificates of deposit, also increased 7 percent, to $270.9 billion. Average consumer certificates of deposit rose $7.4 billion from the first quarter of 2007.

The portion of core deposits in higher rate, other consumer time deposits was 30 percent at March 31, 2008, and 32 percent at March 31, 2007. Other consumer time and other noncore deposits usually pay higher rates than savings and transaction accounts, but they generally are not available for immediate withdrawal. They are also less expensive to service.

Purchased Funds Purchased funds, which include federal funds purchased, commercial paper, other short-term borrowings and foreign and other time deposits with maturities of 12 months or less, were $104.3 billion at March 31, 2008, compared with $102.1 billion at December 31, 2007.

Average purchased funds were $100.5 billion in the first quarter of 2008 and $76.8 billion in the first quarter of 2007. The level of average purchased funds has increased since the beginning of the third quarter of 2007, reflecting significantly higher liquidity levels in response to the market disruption.

Long-term Debt Long-term debt was $175.7 billion at March 31, 2008, and $161.0 billion at December 31, 2007, reflecting issuances of $23.7 billion, including $14.5 billion in Federal Home Loan Bank advances in the first quarter of 2008, partially offset by maturities. In the rest of 2008, scheduled maturities of long-term debt amount to $31.2 billion, which includes $13.3 billion in Federal Home Loan Bank advances and $1.4 billion in structured debt. We anticipate replacing the maturing obligations.

Wachovia and Wachovia Bank, National Association have a $45.0 billion Euro medium term note programme (EMTN), under which we may issue senior and subordinated debt securities. These securities are not registered with the Securities and Exchange Commission (SEC) and may not be

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

offered in the United States without applicable exemptions from registration. No EMTN debt securities were issued in the first quarter of 2008. We had up to $33.7 billion available for issuance at March 31, 2008.

In addition, Wachovia and Wachovia Bank, National Association have an A$10.0 billion Australian medium term note programme (AMTN), under which we may issue senior and subordinated debt securities. These securities are not registered with the SEC and may not be offered in the United States without applicable exemptions from registration. No AMTN debt securities were issued in the first quarter of 2008. We had up to A$8.5 billion available for issuance at March 31, 2008.

At March 31, 2008, we had $515 million of senior or subordinated debt securities, common stock or preferred stock available for issuance under our current shelf registration statement filed with the SEC. In the first quarter of 2008, we issued $3.5 billion of preferred stock under this program. In addition, we had available for issuance up to $12.1 billion under a medium-term note program covering senior or subordinated debt securities. Wachovia Bank has a global note program with $202 million of senior and subordinated notes remaining in this shelf. In the first quarter of 2008, we issued $6.1 billion of senior and subordinated bank notes under this program. In April 2008, we filed with the SEC a new shelf registration statement to issue senior or subordinated debt securities, common stock or preferred stock and issued the previously mentioned $8.05 billion of common stock and perpetual convertible preferred stock under the shelf registration.

We also have a shelf registration under which we may offer and sell hybrid trust preferred securities. At March 31, 2008, $2.5 billion was available for issuance under this shelf registration. The issuance of debt or equity securities may continue under all our programs and depends on future market conditions, funding needs and other factors.

Credit Lines Wachovia Bank has a $1.9 billion committed back-up line of credit that expires in 2010. This credit facility contains a covenant that requires us to maintain a minimum level of adjusted total equity capital. We have not used this line of credit. Wachovia Investment Holdings, LLC, a nonbank subsidiary, has $5.0 billion of committed back-up lines of credit that expire in 2011. These credit facilities have no financial covenants associated with them.

Stockholders' Equity Stockholders' equity increased 1 percent from $76.9 billion at year-end 2007 to $78.0 billion at March 31, 2008, including the issuance of $3.5 billion of perpetual preferred stock in February 2008, repurchases of 540,000 common shares at a cost of $20 million in connection with our share repurchase program, and net depreciation of $1.0 billion in the fair value of the securities portfolio. At March 31, 2008, we had authorization to buy back 19 million shares of common stock. Our First Quarter 2008 Report on Form 10-Q has additional information related to share repurchases.

Dividend and Share Activity

	Three Months Ended March 31,	
(In millions, except per share data)	***2008***	*2007*
Dividends on common shares	$ **1,274**	1,071
Dividends per common share	$ **0.64**	0.56
Common shares repurchased	**1**	5
Average diluted common shares outstanding	**1,977**	1,925

In connection with the January 1, 2008, adoption of new fair value accounting standards , certain of the effects of adoption were recorded as an adjustment to January 1, 2008, retained earnings and the amount was insignificant.

Also on January 1, 2008, we adopted two new accounting pronouncements relating to the accounting for split-dollar life insurance policies that we hold on certain current and former employees. The effect of adoption of these standards amounted to a $19 million after-tax reduction in January 1, 2008, retained earnings.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

In April 2008, we issued in concurrent public offerings an aggregate $8.05 billion of capital consisting of 168 million shares or $4.025 billion of common stock and 4 million shares or $4.025 billion of 7.50 percent perpetual convertible preferred stock.

Subsidiary Dividends Wachovia Bank and Wachovia Mortgage, FSB (formerly World Savings Bank, FSB) are the largest sources of subsidiary dividends paid to the parent company. Capital requirements established by regulators limit dividends that these subsidiaries and certain other of our subsidiaries can pay. Under these and other limitations, which include an internal requirement to maintain all deposit-taking banks at the well capitalized level, at March 31, 2008, our subsidiaries had $11.0 billion available for dividends that could be paid without prior regulatory approval. Our subsidiaries paid no dividends to the parent company in the first quarter of 2008.

Regulatory Capital Our capital ratios were above regulatory minimums in the first quarter of 2008 and we continued to be classified as well capitalized. The tier 1 capital ratio was 7.42 percent at March 31, 2008, up from 7.35 percent at December 31, 2007. Our total capital ratio was 12.05 percent and our leverage ratio was 6.18 percent at March 31, 2008, and 11.82 percent and 6.09 percent, respectively, at December 31, 2007. The common and preferred stock issued in April 2008 will contribute approximately 125 basis points to our tier 1 capital ratio. In addition, the 41 percent reduction in the common stock dividend will preserve approximately $2.1 billion in capital annually. The expected second quarter charge announced April 30, 2008, related to SILO transactions would reduce the tier 1 ratio by approximately 12 to 15 basis points.

Off-Balance Sheet Transactions
Summary of Off-Balance Sheet Exposures

	March 31, 2008		*December 31, 2007*	
(In millions)	***Carrying Amount***	***Exposure***	*Carrying Amount*	*Exposure*
Guarantees				
Securities and other lending indemnifications	$ **—**	**53,132**	—	59,238
Standby letters of credit	**114**	**28,958**	124	29,295
Liquidity agreements	**159**	**34,775**	14	36,926
Loans sold with recourse	**33**	**6,399**	44	6,710
Residual value guarantees	**—**	**936**	—	1,123
Other written put options	**1,964**	**17,013**	1,221	15,273
Total guarantees	$ **2,270**	**141,213**	1,403	148,565

In the normal course of business, we engage in a variety of financial transactions that under GAAP either are not recorded on the balance sheet or are in amounts that differ from the full contract or notional amounts. These transactions, included in the *Summary of Off-Balance Sheet Exposures* table, involve varying elements of market, credit and liquidity risk. Generally these transactions are forms of guarantees that contingently require us to make payments to a guaranteed party based on an event or change in an underlying asset, liability, rate or index.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Risk Governance and Administration

Market Risk Management We trade a variety of equities, debt securities, foreign exchange instruments and other derivatives to provide customized solutions for the risk management needs of our customers and for proprietary trading. Market risk is inherent in all these activities.

The VaR methodology assesses market volatility over the most recent 252 trading days to estimate within a given level of confidence the maximum trading loss over a period of time that we would expect to incur from an adverse movement in market rates and prices over the period. We calculate 1-day VaR at the 97.5 percent and 99 percent confidence levels, and 10-day VaR at the 99 percent confidence level. The VaR model is supplemented by stress testing on a daily basis. The analysis captures all financial instruments that are considered trading positions. As of January 1, 2008, we chose to split our VaR analysis into two categories: discretionary VaR, which is subject to limits, and non-discretionary VaR, which is reserved for positions in runoff and for positions under the discretion of the asset and liability committee. Our 1-day VaR limit on the discretionary portion in the first quarter of 2008 was $50 million. The total 1-day VaR was $75 million at March 31, 2008, and $62 million at December 31, 2007, and was primarily related to interest rate risk and credit spread risk. The high, low and average VaRs in the first quarter of 2008 were $76 million, $56 million and $66 million, respectively.

Interest Rate Risk Management One of the fundamental roles in banking is the management of interest rate risk, or the risk that changes in interest rates may diminish the net interest income we earn on loans, securities and other earning assets. The following discussion explains how we oversee the interest rate risk management process and describes the actions we take to protect earnings from interest rate risk.

A balance sheet is considered asset sensitive when its assets (loans and securities) reprice faster or to a greater extent than liabilities (deposits and borrowings). An asset-sensitive balance sheet will produce more net interest income when interest rates rise and less net interest income when interest rates decline. Historically, our large and relatively rate-insensitive deposit base has funded a portfolio of primarily floating rate commercial and consumer loans. This mix naturally creates an asset-sensitive balance sheet. To achieve more neutrality or to establish a liability-sensitive position, we maintain a large portfolio of fixed rate discretionary instruments such as loans, securities and derivatives.

We expect to rely on our large base of low-cost core deposits as well as diverse wholesale sources to fund incremental investments in loans and securities. The characteristics of the loans we add will prompt different strategies. Fixed rate loans, for example, diminish the need to buy discretionary investments, so if more fixed rate loans were added to our loan portfolio, we would likely allow existing discretionary investments to mature or we would liquidate them. If more variable rate loans were added to our loan portfolio, we would likely allow fixed rate securities to mature or we would liquidate them, and then add new derivatives that, in effect, would convert the incremental variable rate loans to fixed rate loans.

We often elect to use derivatives to protect assets, liabilities and future financial transactions from changes in interest rates. When deciding whether to use derivatives instead of investing in securities to reach the same goal, we consider a number of factors, such as cost, efficiency, the effect on our liquidity and capital, and our overall interest rate risk management strategy. We choose to use derivatives when they provide greater relative value or more efficient execution of our strategy than securities. The derivatives we use for interest rate risk management include interest rate swaps, futures, forwards and various option strategies, which in some cases are designated and accounted for as accounting hedges. We fully incorporate the market risk associated with interest rate risk

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

management derivatives into our earnings simulation model in the same manner as other on-balance sheet financial instruments.

We analyze and manage the amount of risk we are taking to changes in interest rates by forecasting a wide range of interest rate scenarios for time periods as long as 36 months. In analyzing interest rate sensitivity for policy measurement, we compare forecasted earnings per share in both “high rate” and “low rate” scenarios to the “market forward rate.” Our policy measurement period is 12 months in length, beginning with the first month of the forecast. Our objective is to ensure we prudently manage interest-bearing assets and liabilities in ways that improve financial performance without unduly putting earnings at risk. Our policy is to limit the risk we can take through balance sheet management actions to 5 percent of earnings per share in both falling and rising rate environments.

The “market forward rate” is constructed using currently implied market forward rate estimates for all points on the yield curve over the next 36 months. Our standard approach evaluates expected earnings in a 400 basis point range, or 200 basis points both above and below the “market forward rate” scenario. However, due to the currently low absolute level of the federal funds rate, we modified the “low rate” scenario to measure a decline of only 100 basis points. Based on our April 2008 forward rate expectation, our various scenarios together measure earnings volatility to a March 2009 federal funds rate ranging from 1.11 percent to 4.11 percent. We always incorporate into our modeling all repricing and balance sheet dynamics that depend on interest rate levels. For example, in the current market outlook and low rate scenario referenced above, we particularly stress the repricing characteristics of our deposit portfolio. We expect deposit repricing downward to be slowed in very low rate environments and we have taken actions to mitigate this risk.

We simultaneously measure the impact of a parallel and nonparallel shift in rates on each of our interest rate scenarios. A parallel shift would, as the term implies, shift all points on the yield curve by the same increments. For example, by the twelfth month in our policy measurement period, short-term rates such as the federal funds rate would increase by 200 basis points over the “market forward rate,” while longer term rates such as the 10-year treasury note rate and 30-year treasury note rate would increase by 200 basis points as well. A nonparallel shift would consist of a 200 basis point increase in short-term rates, while long-term rates would increase by a different amount. A rate shift in which short-term rates rise to a greater degree than long-term rates is referred to as a “flattening” of the yield curve. Conversely, long-term rates rising to a greater degree than short-term rates is a “steepening” of the yield curve.

The impact of a nonparallel shift in rates depends on the types of assets in which funds are invested and the shape of the yield curve implicit in the “market forward rate” scenario.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Earnings Sensitivity The *Policy Period Sensitivity Measurement* table provides a summary of our interest rate sensitivity measurements.

The April 2008 forward rate expectations imply a high probability that the federal funds rate will decline an additional 14 basis points by the end of our policy period in March 2009. If this occurs, the spread between the 10-year treasury note rate and the target federal funds rate would migrate from a positive 116 basis points of slope as of March 31, 2008, to a positive slope of 164 basis points by March 2009. The long-term average spread is a positive 112 basis points. Because it is unlikely short-term rates would rise an additional 200 basis points above the market forward rates while all other points on the yield curve would move in simultaneous parallel increments, our high rate sensitivity to the "market forward rate" scenario is measured using three different yield curve shapes. These yield curves are constructed to represent the more likely range of yield curve shapes that may prevail throughout the policy period in an environment where short-term rates rise 200 basis points above current market expectations. The reported high rate sensitivity is a composite of these three scenarios.

Policy Period
Sensitivity Measurement

	Actual Fed Funds Rate at March 31, 2008	*Implied Fed Funds Rate at March 2009*	*Percent Earnings Sensitivity*
Market Forward Rate Scenarios (a)	**2.25%**	**2.11**	**—**
High Rate Composite		**4.11**	**(3.90)**
Low Rate		**1.11**	**1.70**

(a) **Assumes base federal funds rate mirrors market expectations.**

In April 2008, our earnings simulation model indicated earnings would be negatively affected by 3.9 percent in a "high rate composite" scenario relative to the "market forward rate" over the policy period. Additionally, we measure a scenario where short-term rates gradually decline 100 basis points over a 12-month period while the longer-term rates also decline by 100 basis points relative to the "market forward rate" scenario. The model indicates earnings would be positively affected by 1.7 percent in this scenario. These percentages are for a full year, but may be higher or lower in individual reporting periods.

While our interest rate sensitivity modeling assumes management takes no action, we regularly assess the viability of strategies to reduce unacceptable risks to earnings and we implement such strategies when we believe those actions are prudent. As new monthly outlooks become available, we formulate strategies aimed at protecting earnings from the potentially negative effects of changes in interest rates.

Accounting and Regulatory Matters

The following information addresses significant new accounting and regulatory developments that will affect us, as well as new or proposed legislation that will continue to have a significant impact on our industry.

Business Combinations and Noncontrolling Interests In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141 (revised), *Business Combinations* (SFAS 141(R)), and SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB 51.* These new standards will significantly change the accounting and reporting for business combinations and noncontrolling interests (previously referred to as minority interests).

SFAS 141(R) retains the fair value model for assets and liabilities acquired in a business combination while making other significant changes to business combination accounting. The more significant changes include: recognizing 100 percent of the fair values of assets and liabilities acquired in acquisitions of less than a 100 percent controlling interest, measuring shares issued as consideration in a business combination based on their fair value at the acquisition date, recognizing contingent consideration arrangements and pre-acquisition gain and loss contingencies

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

at their respective acquisition date fair values, expensing acquisition-related transaction costs as incurred, and capitalizing acquisition-related restructuring costs only if certain criteria are met. SFAS 160 retains much of the existing guidance for consolidation while making significant changes to the reporting of noncontrolling interests, which we currently report as liabilities. Under SFAS 160, noncontrolling interests in consolidated subsidiaries will be reported as a component of stockholders' equity. Also under SFAS 160, a change in ownership interests in a consolidated subsidiary that does not result in loss of control will be recorded directly to stockholders' equity. A change in ownership interest that results in deconsolidation may trigger recognition of a gain or loss and establishment of a new fair value basis in the remaining interest held.

These standards are effective on January 1, 2009, for calendar year-end companies, with early adoption prohibited. SFAS 141(R) is effective for business combinations for which the acquisition date is on or after the adoption date. SFAS 160 must be adopted prospectively with retrospective adoption required for disclosure of noncontrolling interests held as of the adoption date.

Derivative Disclosure In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*, which enhances the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires quantitative disclosures of the fair value of all derivative instruments by primary underlying risk and accounting designation, as well as gains and losses recognized on derivative instruments. Further, SFAS 161 requires qualitative disclosures about how and why a company uses derivatives as well as any credit risk-related contingencies. This new standard is effective for fiscal years and interim periods beginning in 2009 for calendar year-end companies.

Transfers of Financial Assets and Consolidation The FASB has an ongoing project that may result in significant changes to SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities,* and FASB Interpretation (FIN) No. 46R, *Consolidation of Variable Interest Entities*.

In its most recent deliberations, the FASB tentatively decided to remove the concept of a qualifying special purpose entity (QSPE) from SFAS 140, thereby eliminating the exception from consolidation that is accorded to QSPEs. This will have the effect of dramatically increasing the number of variable interest entities that companies must evaluate for consolidation under FIN 46R. The FASB is also considering other amendments to SFAS 140 and FIN 46R that have the potential to significantly reduce the number of transactions that qualify for off-balance sheet treatment, which would result in assets and liabilities remaining on a transferor's balance sheet.

The FASB currently plans to issue exposure drafts of amendments to SFAS 140 and FIN 46R in the second quarter of 2008, with a final standard effective on January 1, 2009. However, at this time, we cannot predict with any degree of certainty whether any guidance will be issued, what changes may be required to the structure of or the accounting for transactions subject to SFAS 140 or FIN 46R, or what the transition provisions for implementation of any new guidance would be.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Legislative and Regulatory Matters Various legislative and regulatory proposals concerning the financial services industry are pending in Congress, the legislatures in states in which we conduct operations and before various regulatory agencies that supervise our operations. Given the uncertainty of the legislative and regulatory process, we cannot assess the effect of any such legislation or regulations on our consolidated financial position or results of operations. For a more detailed description of the laws and regulations governing our business operations, please see our 2007 Annual Report on Form 10-K.

In June 2004, the Basel Committee on Bank Supervision published new international guidelines for determining regulatory capital (Basel II) that are designed to be more risk sensitive than the current framework. In December 2007, the U.S. regulatory agencies jointly adopted a final rule for Basel II that represents the U.S. version of the international guidelines. Under the final rule, which was effective April 1, 2008, we must adopt a board of directors-approved implementation plan by October 1, 2008, and begin a three-year transitional period for capital calculation no later than April 1, 2011. The final rule also requires that prior to beginning the three-year transitional period, we complete a satisfactory parallel run period of no less than four consecutive calendar quarters during which we will be required to confidentially report regulatory capital under the new risk-based capital rule as well as under the existing capital rule. The final rule allows banks to enter a parallel run starting in April 2008, and the first possible years for the transitional periods are 2009 through 2011. We have established necessary project management infrastructure, funding and management support to ensure we will comply with the new regulations.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 1
EXPLANATION OF OUR USE OF NON-GAAP FINANCIAL MEASURES

In addition to the results of operations presented in accordance with U.S. generally accepted accounting principles (GAAP), our management uses certain non-GAAP financial measures such as expenses excluding merger-related and restructuring expenses; the dividend payout ratio on a basis that excludes other intangible amortization, merger-related and restructuring expenses, discontinued operations and the cumulative effect of a change in accounting principle; and net interest income on a tax-equivalent basis.

We believe these non-GAAP financial measures provide information useful to investors in understanding our underlying operational performance and our business and performance trends, and they facilitate comparisons with the performance of others in the financial services industry. Specifically, we believe the exclusion of merger-related and restructuring expenses permits evaluation and comparison of results for ongoing business operations, and it is on this basis that our management internally assesses our performance. Those non-operating items also are excluded from our segment measures used internally to evaluate segment performance in accordance with GAAP because management does not consider them particularly relevant or useful in evaluating the operating performance of our business segments. For additional information related to segment performance, see the Business Segments section and the Business Segments footnote to Notes to Consolidated Financial Statements. This report contains information relating to estimates of our future expenses excluding merger-related and restructuring expenses. The amount and timing of those future merger-related and restructuring expenses, however, are not estimable until such expenses actually occur, and therefore, reconciliation information relating to those future expenses and GAAP expenses has not been provided.

In addition, because of the significant amount of deposit base intangible amortization, we believe the exclusion of this expense provides investors with consistent and meaningful comparisons to other financial service firms. Also, our management makes recommendations to our board of directors about dividend payments based on reported earnings excluding other intangible amortization, merger-related and restructuring expenses, discontinued operations and the cumulative effect of a change in accounting principle and has communicated certain dividend payout ratio goals to investors on this basis. We believe this dividend payout ratio is useful to investors because it provides investors with a better understanding of and permits investors to monitor our dividend payout policy.

This report also includes net interest income on a tax-equivalent basis. We believe the presentation of net interest income on a tax-equivalent basis ensures comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry practice.

Although we believe the above mentioned non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP. The reconciliation of these non-GAAP financial measures from GAAP to non-GAAP is presented below.

	Three Months Ended March 31,	
(In millions, except per share data)	***2008***	*2007*
Net interest income *(GAAP)*	**$ 4,752**	4,500
Tax-equivalent adjustment	**53**	37
Net interest income *(Tax-equivalent)*	**$ 4,805**	4,537
DIVIDEND PAYOUT RATIOS ON COMMON SHARES		
Diluted earnings per common share *(GAAP)* (a)	**$ (0.36)**	1.20
Other intangible amortization	**0.04**	0.04
Merger-related and restructuring expenses	**0.06**	—
Earnings per share (b)	**$ (0.26)**	1.24
Dividends paid per common share	**$ 0.64**	0.56
Dividend payout ratios *(GAAP)* (c)	**(177.78)**%	46.67
Dividend payout ratios (b) (c)	**(246.15)**%	45.16

(a) Calculated using average basic common shares in the first quarter of 2008.

(b) Excludes other intangible amortization, and merger-related and restructuring expenses.

(c) Dividend payout ratios are determined by dividing dividends per common share by earnings per common share.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 2
SELECTED STATISTICAL DATA

	2008				2007
(Dollars in millions, except per share data)	**First Quarter**	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
PROFITABILITY					
Return on average common stockholders' equity	**(3.81)**%	0.28	9.19	13.54	13.47
Return on average total stockholders' equity	**(3.39)**	0.28	9.19	13.54	13.47
Net interest margin (a)	**2.92**	2.88	2.92	2.96	3.06
Fee and other income as % of total revenue	**36.62**	36.99	39.02	48.58	45.15
Effective income tax rate	**26.02** %	122.05	27.33	32.78	30.22
ASSET QUALITY					
Allowance for loan losses as % of loans, net	**1.37** %	0.98	0.78	0.79	0.80
Allowance for loan losses as % of nonperforming assets (b)	**78**	84	115	157	189
Allowance for credit losses as % of loans, net	**1.41**	1.02	0.82	0.83	0.84
Net charge-offs as % of average loans, net	**0.66**	0.41	0.19	0.14	0.15
Nonperforming assets as % of loans, net, foreclosed properties and loans held for sale	**1.70** %	1.14	0.66	0.49	0.42
CAPITAL ADEQUACY					
Tier 1 capital ratio	**7.42** %	7.35	7.10	7.47	7.35
Total capital ratio	**12.05**	11.82	10.84	11.46	11.41
Leverage	**6.18**	6.09	6.10	6.23	6.08
Tangible capital ratio	**4.31**	4.29	4.19	4.30	4.44
Tangible capital ratio (c)	**4.59** %	4.50	4.56	4.76	4.71
OTHER DATA					
FTE employees	**120,378**	121,890	109,724	110,493	110,369
Total financial centers/brokerage offices	**4,850**	4,894	4,167	4,135	4,167
ATMs	**5,308**	5,139	5,123	5,099	5,146
Actual common shares (*In millions*) (d)	**1,992**	1,980	1,901	1,903	1,913
Common stock price	**$ 27.00**	38.03	50.15	51.25	55.05
Market capitalization (d)	**$ 53,782**	75,302	95,326	97,530	105,330

(a) Tax-equivalent.

(b) These ratios do not include nonperforming loans included in loans held for sale.

(c) These ratios exclude the effect on tangible capital of the unamortized gains and losses under employee benefit plans, the unrealized gains and losses on available for sale securities, certain risk management derivatives and the pension accounting adjustments to stockholders' equity.

(d) Includes restricted stock for which the holder receives dividends and has full voting rights.

Table 3
SUMMARIES OF INCOME, PER COMMON SHARE AND BALANCE SHEET DATA

	2008				2007
(In millions, except per share data)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
SUMMARIES OF INCOME					
Interest income	$ **10,179**	10,910	10,831	10,350	10,140
Tax-equivalent adjustment	**53**	44	33	38	37
Interest income (a)	**10,232**	10,954	10,864	10,388	10,177
Interest expense	**5,427**	6,280	6,280	5,901	5,640
Net interest income (a)	**4,805**	4,674	4,584	4,487	4,537
Provision for credit losses	**2,831**	1,497	408	179	177
Net interest income after provision for credit losses (a)	**1,974**	3,177	4,176	4,308	4,360
Securities gains (losses)	**(205)**	(320)	(34)	23	53
Fee and other income	**2,982**	3,064	2,967	4,217	3,681
Merger-related and restructuring expenses	**241**	187	36	32	10
Other noninterest expense	**5,200**	5,599	4,489	4,858	4,611
Minority interest in income of consolidated subsidiaries	**155**	107	189	139	136
Income (loss) from continuing operations before income taxes (benefits) (a)	**(845)**	28	2,395	3,519	3,337
Income taxes (benefits)	**(234)**	(209)	656	1,140	998
Tax-equivalent adjustment	**53**	44	33	38	37
Income (loss) from continuing operations	**(664)**	193	1,706	2,341	2,302
Discontinued operations, net of income taxes	**-**	(142)	(88)	-	-
Net income (loss)	**(664)**	51	1,618	2,341	2,302
Dividends on preferred stock	**43**	-	-	-	-
Net income (loss) available to common stockholders	$ **(707)**	51	1,618	2,341	2,302
PER COMMON SHARE DATA					
Basic earnings					
Income (loss) from continuing operations	$ **(0.36)**	0.03	0.86	1.24	1.22
Net income (loss) available to common stockholders	**(0.36)**	0.03	0.86	1.24	1.22
Diluted earnings (b)					
Income (loss) from continuing operations	**(0.36)**	0.03	0.85	1.22	1.20
Net income (loss) available to common stockholders	**(0.36)**	0.03	0.85	1.22	1.20
Cash dividends	$ **0.64**	0.64	0.64	0.56	0.56
Average common shares - Basic	**1,963**	1,959	1,885	1,891	1,894
Average common shares - Diluted	**1,977**	1,983	1,910	1,919	1,925
Average common stockholders' equity					
Quarter-to-date	$ **74,697**	73,599	69,857	69,317	69,320
Year-to-date	**74,697**	70,533	69,500	69,318	69,320
Book value per common share (c)	**36.24**	37.66	36.90	36.40	36.47
Common stock price					
High	**38.76**	51.80	52.64	56.81	58.77
Low	**25.60**	38.03	44.94	51.25	53.88
Period-end	$ **27.00**	38.03	50.15	51.25	55.05
To earnings ratio (d)	**15.52** X	11.52	11.22	10.70	11.61
To book value	**75** %	101	136	141	151
BALANCE SHEET DATA					
Assets	$ **808,575**	782,896	754,168	715,428	702,669
Long-term debt	$ **175,653**	161,007	158,584	142,047	142,334

(a) Tax-equivalent.

(b) Calculated using average basic common shares in the first quarter of 2008.

(c) Share count in the calculation includes restricted stock for which the holder receives dividends and has full voting rights.

(d) Based on diluted earnings per common share.

Table 4
MERGER-RELATED AND RESTRUCTURING EXPENSES

(In millions)		*Three Months Ended March 31, 2008*
Wachovia/A.G. Edwards	$	**206**
Wachovia/Golden West		**35**
Total merger-related and restructuring expenses	$	**241**

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 5
BUSINESS SEGMENTS (a)

(Dollars in millions)	2008 First Quarter	2007 Fourth Quarter	2007 Third Quarter	2007 Second Quarter	2007 First Quarter
GENERAL BANK COMBINED (b)					
Net interest income (c)	$ **3,455**	3,402	3,464	3,371	3,398
Fee and other income	**990**	929	935	936	845
Intersegment revenue	**55**	58	58	56	47
Total revenue (c)	**4,500**	4,389	4,457	4,363	4,290
Provision for credit losses	**569**	320	207	154	147
Noninterest expense	**2,050**	2,041	1,897	1,926	1,869
Income taxes	**675**	730	848	823	819
Tax-equivalent adjustment	**11**	11	11	10	11
Segment earnings	$ **1,195**	1,287	1,494	1,450	1,444
Economic profit	$ **997**	1,041	1,188	1,122	1,123
Risk adjusted return on capital	**42.58** %	47.92	54.29	52.57	53.73
Economic capital, average	$ **12,695**	11,179	10,894	10,819	10,662
Cash overhead efficiency ratio (c)	**45.55** %	46.50	42.57	44.14	43.56
Lending commitments	$ **132,165**	133,024	132,778	129,850	124,253
Average loans, net	**311,447**	303,269	294,579	291,493	288,229
Average core deposits	$ **297,680**	296,568	290,377	290,591	284,046
FTE employees	**54,847**	55,579	56,538	57,595	56,722
COMMERCIAL					
Net interest income (c)	$ **942**	931	901	865	836
Fee and other income	**140**	117	114	110	109
Intersegment revenue	**43**	43	44	42	36
Total revenue (c)	**1,125**	1,091	1,059	1,017	981
Provision for credit losses	**174**	178	121	96	97
Noninterest expense	**410**	389	346	353	359
Income taxes	**186**	181	205	198	180
Tax-equivalent adjustment	**11**	11	11	10	11
Segment earnings	$ **344**	332	376	360	334
Economic profit	$ **212**	241	255	230	213
Risk adjusted return on capital	**28.02** %	33.00	35.19	33.42	32.90
Economic capital, average	$ **5,015**	4,332	4,195	4,109	3,944
Cash overhead efficiency ratio (c)	**36.41** %	35.71	32.63	34.78	36.55
Average loans, net	$ **84,840**	82,089	80,137	78,162	75,915
Average core deposits	$ **47,713**	46,361	42,752	43,065	43,522
RETAIL AND SMALL BUSINESS					
Net interest income (c)	$ **2,513**	2,471	2,563	2,506	2,562
Fee and other income	**850**	812	821	826	736
Intersegment revenue	**12**	15	14	14	11
Total revenue (c)	**3,375**	3,298	3,398	3,346	3,309
Provision for credit losses	**395**	142	86	58	50
Noninterest expense	**1,640**	1,652	1,551	1,573	1,510
Income taxes	**489**	549	643	625	639
Tax-equivalent adjustment	**-**	-	-	-	-
Segment earnings	$ **851**	955	1,118	1,090	1,110
Economic profit	$ **785**	800	933	892	910
Risk adjusted return on capital	**52.08** %	57.36	66.25	64.31	65.96
Economic capital, average	$ **7,680**	6,847	6,699	6,710	6,718
Cash overhead efficiency ratio (c)	**48.60** %	50.07	45.67	46.98	45.65
Average loans, net	$ **226,607**	221,180	214,442	213,331	212,314
Average core deposits	$ **249,967**	250,207	247,625	247,526	240,524

(a) Certain amounts presented in this Table 5 in periods prior to the first quarter of 2008 have been reclassified to conform to the presentation in the first quarter of 2008.
(b) General Bank Combined represents the consolidation of the General Bank's Commercial, and Retail and Small Business lines of business.

(c) Tax-equivalent.

(Continued)

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 5
BUSINESS SEGMENTS

(Dollars in millions)		2008 First Quarter		2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
WEALTH MANAGEMENT							
Net interest income (a)	$	**181**		183	185	182	181
Fee and other income		**211**		214	185	202	196
Intersegment revenue		**5**		3	4	3	3
Total revenue (a)		**397**		400	374	387	380
Provision for credit losses		**5**		7	6	2	1
Noninterest expense		**246**		249	240	244	247
Income taxes		**54**		53	47	51	48
Tax-equivalent adjustment		**-**		-	-	-	-
Segment earnings	$	**92**		91	81	90	84
Economic profit	$	**70**		73	62	70	63
Risk adjusted return on capital		**50.80**	%	58.23	50.85	56.74	54.31
Economic capital, average	$	**705**		616	616	613	592
Cash overhead efficiency ratio (a)		**62.08**	%	62.27	64.36	62.74	65.12
Lending commitments	$	**7,007**		7,011	7,007	6,892	6,686
Average loans, net		**22,413**		21,791	21,564	21,127	20,394
Average core deposits	$	**17,397**		16,773	16,935	17,342	17,267
FTE employees		**4,650**		4,712	4,547	4,580	4,589

(a) Tax-equivalent.

(Continued)

Table 5
BUSINESS SEGMENTS

(Dollars in millions)		2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
CORPORATE AND INVESTMENT BANK COMBINED (a)						
Net interest income (b)	$	**1,032**	988	838	774	716
Fee and other income		**(159)**	(555)	175	1,522	1,109
Intersegment revenue		**(50)**	(50)	(52)	(50)	(43)
Total revenue (b)		**823**	383	961	2,246	1,782
Provision for credit losses		**197**	112	1	(2)	6
Noninterest expense		**747**	952	626	1,020	911
Income taxes (benefits)		**(65)**	(269)	114	438	305
Tax-equivalent adjustment		**21**	19	9	11	10
Segment earnings (loss)	$	**(77)**	(431)	211	779	550
Economic profit (loss)	$	**(411)**	(746)	(114)	490	286
Risk adjusted return on capital		**(1.49)**%	(15.18)	6.36	33.22	24.91
Economic capital, average	$	**13,242**	11,293	9,794	8,852	8,329
Cash overhead efficiency ratio (b)		**90.76** %	247.83	65.23	45.43	51.10
Lending commitments	$	**113,521**	118,127	119,295	114,971	110,214
Average loans, net		**101,024**	91,702	83,002	76,779	73,385
Average core deposits	$	**33,623**	36,200	37,177	36,702	34,227
FTE employees		**6,358**	6,589	6,719	6,860	6,650
CORPORATE LENDING						
Net interest income (b)	$	**432**	418	413	406	400
Fee and other income		**154**	148	135	140	125
Intersegment revenue		**13**	18	16	19	18
Total revenue (b)		**599**	584	564	565	543
Provision for credit losses		**132**	103	2	(1)	5
Noninterest expense		**141**	137	139	148	152
Income taxes		**119**	126	152	152	142
Tax-equivalent adjustment		**-**	-	1	-	-
Segment earnings	$	**207**	218	270	266	244
Economic profit	$	**46**	65	82	98	89
Risk adjusted return on capital		**13.77** %	15.37	17.15	19.22	18.81
Economic capital, average	$	**6,634**	5,929	5,273	4,784	4,619
Cash overhead efficiency ratio (b)		**23.55** %	23.46	24.58	26.19	28.08
Average loans, net	$	**64,161**	62,473	58,663	56,186	55,193
Average core deposits	$	**4,537**	4,606	5,101	5,067	5,083

(a) Corporate and Investment Bank Combined represents the consolidation of the Corporate and Investment Bank's Corporate Lending, Treasury and International Trade Finance, and Investment Banking lines of business.

(b) Tax-equivalent.

(Continued)

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 5
BUSINESS SEGMENTS

(Dollars in millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
TREASURY AND INTERNATIONAL TRADE FINANCE					
Net interest income (b)	$ **112**	110	104	100	91
Fee and other income	**219**	219	220	213	209
Intersegment revenue	**(47)**	(47)	(46)	(49)	(45)
Total revenue (b)	**284**	282	278	264	255
Provision for credit losses	**(2)**	-	(1)	-	-
Noninterest expense	**175**	174	170	172	173
Income taxes	**41**	39	40	33	30
Tax-equivalent adjustment	**-**	-	-	-	-
Segment earnings	$ **70**	69	69	59	52
Economic profit	$ **56**	56	58	48	41
Risk adjusted return on capital	**70.22** %	74.10	77.79	68.14	61.40
Economic capital, average	$ **383**	355	342	335	334
Cash overhead efficiency ratio (b)	**61.69** %	61.78	60.99	65.13	67.79
Average loans, net	$ **13,461**	12,309	10,813	9,540	8,269
Average core deposits	$ **19,623**	20,830	21,222	21,091	19,908
INVESTMENT BANKING					
Net interest income (b)	$ **488**	460	321	268	225
Fee and other income	**(532)**	(922)	(180)	1,169	775
Intersegment revenue	**(16)**	(21)	(22)	(20)	(16)
Total revenue (b)	**(60)**	(483)	119	1,417	984
Provision for credit losses	**67**	9	-	(1)	1
Noninterest expense	**431**	641	317	700	586
Income taxes (benefits)	**(225)**	(434)	(78)	253	133
Tax-equivalent adjustment	**21**	19	8	11	10
Segment earnings (loss)	$ **(354)**	(718)	(128)	454	254
Economic profit (loss)	$ **(513)**	(867)	(254)	344	156
Risk adjusted return on capital	**(22.17)**%	(57.68)	(13.11)	48.03	29.66
Economic capital, average	$ **6,225**	5,009	4,179	3,733	3,376
Cash overhead efficiency ratio (b)	**(719.88)**%	(133.14)	270.51	49.44	59.46
Average loans, net	$ **23,402**	16,920	13,526	11,053	9,923
Average core deposits	$ **9,463**	10,764	10,854	10,544	9,236

(Continued)

Table 5
BUSINESS SEGMENTS

(Dollars in millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
CAPITAL MANAGEMENT COMBINED (a)					
Net interest income (b)	$ **274**	318	268	260	259
Fee and other income	**2,191**	2,211	1,444	1,536	1,477
Intersegment revenue	**(10)**	(11)	(8)	(11)	(8)
Total revenue (b)	**2,455**	2,518	1,704	1,785	1,728
Provision for credit losses	**-**	-	-	-	-
Noninterest expense	**1,855**	1,938	1,241	1,294	1,237
Income taxes	**218**	211	169	179	179
Tax-equivalent adjustment	**1**	1	-	-	-
Segment earnings	$ **381**	368	294	312	312
Economic profit	$ **322**	309	258	275	275
Risk adjusted return on capital	**71.51** %	68.92	88.96	92.77	94.78
Economic capital, average	$ **2,143**	2,120	1,310	1,348	1,334
Cash overhead efficiency ratio (b)	**75.54** %	76.96	72.82	72.47	71.59
Lending commitments	$ **1,348**	1,281	1,164	1,169	961
Average loans, net	**2,562**	2,295	2,142	1,663	1,554
Average core deposits	$ **43,084**	38,019	31,489	31,221	31,683
FTE employees	**29,838**	29,885	17,908	17,905	17,703
Assets under management	$ **258,691**	274,697	285,423	281,462	314,551
ASSET MANAGEMENT					
Net interest income (b)	$ **6**	7	6	5	3
Fee and other income	**295**	279	244	312	272
Intersegment revenue	**(1)**	-	(1)	-	-
Total revenue (b)	**300**	286	249	317	275
Provision for credit losses	**-**	-	-	-	-
Noninterest expense	**224**	217	206	222	220
Income taxes	**28**	26	15	35	20
Tax-equivalent adjustment	**-**	-	-	-	-
Segment earnings	$ **48**	43	28	60	35
Economic profit	$ **42**	37	22	55	29
Risk adjusted return on capital	**90.31** %	82.68	56.73	112.79	68.24
Economic capital, average	$ **214**	205	194	215	207
Cash overhead efficiency ratio (b)	**74.75** %	76.33	82.50	70.01	80.04
Average loans, net	$ **41**	22	36	17	33
Average core deposits	$ **453**	405	418	364	278

(a) Capital Management Combined represents the consolidation of Capital Management's Asset Management, Retail Brokerage Services, and Other, which primarily serves to eliminate intersegment revenue.

(b) Tax-equivalent.

(Continued)

Table 5
BUSINESS SEGMENTS

(Dollars in millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
RETAIL BROKERAGE SERVICES					
Net interest income (b)	$ **268**	311	262	254	256
Fee and other income	**1,898**	1,934	1,202	1,227	1,207
Intersegment revenue	**(9)**	(11)	(7)	(11)	(8)
Total revenue (b)	**2,157**	2,234	1,457	1,470	1,455
Provision for credit losses	**-**	-	-	-	-
Noninterest expense	**1,634**	1,725	1,038	1,076	1,022
Income taxes	**190**	184	154	143	158
Tax-equivalent adjustment	**1**	1	-	-	-
Segment earnings	$ **332**	324	265	251	275
Economic profit	$ **279**	271	235	219	244
Risk adjusted return on capital	**69.23** %	67.17	94.13	88.54	99.04
Economic capital, average	$ **1,929**	1,915	1,116	1,133	1,127
Cash overhead efficiency ratio (b)	**75.74** %	77.15	71.33	73.18	70.22
Average loans, net	$ **2,521**	2,273	2,106	1,646	1,521
Average core deposits	$ **42,631**	37,614	31,071	30,857	31,405
OTHER					
Net interest income (b)	$ **-**	-	-	1	-
Fee and other income	**(2)**	(2)	(2)	(3)	(2)
Intersegment revenue	**-**	-	-	-	-
Total revenue (b)	**(2)**	(2)	(2)	(2)	(2)
Provision for credit losses	**-**	-	-	-	-
Noninterest expense	**(3)**	(4)	(3)	(4)	(5)
Income taxes	**-**	1	-	1	1
Tax-equivalent adjustment	**-**	-	-	-	-
Segment earnings	$ **1**	1	1	1	2
Economic profit	$ **1**	1	1	1	2
Risk adjusted return on capital	**-** %	-	-	-	-
Economic capital, average	$ **-**	-	-	-	-
Cash overhead efficiency ratio (b)	**-** %	-	-	-	-
Average loans, net	$ **-**	-	-	-	-
Average core deposits	$ **-**	-	-	-	-

(Continued)

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 5
BUSINESS SEGMENTS

(Dollars in millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
PARENT					
Net interest income (a)	$ **(137)**	(217)	(171)	(100)	(17)
Fee and other income	**(456)**	(55)	194	44	107
Intersegment revenue	**-**	-	(2)	2	1
Total revenue (a)	**(593)**	(272)	21	(54)	91
Provision for credit losses	**2,060**	1,058	194	25	23
Noninterest expense	**302**	419	485	374	347
Minority interest	**198**	118	189	139	136
Income tax benefits	**(1,041)**	(866)	(508)	(339)	(349)
Tax-equivalent adjustment	**20**	13	13	17	16
Segment earnings (loss)	$ **(2,132)**	(1,014)	(352)	(270)	(82)
Economic profit (loss)	$ **(842)**	(338)	(317)	(244)	(61)
Risk adjusted return on capital	**(167.55)**%	(51.89)	(26.84)	(29.14)	1.61
Economic capital, average	$ **1,888**	2,143	2,394	2,434	2,658
Cash overhead efficiency ratio (a)	**(34.17)**%	(113.51)	1,841.86	(489.55)	250.80
Lending commitments	$ **538**	599	529	569	503
Average loans, net	**28,490**	30,748	28,514	30,195	31,699
Average core deposits	$ **2,729**	2,483	3,031	2,640	2,047
FTE employees	**24,685**	25,125	24,012	23,553	24,705

(a) Tax-equivalent.

(Continued)

Table 5
BUSINESS SEGMENTS

	Three Months Ended March 31, 2008						
(Dollars in millions)	***General Bank***	***Wealth Management***	***Corporate and Investment Bank***	***Capital Management***	***Parent***	***Net Merger-Related and Restructuring Expenses (b)***	***Total***
CONSOLIDATED							
Net interest income (a)	$ **3,455**	**181**	**1,032**	**274**	**(137)**	**(53)**	**4,752**
Fee and other income	**990**	**211**	**(159)**	**2,191**	**(456)**	**-**	**2,777**
Intersegment revenue	**55**	**5**	**(50)**	**(10)**	**-**	**-**	**-**
Total revenue (a)	**4,500**	**397**	**823**	**2,455**	**(593)**	**(53)**	**7,529**
Provision for credit losses	**569**	**5**	**197**	**-**	**2,060**	**-**	**2,831**
Noninterest expense	**2,050**	**246**	**747**	**1,855**	**302**	**241**	**5,441**
Minority interest	**-**	**-**	**-**	**-**	**198**	**(43)**	**155**
Income taxes (benefits)	**675**	**54**	**(65)**	**218**	**(1,041)**	**(75)**	**(234)**
Tax-equivalent adjustment	**11**	**-**	**21**	**1**	**20**	**(53)**	**-**
Net income (loss)	**1,195**	**92**	**(77)**	**381**	**(2,132)**	**(123)**	**(664)**
Dividends on preferred stock	**-**	**-**	**-**	**-**	**43**	**-**	**43**
Net income (loss) available to common stockholders	$ **1,195**	**92**	**(77)**	**381**	**(2,175)**	**(123)**	**(707)**
Economic profit (loss)	$ **997**	**70**	**(411)**	**322**	**(842)**	**-**	**136**
Risk adjusted return on capital	**42.58** %	**50.80**	**(1.49)**	**71.51**	**(167.55)**	**-**	**12.79**
Economic capital, average	$ **12,695**	**705**	**13,242**	**2,143**	**1,888**	**-**	**30,673**
Cash overhead efficiency ratio (a)	**45.55** %	**62.08**	**90.76**	**75.54**	**(34.17)**	**-**	**67.22**
Lending commitments	$ **132,165**	**7,007**	**113,521**	**1,348**	**538**	**-**	**254,579**
Average loans, net	**311,447**	**22,413**	**101,024**	**2,562**	**28,490**	**-**	**465,936**
Average core deposits	$ **297,680**	**17,397**	**33,623**	**43,084**	**2,729**	**-**	**394,513**
FTE employees	**54,847**	**4,650**	**6,358**	**29,838**	**24,685**	**-**	**120,378**

	Three Months Ended March 31, 2007						
(Dollars in millions)	*General Bank*	*Wealth Management*	*Corporate and Investment Bank*	*Capital Management*	*Parent*	*Net Merger-Related and Restructuring Expenses (b)*	*Total*
CONSOLIDATED							
Net interest income (a)	$ 3,398	181	716	259	(17)	(37)	4,500
Fee and other income	845	196	1,109	1,477	107	-	3,734
Intersegment revenue	47	3	(43)	(8)	1	-	-
Total revenue (a)	4,290	380	1,782	1,728	91	(37)	8,234
Provision for credit losses	147	1	6	-	23	-	177
Noninterest expense	1,869	247	911	1,237	347	10	4,621
Minority interest	-	-	-	-	136	-	136
Income taxes (benefits)	819	48	305	179	(349)	(4)	998
Tax-equivalent adjustment	11	-	10	-	16	(37)	-
Net income (loss)	$ 1,444	84	550	312	(82)	(6)	2,302
Economic profit (loss)	$ 1,123	63	286	275	(61)	-	1,686
Risk adjusted return on capital	53.73 %	54.31	24.91	94.78	1.61	-	40.01
Economic capital, average	$ 10,662	592	8,329	1,334	2,658	-	23,575
Cash overhead efficiency ratio (a)	43.56 %	65.12	51.10	71.59	250.80	-	54.33
Lending commitments	$124,253	6,686	110,214	961	503	-	242,617
Average loans, net	288,229	20,394	73,385	1,554	31,699	-	415,261
Average core deposits	$284,046	17,267	34,227	31,683	2,047	-	369,270
FTE employees	56,722	4,589	6,650	17,703	24,705	-	110,369

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

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

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 6
NET TRADING REVENUE — INVESTMENT BANKING (a)

	2008				*2007*
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
Net interest income *(Tax-equivalent)*	$ **80**	51	34	43	42
Trading account profits (losses)	**(246)**	(564)	(383)	191	115
Other fee income	**188**	180	141	160	128
Total net trading revenue *(Tax-equivalent)*	$ **22**	(333)	(208)	394	285

(a) Certain amounts presented in periods prior to the first quarter of 2008 have been reclassified to conform to the presentation in the first quarter of 2008.

Table 7
SELECTED RATIOS

	2008				*2007*
	First Quarter	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
PERFORMANCE RATIOS (a)					
Assets to stockholders' equity	**9.95** X	10.32	10.44	10.17	9.97
Return on assets (b)	**(0.34)** %	0.03	0.88	1.33	1.35
Return on common stockholders' equity	**(3.81)** %	0.28	9.19	13.54	13.47
Return on total stockholders' equity	**(3.39)** %	0.28	9.19	13.54	13.47
DIVIDEND PAYOUT RATIOS					
Common shares	**(177.78)** %	2,133.33	75.29	45.90	46.67

(a) Based on average balances and net income (loss).
(b) Net income (loss) as a percentage of average assets.

Table 8
TRADING ACCOUNT ASSETS AND LIABILITIES

	2008	*2007*			
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
TRADING ACCOUNT ASSETS					
U.S. Treasury	$ **1,422**	604	993	2,348	1,164
U.S. Government agencies	**3,045**	2,811	3,104	2,865	2,874
State, county and municipal	**5,195**	3,898	3,844	3,551	2,961
Mortgage-backed securities	**8,488**	2,208	2,332	1,807	2,591
Other asset-backed securities	**8,376**	11,427	11,704	12,474	9,445
Corporate bonds and debentures	**5,143**	5,340	5,379	5,386	4,350
Equity securities	**4,051**	4,411	3,918	2,973	3,298
Derivative financial instruments (a)	**28,379**	19,116	13,194	9,707	7,940
Sundry	**8,493**	6,067	10,367	10,429	9,538
Total trading account assets	$ **72,592**	55,882	54,835	51,540	44,161
TRADING ACCOUNT LIABILITIES					
Securities sold short	**7,706**	6,287	7,014	9,564	9,391
Derivative financial instruments (a)	**21,181**	15,298	10,757	9,755	7,900
Total trading account liabilities	$ **28,887**	21,585	17,771	19,319	17,291

(a) Derivative financial instruments are reported net of cash collateral received and paid.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 9
LOANS — ON-BALANCE SHEET, AND MANAGED AND SERVICING PORTFOLIOS

	2008				2007
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
ON-BALANCE SHEET LOAN PORTFOLIO					
COMMERCIAL					
Commercial, financial and agricultural	$ **119,193**	112,509	109,269	102,397	99,687
Real estate — construction and other	**18,597**	18,543	18,167	17,449	16,965
Real estate — mortgage	**26,370**	23,846	21,514	20,448	20,130
Lease financing	**23,637**	23,913	23,966	24,083	24,053
Foreign	**33,616**	29,540	26,471	20,959	16,240
Total commercial	**221,413**	208,351	199,387	185,336	177,075
CONSUMER					
Real estate secured (a)	**230,197**	227,719	225,355	220,293	220,682
Student loans	**9,324**	8,149	7,742	6,757	8,479
Installment loans	**27,437**	25,635	24,763	25,017	23,665
Total consumer	**266,958**	261,503	257,860	252,067	252,826
Total loans	**488,371**	469,854	457,247	437,403	429,901
Unearned income	**(7,889)**	(7,900)	(8,041)	(8,283)	(8,238)
Loans, net *(On-balance sheet)*	$ **480,482**	461,954	449,206	429,120	421,663
MANAGED PORTFOLIO (b)					
COMMERCIAL					
On-balance sheet loan portfolio	$ **221,413**	208,351	199,387	185,336	177,075
Securitized loans — off-balance sheet	**120**	131	142	170	181
Loans held for sale	**3,342**	9,414	13,905	11,573	10,467
Total commercial	**224,875**	217,896	213,434	197,079	187,723
CONSUMER					
Real estate secured					
On-balance sheet loan portfolio	**230,197**	227,719	225,355	220,293	220,682
Securitized loans — off-balance sheet	**6,845**	7,230	7,625	8,112	6,595
Securitized loans included in securities	**11,683**	10,755	5,963	6,091	5,629
Loans held for sale	**5,960**	4,816	3,583	4,079	4,089
Total real estate secured	**254,685**	250,520	242,526	238,575	236,995
Student					
On-balance sheet loan portfolio	**9,324**	8,149	7,742	6,757	8,479
Securitized loans — off-balance sheet	**2,586**	2,811	2,856	2,905	3,045
Securitized loans included in securities	**52**	52	52	52	52
Loans held for sale	**-**	-	1,968	2,046	-
Total student	**11,962**	11,012	12,618	11,760	11,576
Installment					
On-balance sheet loan portfolio	**27,437**	25,635	24,763	25,017	23,665
Securitized loans — off-balance sheet	**1,968**	2,263	2,572	3,105	2,851
Securitized loans included in securities	**39**	47	55	116	126
Loans held for sale	**2,127**	2,542	1,975	35	476
Total installment	**31,571**	30,487	29,365	28,273	27,118
Total consumer	**298,218**	292,019	284,509	278,608	275,689
Total managed portfolio	$ **523,093**	509,915	497,943	475,687	463,412
SERVICING PORTFOLIO (c)					
Commercial	$ **354,624**	353,464	337,721	298,374	271,038
Consumer	$ **27,415**	27,967	28,474	26,789	25,952

(a) Includes deferred interest of $3.5 billion, $3.1 billion, $2.7 billion, $2.3 billion and $1.9 billion, at March 31, 2008, and at December 31, September 30, June 30 and March 31, 2007, respectively.
(b) The managed portfolio includes the on-balance sheet loan portfolio, loans securitized for which the retained interests are classified in securities on-balance sheet, loans held for sale on-balance sheet and the off-balance sheet portfolio of securitized loans sold, where we service the loans.
(c) The servicing portfolio consists of third party commercial and consumer loans for which our sole function is that of servicing the loans for the third parties.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 10
LOANS HELD FOR SALE

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
CORE BUSINESS ACTIVITY (a)					
Core business activity, beginning of period	$ **15,094**	17,646	15,696	15,030	12,566
Originations and/or purchases	**8,144**	8,160	13,007	22,671	17,873
Transfer to (from) loans held for sale, net	**(6,801)**	(1,278)	2,162	(71)	(180)
Allowance for loan losses related to loans	**-**	-	(57)	-	-
Lower of cost or market value adjustments (b)	**(364)**	(223)	(249)	(91)	(3)
Market value adjustments for fair value option loans	**42**	-	-	-	-
Performing loans sold or securitized	**(7,355)**	(8,992)	(11,606)	(20,910)	(14,745)
Other, principally payments	**(354)**	(219)	(1,307)	(933)	(481)
Core business activity, end of period	**8,406**	15,094	17,646	15,696	15,030
PORTFOLIO MANAGEMENT ACTIVITY (a)					
Portfolio business activity, beginning of period	**1,678**	3,785	2,037	2	2
Originations and/or purchases	**83**	-	-	-	-
Transfer to loans held for sale					
Performing loans (c)	**2,317**	137	1,831	2,046	-
Lower of cost or market value adjustments (b)	**(31)**	(30)	(6)	(10)	-
Performing loans sold or securitized	**(990)**	(2,078)	-	-	-
Other, principally payments	**(34)**	(136)	(77)	(1)	-
Portfolio management activity, end of period	**3,023**	1,678	3,785	2,037	2
Total loans held for sale (d)	$ **11,429**	16,772	21,431	17,733	15,032

(a) Core business activity means we originate and/or purchase loans with the intent to sell them to third parties, and portfolio management activity means we look for market opportunities to reduce risk in the loan portfolio by transferring loans to loans held for sale.
(b) Lower of cost or market value adjustments exclude amounts related to unfunded commitments. Market disruption-related write-downs on unfunded commitments amounted to $729 million, $78 million and $311 million in the first quarter of 2008 and in the fourth and third quarters of 2007, respectively.
(c) Includes $1.8 billion in the third quarter of 2007 in connection with consolidation of a structured lending vehicle that we administered; first quarter of 2008 and fourth quarter of 2007 include funding of the structured lending vehicle's commitments amounting to $54 million and $159 million, respectively.
(d) Nonperforming loans included in loans held for sale at March 31, 2008 and at December 31, September 30, June 30 and March 31, 2007, were $5 million, $62 million, $59 million, $42 million and $26 million, respectively.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 11
ALLOWANCE FOR CREDIT LOSSES

(In millions)	2008 First Quarter	2007 Fourth Quarter	2007 Third Quarter	2007 Second Quarter	2007 First Quarter
ALLOWANCE FOR CREDIT LOSSES (a)					
Balance, beginning of period	$ **4,717**	3,691	3,552	3,533	3,514
Provision for credit losses	**2,834**	1,467	381	168	175
Provision for credit losses relating to loans transferred to loans held for sale or sold	**7**	6	3	4	1
Provision for credit losses for unfunded lending commitments	**(10)**	24	24	7	1
LOAN LOSSES					
Commercial, financial and agricultural	**(171)**	(67)	(41)	(39)	(34)
Commercial real estate — construction and mortgage	**(81)**	(117)	(5)	(4)	(6)
Total commercial	**(252)**	(184)	(46)	(43)	(40)
Real estate secured	**(351)**	(156)	(59)	(40)	(33)
Student loans	**(3)**	(4)	(5)	(2)	(3)
Installment and other loans (b)	**(242)**	(225)	(168)	(138)	(142)
Total consumer	**(596)**	(385)	(232)	(180)	(178)
Total loan losses	**(848)**	(569)	(278)	(223)	(218)
LOAN RECOVERIES					
Commercial, financial and agricultural	**14**	22	9	15	9
Commercial real estate — construction and mortgage	**1**	-	3	-	3
Total commercial	**15**	22	12	15	12
Real estate secured	**10**	9	12	11	6
Student loans	**1**	2	3	-	1
Installment and other loans (b)	**57**	75	45	47	44
Total consumer	**68**	86	60	58	51
Total loan recoveries	**83**	108	72	73	63
Net charge-offs	**(765)**	(461)	(206)	(150)	(155)
Allowance relating to loans acquired, transferred to loans held for sale or sold	**(16)**	(10)	(63)	(10)	(3)
Balance, end of period	$ **6,767**	4,717	3,691	3,552	3,533
CONSUMER REAL ESTATE SECURED NET CHARGE-OFFS					
First lien	$ **(291)**	(122)	(32)	(17)	(15)
Second lien	**(50)**	(25)	(15)	(12)	(12)
Total consumer real estate secured net charge-offs	$ **(341)**	(147)	(47)	(29)	(27)
ALLOWANCE FOR CREDIT LOSSES					
Allocation of the allowance for loan losses					
Commercial	$ **2,645**	2,392	2,054	1,889	1,879
Consumer	**3,592**	1,950	1,246	1,371	1,354
Unallocated	**330**	165	205	130	145
Total allowance for loan losses	**6,567**	4,507	3,505	3,390	3,378
Reserve for unfunded lending commitments	**200**	210	186	162	155
Total allowance for credit losses	$ **6,767**	4,717	3,691	3,552	3,533

(a) The allowance for credit losses is the sum of the allowance for loan losses and the reserve for unfunded lending commitments.
(b) Principally auto loans.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 12
ALLOWANCE AND CHARGE-OFF RATIOS

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
ALLOWANCE FOR LOAN LOSSES					
as % of loans, net	**1.37** %	0.98	0.78	0.79	0.80
as % of nonaccrual and restructured loans (a)	**84**	90	129	174	207
as % of nonperforming assets (a)	**78**	84	115	157	189
ALLOWANCE FOR CREDIT LOSSES					
as % of loans, net	**1.41** %	1.02	0.82	0.83	0.84
NET CHARGE-OFFS AS % OF AVERAGE LOANS, NET (b)					
Commercial, financial and agricultural	**0.41** %	0.12	0.10	0.07	0.08
Commercial real estate — construction and mortgage	**0.73**	1.12	0.02	0.04	0.04
Total commercial	**0.48**	0.34	0.08	0.07	0.07
Real estate secured	**0.59**	0.26	0.08	0.05	0.05
Student loans	**0.08**	0.10	0.14	0.07	0.10
Installment and other loans (c)	**2.76**	2.35	1.99	1.47	1.67
Total consumer	**0.79**	0.46	0.27	0.19	0.20
Total as % of average loans, net	**0.66** %	0.41	0.19	0.14	0.15

(a) These ratios do not include nonperforming assets included in loans held for sale.
(b) Annualized.
(c) Principally auto loans.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 13
NONPERFORMING ASSETS

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
NONPERFORMING ASSETS					
Nonaccrual loans					
Commercial					
Commercial, financial and agricultural	$ **908**	602	354	318	303
Commercial real estate — construction and mortgage	**1,750**	1,059	289	161	117
Total commercial	**2,658**	1,661	643	479	420
Consumer					
Real estate secured					
First lien	**5,015**	3,234	1,986	1,380	1,124
Second lien	**75**	58	41	44	37
Installment and other loans (a)	**40**	42	45	42	51
Total consumer	**5,130**	3,334	2,072	1,466	1,212
Total nonaccrual loans	**7,788**	4,995	2,715	1,945	1,632
Troubled debt restructurings (b)	**48**	-	-	-	-
Foreclosed properties	**530**	389	334	207	155
Total nonperforming assets	$ **8,366**	5,384	3,049	2,152	1,787
as % of loans, net, and foreclosed properties (c)	**1.74** %	1.16	0.68	0.50	0.42
Nonperforming assets included in loans held for sale					
Commercial	$ **-**	-	-	-	1
Consumer	**5**	62	50	37	23
Total nonaccrual loans	**5**	62	50	37	24
Foreclosed properties	**-**	-	9	5	2
Total nonperforming assets included in loans held for sale	**5**	62	59	42	26
Nonperforming assets included in loans and in loans held for sale	$ **8,371**	5,446	3,108	2,194	1,813
as % of loans, net, foreclosed properties and loans held for sale (d)	**1.70** %	1.14	0.66	0.49	0.42
PAST DUE LOANS 90 DAYS AND OVER, AND NONACCRUAL LOANS (c)					
Accruing loans past due 90 days and over	$ **1,047**	708	590	562	555
Nonaccrual loans	**7,788**	4,995	2,715	1,945	1,632
Total past due loans 90 days and over, and nonaccrual loans	$ **8,835**	5,703	3,305	2,507	2,187
Commercial as % of loans, net	**1.31** %	0.89	0.38	0.31	0.28
Consumer as % of loans, net	**2.26** %	1.49	1.00	0.78	0.68

(a) Principally auto loans; nonaccrual status does not apply to student loans.
(b) Troubled debt restructurings were not significant prior to the first quarter of 2008.
(c) These ratios do not include nonperforming loans included in loans held for sale.
(d) These ratios reflect nonperforming loans included in loans held for sale. Loans held for sale are recorded at the lower of cost or market value, and accordingly, the amounts shown and included in the ratios are net of the transferred allowance for loan losses and the lower of cost or market value adjustments.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 14
NONACCRUAL LOAN ACTIVITY (a)

	2008				2007
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
Balance, beginning of period	$ **4,995**	2,715	1,945	1,632	1,234
COMMERCIAL NONACCRUAL LOAN ACTIVITY					
Commercial nonaccrual loans, beginning of period	**1,661**	643	479	420	319
New nonaccrual loans and advances	**1,421**	1,303	298	205	196
Gross charge-offs	**(252)**	(184)	(46)	(43)	(40)
Transfers to other real estate owned	**(26)**	-	(5)	(2)	-
Sales	**(33)**	(26)	(14)	(15)	(1)
Other, principally payments	**(113)**	(75)	(69)	(86)	(54)
Net commercial nonaccrual loan activity	**997**	1,018	164	59	101
Commercial nonaccrual loans, end of period	**2,658**	1,661	643	479	420
CONSUMER NONACCRUAL LOAN ACTIVITY					
Consumer nonaccrual loans, beginning of period	**3,334**	2,072	1,466	1,212	915
New nonaccrual loans, advances and other, net	**1,696**	1,262	606	257	297
Transfers from loans held for sale	**100**	-	-	-	-
Sales and securitizations	**-**	-	-	(3)	-
Net consumer nonaccrual loan activity	**1,796**	1,262	606	254	297
Consumer nonaccrual loans, end of period	**5,130**	3,334	2,072	1,466	1,212
Balance, end of period	$ **7,788**	4,995	2,715	1,945	1,632

(a) Excludes nonaccrual loans included in loans held for sale and foreclosed properties.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 15
GOODWILL AND OTHER INTANGIBLE ASSETS

	2008	2007			
(In millions)	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Goodwill	$ **43,068**	43,122	38,848	38,766	38,838
Deposit base	**573**	619	670	727	796
Customer relationships	**1,375**	1,410	620	651	684
Tradename	**90**	90	90	90	90
Total goodwill and other intangible assets	$ **45,106**	45,241	40,228	40,234	40,408

	Three Months Ended March 31, 2008			
(In millions)	Employee Termination Benefits	Occupancy and Equipment	Other	Total
EXIT COST PURCHASE ACCOUNTING ACCRUAL ACTIVITY				
Wachovia/A.G. Edwards — October 1, 2007				
Balance, December 31, 2007	$ 16	-	-	16
Purchase accounting adjustments	**25**	**-**	**-**	**25**
Cash payments	**(9)**	**-**	**-**	**(9)**
Balance, March 31, 2008	$ **32**	**-**	**-**	**32**
EXIT COST PURCHASE ACCOUNTING ACCRUAL ACTIVITY				
Wachovia/Golden West — October 1, 2006				
Balance, December 31, 2007	$ 49	9	-	58
Purchase accounting adjustments	**-**	**-**	**-**	**-**
Cash payments	**(20)**	**-**	**-**	**(20)**
Balance, March 31, 2008	$ **29**	**9**	**-**	**38**
EXIT COST PURCHASE ACCOUNTING ACCRUAL ACTIVITY				
Wachovia/SouthTrust — November 1, 2004				
Balance, December 31, 2007	$ 37	-	-	37
Purchase accounting adjustments	**-**	**-**	**-**	**-**
Cash payments	**(7)**	**-**	**-**	**(7)**
Balance, March 31, 2008	$ **30**	**-**	**-**	**30**

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 16
DEPOSITS

(In millions)	2008 First Quarter	2007 Fourth Quarter	2007 Third Quarter	2007 Second Quarter	2007 First Quarter
CORE DEPOSITS					
Noninterest-bearing	$ **60,951**	60,893	56,825	62,112	63,399
Savings and NOW accounts	**87,920**	88,078	81,037	82,629	85,404
Money market accounts	**128,839**	124,651	114,457	111,666	108,607
Other consumer time	**120,852**	123,783	125,546	121,781	119,948
Total core deposits	**398,562**	397,405	377,865	378,188	377,358
OTHER DEPOSITS					
Foreign	**27,399**	27,386	27,226	23,324	20,133
Other time	**19,003**	24,338	16,846	8,518	7,779
Total deposits	$ **444,964**	449,129	421,937	410,030	405,270

Table 17
TIME DEPOSITS IN AMOUNTS OF $100,000 OR MORE

(In millions)	March 31, 2008
MATURITY OF	
3 months or less	$ **32,144**
Over 3 months through 6 months	**16,241**
Over 6 months through 12 months	**8,541**
Over 12 months	**6,660**
Total time deposits in amounts of $100,000 or more	$ **63,586**

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 18
LONG-TERM DEBT

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
NOTES AND DEBENTURES ISSUED BY THE PARENT COMPANY					
Notes					
Floating rate, 2.69% to 4.39%, due 2008 to 2017	$ **15,513**	15,514	15,401	13,651	11,151
Equity-linked and commodity-linked, due 2008 to 2012	**814**	792	1,047	1,055	988
3.50% to 5.80%, due 2008 to 2020	**11,508**	9,011	8,551	8,193	6,835
Floating rate, EMTN notes, due 2011 to 2014	**3,955**	3,649	3,549	3,370	3,321
Floating rate, Australian notes, due 2012	**822**	789	799	764	-
6.75%, Australian notes, due 2012	**137**	131	133	127	-
4.375%, EMTN notes, due 2016	**1,181**	1,090	1,060	1,006	992
Subordinated notes					
4.875% to 6.40%, due 2008 to 2035	**6,491**	6,454	6,452	6,449	6,441
Floating rate, due 2015 to 2016	**1,250**	1,250	1,250	1,250	1,250
4.375% to 4.875%, EMTN notes, due 2018 to 2035	**2,158**	2,099	2,112	2,055	2,013
6.605%, due 2025	**250**	250	250	250	250
6.30%, Putable/Callable, due 2028	**200**	200	200	200	200
Floating rate, hybrid trust securities, due 2037 to 2047	**2,513**	2,513	1,675	1,675	875
5.20%, income trust securities, due 2042	**2,501**	2,501	2,501	2,501	2,501
Subordinated debentures					
6.55% to 7.574%, due 2026 to 2035	**795**	795	795	795	795
Hedge-related basis adjustments	**1,073**	406	(139)	(660)	(74)
Total notes and debentures issued by the Parent Company	**51,161**	47,444	45,636	42,681	37,538
NOTES ISSUED BY SUBSIDIARIES					
Primarily notes issued under global bank note programs, varying rates and terms to 2040	**29,550**	23,562	21,226	21,537	21,911
Floating rate, 2.59% to 3.20%, due 2008 to 2011	**5,133**	5,133	7,133	7,133	7,730
4.125% to 4.75%, due 2009 to 2012	**1,690**	2,390	2,389	2,689	2,687
Floating rate, EMTN notes, due 2009 to 2011	**4,652**	4,316	3,907	3,710	3,657
Subordinated notes					
Bank, 2.971% to 9.625%, due 2008 to 2038	**12,802**	12,955	9,532	9,533	9,535
7.95%	**-**	-	100	100	100
Floating rate, due 2013	**417**	417	417	417	417
6.75%, Australian notes, due 2017	**182**	175	176	169	-
Floating rate, Australian notes, due 2017	**183**	175	177	170	-
5.25%, EMTN notes, due 2023	**1,475**	1,477	1,512	1,488	1,455
Total notes issued by subsidiaries	**56,084**	50,600	46,569	46,946	47,492
OTHER DEBT					
Auto secured financing, 2.56% to 9.05%, due 2008 to 2015	**6,147**	6,679	7,748	8,994	8,289
Collateralized notes	**-**	4,300	4,300	4,420	4,420
Junior subordinated debentures, floating rate, due 2026 to 2029	**3,110**	3,098	3,099	3,100	3,097
Advances from the Federal Home Loan Bank, 1.00% to 8.45%, due 2008 to 2031	**53,209**	41,888	43,017	30,542	34,699
Preferred units issued by subsidiaries	**2,852**	2,852	2,852	2,852	2,852
Capitalized leases	**7**	8	9	9	9
Mortgage notes and other debt of subsidiaries, varying rates and terms	**2,467**	3,870	5,411	2,809	3,916
Hedge-related basis adjustments	**616**	268	(57)	(306)	22
Total other debt	**68,408**	62,963	66,379	52,420	57,304
Total long-term debt	$ **175,653**	161,007	158,584	142,047	142,334

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 19
CHANGES IN STOCKHOLDERS' EQUITY

	2008				2007
(In millions)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
Balance, beginning of period, as reported	$ **76,872**	70,140	69,266	69,786	69,716
Cumulative effect of accounting changes, net of income taxes (a)	**(24)**	-	-	-	(1,447)
Balance, beginning of period	**76,848**	70,140	69,266	69,786	68,269
Comprehensive income					
Net income (loss)	**(664)**	51	1,618	2,341	2,302
Unamortized gains and losses under employee benefit plans	**6**	561	16	31	-
Net unrealized gains (losses) on debt and equity securities	**(705)**	459	493	(1,284)	101
Net unrealized gains (losses) on derivative financial instruments	**91**	164	3	(76)	65
Total comprehensive income	**(1,272)**	1,235	2,130	1,012	2,468
Purchases of common stock	**(20)**	-	(190)	(723)	(284)
Preferred shares issued	**3,497**	2,263	-	-	-
Common stock issued for					
Stock options and restricted stock	**372**	404	35	132	644
Acquisitions	**-**	3,942	-	-	-
Deferred compensation, net	**(116)**	152	114	125	(240)
Cash dividends					
Preferred shares	**(43)**	-	-	-	-
Common shares	**(1,274)**	(1,264)	(1,215)	(1,066)	(1,071)
Balance, end of period	$ **77,992**	76,872	70,140	69,266	69,786

(a) First quarter 2008 includes a net increase of $369,000 related to the adoption of SFAS 157 and SFAS 159. See Note 11 of accompanying Notes to Consolidated Financial Statements.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Table 20
CAPITAL RATIOS

(In millions)	2008 First Quarter	2007 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
CONSOLIDATED CAPITAL RATIOS (a)					
Qualifying capital					
Tier 1 capital	$ **45,353**	43,528	41,853	41,516	39,790
Total capital	**73,684**	70,003	63,948	63,705	61,803
Adjusted risk-weighted assets	**611,596**	592,065	589,844	555,702	541,628
Adjusted leverage ratio assets	$ **734,233**	714,633	686,373	666,646	653,994
Ratios					
Tier 1 capital	**7.42** %	7.35	7.10	7.47	7.35
Total capital	**12.05**	11.82	10.84	11.46	11.41
Leverage	**6.18**	6.09	6.10	6.23	6.08
STOCKHOLDERS' EQUITY TO ASSETS					
Quarter-end	**9.65**	9.82	9.30	9.68	9.93
Average	**10.05** %	9.69	9.58	9.84	10.03
BANK CAPITAL RATIOS					
Tier 1 capital					
Wachovia Bank, National Association	**7.50** %	7.50	7.09	7.34	7.28
Wachovia Bank of Delaware, National Association	**15.04**	15.60	17.14	18.37	17.82
Wachovia Mortgage, FSB (b)	**11.46**	12.97	13.44	16.07	14.37
Wachovia Bank, FSB (c)	**19.66**	17.07	15.94	12.42	-
Total capital					
Wachovia Bank, National Association	**11.72**	11.45	10.57	10.95	10.94
Wachovia Bank of Delaware, National Association	**17.07**	17.67	19.27	20.29	19.41
Wachovia Mortgage, FSB (b)	**12.73**	14.06	13.81	16.45	14.77
Wachovia Bank, FSB (c)	**20.91**	17.95	16.25	12.83	-
Leverage					
Wachovia Bank, National Association	**6.39**	6.71	6.69	6.72	6.62
Wachovia Bank of Delaware, National Association	**9.99**	9.82	15.66	14.33	13.42
Wachovia Mortgage, FSB (b)	**6.11**	6.88	7.17	8.78	7.84
Wachovia Bank, FSB (c)	**6.26** %	5.94	5.50	5.20	-

(a) Risk-based capital ratio guidelines require a minimum ratio of tier 1 capital to risk-weighted assets of 4.00 percent and a minimum ratio of total capital to risk-weighted assets of 8.00 percent. The minimum leverage ratio of tier 1 capital to adjusted average quarterly assets is from 3.00 percent to 4.00 percent.

(b) Formerly World Savings Bank, FSB, prior to December 31, 2007.

(c) Formerly World Savings Bank, FSB (Texas) prior to December 31, 2007, which was a subsidiary of Wachovia Mortgage, FSB (formerly World Savings Bank, FSB) prior to April 1, 2007.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

WACHOVIA CORPORATION AND SUBSIDIARIES
NET INTEREST INCOME SUMMARIES

	FIRST QUARTER 2008			FOURTH QUARTER 2007		
(In millions)	*Average Balances*	*Interest Income/ Expense*	*Average Rates Earned/ Paid*	*Average Balances*	*Interest Income/ Expense*	*Average Rates Earned/ Paid*
ASSETS						
Interest-bearing bank balances	$ 4,253	51	4.85 %	$ 5,083	64	5.05 %
Federal funds sold and securities purchased under resale agreements	11,865	103	3.49	12,901	155	4.77
Trading account assets (a)	44,655	589	5.28	37,694	569	6.04
Securities (a)	110,401	1,545	5.60	115,436	1,625	5.62
Loans (a) (b)						
Commercial						
Commercial, financial and agricultural	115,377	1,671	5.82	111,500	1,908	6.79
Real estate — construction and other	18,634	251	5.42	18,435	318	6.85
Real estate — mortgage	25,291	374	5.95	22,973	426	7.36
Lease financing	7,167	140	7.79	7,374	145	7.82
Foreign	32,109	389	4.86	27,882	380	5.42
Total commercial	198,578	2,825	5.72	188,164	3,177	6.70
Consumer						
Real estate secured	231,392	3,926	6.79	227,893	4,042	7.08
Student loans	9,155	113	4.96	8,073	126	6.19
Installment loans	26,811	659	9.88	25,675	651	10.04
Total consumer	267,358	4,698	7.04	261,641	4,819	7.35
Total loans	465,936	7,523	6.48	449,805	7,996	7.08
Loans held for sale	11,592	223	7.71	18,998	360	7.53
Other earning assets	10,331	146	5.69	10,223	166	6.48
Total earning assets excluding derivatives	659,033	10,180	6.19	650,140	10,935	6.70
Risk management derivatives (c)	-	52	0.04	-	19	0.01
Total earning assets including derivatives	659,033	10,232	6.23	650,140	10,954	6.71
Cash and due from banks	11,645			12,028		
Other assets	112,915			101,319		
Total assets	$ 783,593			$ 763,487		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing deposits						
Savings and NOW accounts	86,452	236	1.10	83,370	345	1.64
Money market accounts	128,074	747	2.34	121,717	949	3.09
Other consumer time	123,655	1,437	4.68	127,061	1,557	4.86
Foreign	26,197	231	3.55	27,354	306	4.44
Other time	22,643	265	4.71	20,169	263	5.16
Total interest-bearing deposits	387,021	2,916	3.03	379,671	3,420	3.57
Federal funds purchased and securities sold under repurchase agreements	35,956	308	3.45	36,386	413	4.50
Commercial paper	5,509	38	2.74	7,272	78	4.27
Securities sold short	6,919	62	3.63	6,728	61	3.62
Other short-term borrowings	10,154	45	1.77	10,369	58	2.24
Long-term debt	165,540	1,961	4.75	158,704	2,129	5.34
Total interest-bearing liabilities excluding derivatives	611,099	5,330	3.51	599,130	6,159	4.08
Risk management derivatives (c)	-	97	0.06	-	121	0.08
Total interest-bearing liabilities including derivatives	611,099	5,427	3.57	599,130	6,280	4.16
Noninterest-bearing deposits	56,332			57,895		
Other liabilities	37,415			32,476		
Stockholders' equity	78,747			73,986		
Total liabilities and stockholders' equity	$ 783,593			$ 763,487		
Interest income and rate earned — including derivatives		$ 10,232	6.23 %		$ 10,954	6.71 %
Interest expense and equivalent rate paid — including derivatives		5,427	3.31		6,280	3.83
Net interest income and margin — including derivatives		$ 4,805	2.92 %		$ 4,674	2.88 %

(a) Yields related to securities and loans exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 35 percent and applicable state tax rates. Lease financing amounts include related deferred income taxes.
(b) The loan averages are stated net of unearned income, and the averages include loans on which the accrual of interest has been discontinued.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

THIRD QUARTER 2007			SECOND QUARTER 2007			FIRST QUARTER 2007		
Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balances	Interest Income/ Expense	Average Rates Earned/ Paid
$ 6,459	93	5.68 %	$ 3,384	50	6.00 %	$ 1,523	30	7.80 %
14,206	194	5.42	12,110	158	5.25	14,124	177	5.07
38,737	575	5.93	35,165	519	5.90	29,681	442	5.97
111,424	1,522	5.46	108,433	1,467	5.41	108,071	1,461	5.42
106,263	1,927	7.19	101,012	1,805	7.16	98,413	1,736	7.16
17,795	344	7.66	17,334	329	7.62	16,508	313	7.69
20,883	406	7.71	20,175	378	7.53	20,231	380	7.61
7,523	146	7.80	7,759	150	7.74	7,730	150	7.75
22,208	308	5.53	19,232	265	5.51	14,406	196	5.49
174,672	3,131	7.12	165,512	2,927	7.09	157,288	2,775	7.15
223,356	4,070	7.28	222,096	4,042	7.28	225,909	4,148	7.36
7,299	122	6.61	8,850	141	6.42	8,524	136	6.47
24,474	614	9.96	24,799	609	9.84	23,540	566	9.75
255,129	4,806	7.52	255,745	4,792	7.50	257,973	4,850	7.55
429,801	7,937	7.35	421,257	7,719	7.34	415,261	7,625	7.40
20,209	363	7.14	17,644	285	6.47	16,748	255	6.16
7,937	138	6.91	7,985	144	7.23	8,255	139	6.82
628,773	10,822	6.86	605,978	10,342	6.84	593,663	10,129	6.87
-	42	0.02	-	46	0.03	-	48	0.03
628,773	10,864	6.88	605,978	10,388	6.87	593,663	10,177	6.90
11,134			11,533			12,260		
89,097			87,262			85,106		
$ 729,004			$ 704,773			$ 691,029		
81,851	357	1.73	83,977	367	1.75	84,247	373	1.80
116,404	980	3.34	111,562	976	3.51	107,785	917	3.45
122,474	1,507	4.88	120,684	1,455	4.84	116,262	1,369	4.77
23,322	292	4.97	21,871	270	4.96	20,802	249	4.85
13,776	187	5.40	8,051	107	5.30	9,034	119	5.36
357,827	3,323	3.68	346,145	3,175	3.68	338,130	3,027	3.63
44,334	556	4.98	38,031	473	4.98	35,142	430	4.97
5,799	65	4.42	5,143	60	4.67	4,920	57	4.72
7,420	70	3.74	7,158	67	3.75	8,709	83	3.86
7,793	55	2.74	7,688	52	2.77	6,898	44	2.54
151,226	2,067	5.44	143,504	1,923	5.37	141,979	1,880	5.35
574,399	6,136	4.24	547,669	5,750	4.21	535,778	5,521	4.17
-	144	0.10	-	151	0.11	-	119	0.09
574,399	6,280	4.34	547,669	5,901	4.32	535,778	5,640	4.26
58,280			62,273			60,976		
26,468			25,514			24,955		
69,857			69,317			69,320		
$ 729,004			$ 704,773			$ 691,029		
	$ 10,864	6.88 %		$ 10,388	6.87 %		$ 10,177	6.90 %
	6,280	3.96		5,901	3.91		5,640	3.84
	$ 4,584	2.92 %		$ 4,487	2.96 %		$ 4,537	3.06 %

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

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

WACHOVIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	2008	2007			
(In millions, except per share data)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
ASSETS					
Cash and due from banks	$ **14,703**	15,124	12,681	12,065	12,593
Interest-bearing bank balances	**3,236**	3,057	4,449	2,726	2,591
Federal funds sold and securities purchased under resale agreements	**10,644**	15,449	11,995	11,511	10,322
Total cash and cash equivalents	**28,583**	33,630	29,125	26,302	25,506
Trading account assets	**72,592**	55,882	54,835	51,540	44,161
Securities	**114,183**	115,037	111,827	106,184	106,841
Loans, net of unearned income	**480,482**	461,954	449,206	429,120	421,663
Allowance for loan losses	**(6,567)**	(4,507)	(3,505)	(3,390)	(3,378)
Loans, net	**473,915**	457,447	445,701	425,730	418,285
Loans held for sale	**11,429**	16,772	21,431	17,733	15,032
Premises and equipment	**6,733**	6,605	6,002	6,080	6,058
Due from customers on acceptances	**1,109**	1,418	1,295	831	992
Goodwill	**43,068**	43,122	38,848	38,766	38,838
Other intangible assets	**2,038**	2,119	1,380	1,468	1,570
Other assets	**54,925**	50,864	43,724	40,794	45,386
Total assets	$ **808,575**	782,896	754,168	715,428	702,669
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits					
Noninterest-bearing deposits	**60,951**	60,893	56,825	62,112	63,399
Interest-bearing deposits	**384,013**	388,236	365,112	347,918	341,871
Total deposits	**444,964**	449,129	421,937	410,030	405,270
Short-term borrowings	**57,857**	50,393	62,714	52,715	47,144
Bank acceptances outstanding	**1,118**	1,424	1,303	840	1,004
Trading account liabilities	**28,887**	21,585	17,771	19,319	17,291
Other liabilities	**19,036**	19,151	18,424	18,080	16,741
Long-term debt	**175,653**	161,007	158,584	142,047	142,334
Total liabilities	**727,515**	702,689	680,733	643,031	629,784
Minority interest in net assets of consolidated subsidiaries	**3,068**	3,335	3,295	3,131	3,099
STOCKHOLDERS' EQUITY					
Preferred stock, Class A, 40 million shares, no par value; 10 million shares, no par value; none issued	**-**	-	-	-	-
Dividend Equalization Preferred shares, no par value, 97 million shares issued and outstanding at March 31, 2008	**-**	-	-	-	-
Non-Cumulative Perpetual Class A Preferred Stock, Series I, $100,000 liquidation preference per share, 25,010 shares authorized	**-**	-	-	-	-
Non-Cumulative Perpetual Class A Preferred Stock, Series J, $1,000 liquidation preference per share, 92 million depositary shares issued and outstanding at March 31, 2008	**2,300**	2,300	-	-	-
Non-Cumulative Perpetual Class A Preferred Stock, Series K, $1,000 liquidation preference per share, 3.5 million shares issued and outstanding at March 31, 2008	**3,500**	-	-	-	-
Common stock, $3.33-1/3 par value; authorized 3 billion shares, outstanding 1.965 billion shares at March 31, 2008	**6,551**	6,534	6,283	6,289	6,316
Paid-in capital	**56,367**	56,149	51,938	51,905	52,026
Retained earnings	**11,449**	13,456	14,670	14,335	13,378
Accumulated other comprehensive income, net	**(2,175)**	(1,567)	(2,751)	(3,263)	(1,934)
Total stockholders' equity	**77,992**	76,872	70,140	69,266	69,786
Total liabilities and stockholders' equity	$ **808,575**	782,896	754,168	715,428	702,669

WACHOVIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	2008				2007
(In millions, except per share data)	***First Quarter***	*Fourth Quarter*	*Third Quarter*	*Second Quarter*	*First Quarter*
INTEREST INCOME					
Interest and fees on loans	$ **7,577**	7,980	7,937	7,723	7,618
Interest and dividends on securities	**1,496**	1,616	1,529	1,474	1,478
Trading account interest	**571**	557	566	506	433
Other interest income	**535**	757	799	647	611
Total interest income	**10,179**	10,910	10,831	10,350	10,140
INTEREST EXPENSE					
Interest on deposits	**2,941**	3,433	3,334	3,180	3,014
Interest on short-term borrowings	**523**	673	801	706	669
Interest on long-term debt	**1,963**	2,174	2,145	2,015	1,957
Total interest expense	**5,427**	6,280	6,280	5,901	5,640
Net interest income	**4,752**	4,630	4,551	4,449	4,500
Provision for credit losses	**2,831**	1,497	408	179	177
Net interest income after provision for credit losses	**1,921**	3,133	4,143	4,270	4,323
FEE AND OTHER INCOME					
Service charges	**676**	716	689	667	614
Other banking fees	**498**	497	471	449	416
Commissions	**914**	970	600	649	659
Fiduciary and asset management fees	**1,439**	1,436	1,029	1,015	953
Advisory, underwriting and other investment banking fees	**261**	249	393	454	407
Trading account profits (losses)	**(308)**	(524)	(301)	195	128
Principal investing	**446**	41	372	298	48
Securities gains (losses)	**(205)**	(320)	(34)	23	53
Other income	**(944)**	(321)	(286)	490	456
Total fee and other income	**2,777**	2,744	2,933	4,240	3,734
NONINTEREST EXPENSE					
Salaries and employee benefits	**3,260**	3,468	2,628	3,122	2,972
Occupancy	**379**	375	325	331	312
Equipment	**323**	334	283	309	307
Marketing	**97**	80	74	78	62
Communications and supplies	**186**	191	176	178	173
Professional and consulting fees	**196**	271	194	205	177
Other intangible amortization	**103**	111	92	103	118
Merger-related and restructuring expenses	**241**	187	36	32	10
Sundry expense	**656**	769	717	532	490
Total noninterest expense	**5,441**	5,786	4,525	4,890	4,621
Minority interest in income of consolidated subsidiaries	**155**	107	189	139	136
Income (loss) from continuing operations before income taxes (benefits)	**(898)**	(16)	2,362	3,481	3,300
Income taxes (benefits)	**(234)**	(209)	656	1,140	998
Income (loss) from continuing operations	**(664)**	193	1,706	2,341	2,302
Discontinued operations, net of income taxes	**-**	(142)	(88)	-	-
Net income (loss)	**(664)**	51	1,618	2,341	2,302
Dividends on preferred stock	**43**	-	-	-	-
Net income (loss) available to common stockholders	$ **(707)**	51	1,618	2,341	2,302
PER COMMON SHARE DATA (after preferred stock dividends)					
Basic earnings					
Income (loss) from continuing operations	$ **(0.36)**	0.10	0.91	1.24	1.22
Net income (loss) available to common stockholders	**(0.36)**	0.03	0.86	1.24	1.22
Diluted earnings (a)					
Income (loss) from continuing operations	**(0.36)**	0.10	0.90	1.22	1.20
Net income (loss) available to common stockholders	**(0.36)**	0.03	0.85	1.22	1.20
Cash dividends	$ **0.64**	0.64	0.64	0.56	0.56
AVERAGE COMMON SHARES					
Basic	**1,963**	1,959	1,885	1,891	1,894
Diluted	**1,977**	1,983	1,910	1,919	1,925

(a) Calculated using average basic common shares in the first quarter of 2008.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

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WACHOVIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS *(Unaudited)*

(In millions, except per share data)		*March 31,* *2008*	*December 31,* *2007*
ASSETS			
Cash and due from banks	$	**14,703**	15,124
Interest-bearing bank balances		**3,236**	3,057
Federal funds sold and securities purchased under resale agreements		**10,644**	15,449
Total cash and cash equivalents		**28,583**	33,630
Trading account assets		**72,592**	55,882
Securities		**114,183**	115,037
Loans, net of unearned income		**480,482**	461,954
Allowance for loan losses		**(6,567)**	(4,507)
Loans, net		**473,915**	457,447
Loans held for sale (includes $3,652 at fair value at March 31, 2008)		**11,429**	16,772
Premises and equipment		**6,733**	6,605
Due from customers on acceptances		**1,109**	1,418
Goodwill		**43,068**	43,122
Other intangible assets		**2,038**	2,119
Other assets		**54,925**	50,864
Total assets	$	**808,575**	782,896
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits			
Noninterest-bearing deposits		**60,951**	60,893
Interest-bearing deposits		**384,013**	388,236
Total deposits		**444,964**	449,129
Short-term borrowings		**57,857**	50,393
Bank acceptances outstanding		**1,118**	1,424
Trading account liabilities		**28,887**	21,585
Other liabilities		**19,036**	19,151
Long-term debt		**175,653**	161,007
Total liabilities		**727,515**	702,689
Minority interest in net assets of consolidated subsidiaries		**3,068**	3,335
STOCKHOLDERS' EQUITY			
Preferred stock, Class A, 40 million shares, no par value; 10 million shares, no par value; none issued		**-**	-
Dividend Equalization Preferred shares, no par value, 97 million shares issued and outstanding at March 31, 2008		**-**	-
Non-Cumulative Perpetual Class A Preferred Stock, Series I, $100,000 liquidation preference per share, 25,010 shares authorized		**-**	-
Non-Cumulative Perpetual Class A Preferred Stock, Series J, $1,000 liquidation preference per share, 92 million depositary shares issued and outstanding at March 31, 2008		**2,300**	2,300
Non-Cumulative Perpetual Class A Preferred Stock, Series K, $1,000 liquidation preference per share, 3.5 million shares issued and outstanding at March 31, 2008		**3,500**	-
Common stock, $3.33-1/3 par value; authorized 3 billion shares, outstanding 1.965 billion shares at March 31, 2008		**6,551**	6,534
Paid-in capital		**56,367**	56,149
Retained earnings		**11,449**	13,456
Accumulated other comprehensive income, net		**(2,175)**	(1,567)
Total stockholders' equity		**77,992**	76,872
Total liabilities and stockholders' equity	$	**808,575**	782,896

See accompanying Notes to Consolidated Financial Statements.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

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

(In millions, except per share data)	*Three Months Ended March 31,* 2008	2007
INTEREST INCOME		
Interest and fees on loans	$ **7,577**	7,618
Interest and dividends on securities	**1,496**	1,478
Trading account interest	**571**	433
Other interest income	**535**	611
Total interest income	**10,179**	10,140
INTEREST EXPENSE		
Interest on deposits	**2,941**	3,014
Interest on short-term borrowings	**523**	669
Interest on long-term debt	**1,963**	1,957
Total interest expense	**5,427**	5,640
Net interest income	**4,752**	4,500
Provision for credit losses	**2,831**	177
Net interest income after provision for credit losses	**1,921**	4,323
FEE AND OTHER INCOME		
Service charges	**676**	614
Other banking fees	**498**	416
Commissions	**914**	659
Fiduciary and asset management fees	**1,439**	953
Advisory, underwriting and other investment banking fees	**261**	407
Trading account profits (losses)	**(308)**	128
Principal investing	**446**	48
Securities gains (losses)	**(205)**	53
Other income	**(944)**	456
Total fee and other income	**2,777**	3,734
NONINTEREST EXPENSE		
Salaries and employee benefits	**3,260**	2,972
Occupancy	**379**	312
Equipment	**323**	307
Marketing	**97**	62
Communications and supplies	**186**	173
Professional and consulting fees	**196**	177
Other intangible amortization	**103**	118
Merger-related and restructuring expenses	**241**	10
Sundry expense	**656**	490
Total noninterest expense	**5,441**	4,621
Minority interest in income of consolidated subsidiaries	**155**	136
Income (loss) before income taxes (benefits)	**(898)**	3,300
Income taxes (benefits)	**(234)**	998
Net income (loss)	**(664)**	2,302
Dividends on preferred stock	**43**	-
Net income (loss) available to common stockholders	$ **(707)**	2,302
PER COMMON SHARE DATA (after preferred stock dividends)		
Basic earnings		
Net income (loss) available to common stockholders	$ **(0.36)**	1.22
Diluted earnings		
Net income (loss) available to common stockholders	**(0.36)**	1.20
Cash dividends	$ **0.64**	0.56
AVERAGE COMMON SHARES		
Basic	**1,963**	1,894
Diluted	**1,977**	1,925

See accompanying Notes to Consolidated Financial Statements.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

WACHOVIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS *(Unaudited)*

(In millions)	Three Months Ended March 31, 2008	2007
OPERATING ACTIVITIES		
Net income (loss)	$ **(664)**	2,302
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Accretion and amortization of securities discounts and premiums, net	**2**	(5)
Provision for credit losses	**2,831**	177
Gain on securitization transactions	**(13)**	(69)
Gain on sale of mortgage servicing rights	**-**	(2)
Securities transactions	**205**	(53)
Depreciation and other amortization	**583**	534
Trading account assets, net	**(9,903)**	580
Loss on sales of premises and equipment	**(5)**	1
Valuation losses on bank-owned separate account life insurance	**314**	-
Contribution to qualified pension plan	**-**	(270)
Income tax shortfall (excess income tax benefit) from share-based payment arrangements	**18**	(8)
Loans held for sale, net	**(3,307)**	(2,644)
Deferred interest on certain loans	**(438)**	(378)
Other assets, net	**(3,626)**	(3,560)
Trading account liabilities, net	**7,302**	(937)
Other liabilities, net	**(627)**	(3,378)
Net cash used by operating activities	**(7,328)**	(7,710)
INVESTING ACTIVITIES		
Increase (decrease) in cash realized from		
Sales of securities	**8,209**	2,136
Maturities of securities	**4,529**	4,468
Purchases of securities	**(18,099)**	(4,108)
Origination of loans, net	**(12,031)**	(1,535)
Sales of premises and equipment	**19**	107
Purchases of premises and equipment	**(396)**	(235)
Goodwill and other intangible assets	**32**	(512)
Purchase of bank-owned separate account life insurance, net	**(90)**	(397)
Net cash used by investing activities	**(17,827)**	(76)
FINANCING ACTIVITIES		
Increase (decrease) in cash realized from		
Increase (decrease) in deposits, net	**(4,165)**	(2,188)
Securities sold under repurchase agreements and other short-term borrowings, net	**7,464**	(2,013)
Issuances of long-term debt	**23,719**	12,430
Payments of long-term debt	**(9,073)**	(8,690)
Issuances of preferred shares	**3,497**	-
Issuances of common stock, net	**21**	184
Purchases of common stock	**(20)**	(284)
(Income tax shortfall) excess income tax benefit from share-based payment arrangements	**(18)**	8
Cash dividends paid	**(1,317)**	(1,071)
Net cash provided (used) by financing activities	**20,108**	(1,624)
Decrease in cash and cash equivalents	**(5,047)**	(9,410)
Cash and cash equivalents, beginning of year	**33,630**	34,916
Cash and cash equivalents, end of period	$ **28,583**	25,506
NONCASH ITEMS		
Transfer to securities from loans resulting from securitizations	$ **-**	499
Transfer to securities from loans held for sale resulting from securitizations	**1,849**	-
Transfer to trading account assets from securities	**6,807**	-
Transfer to loans from loans held for sale	**6,801**	180

Cumulative effect of accounting changes, net of income taxes	$	**(24)**	(1,447)

See accompanying Notes to Consolidated Financial Statements.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

GENERAL

Wachovia Corporation and subsidiaries (together "Wachovia" or the "Company") is a diversified financial services company whose operations are principally domestic.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. The unaudited condensed consolidated financial statements of the Company include, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of such financial statements for all periods presented. The financial position and results of operations as of and for the three months ended March 31, 2008, are not necessarily indicative of the results of operations that may be expected in the future. Please refer to the Company's 2007 Annual Report on Form 10-K for additional information related to the Company's audited consolidated financial statements for the three years ended December 31, 2007, including the related notes to consolidated financial statements.

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions. The Company regularly assesses various assets for impairment as dictated by applicable GAAP, giving appropriate consideration to general economic and specific market factors. The accounting policies that are particularly sensitive to judgments and the extent to which significant estimates are used include allowance for loan losses and the reserve for unfunded lending commitments, fair value of certain financial instruments, consolidation, goodwill impairment and contingent liabilities.

PERSONNEL EXPENSE AND RETIREMENT BENEFITS

Statement of Financial Accounting Standards ("SFAS") No. 158, "Employers' Accounting for Certain Defined Benefit Pension and Other Postretirement Plans," which the Company adopted on December 31, 2006, also requires employers to use a plan measurement date that is the same as its fiscal year-end beginning no later than December 31, 2008. The Company has historically used a measurement date of September 30, and is required under SFAS 158 to change to a December 31 measurement date by no later than December 31, 2008. The Company changed its measurement date using the alternative provided in SFAS 158 where the September 30, 2007, measurement establishes a 15-month cost, three-fifteenths of which, or $4 million, was recorded as an adjustment to retained earnings on January 1, 2008.

The components of the retirement benefit costs (credit) included in salaries and employee benefits for the three months ended March 31, 2008 and 2007, are presented below.

	Qualified Pension		Nonqualified Pension		Other Postretirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
(In millions)	**2008**	2007	**2008**	2007	**2008**	2007
RETIREMENT BENEFIT COSTS (CREDIT)						
Service cost	$ **43**	46	**-**	1	**1**	1
Interest cost	**64**	66	**5**	5	**11**	11
Expected return on plan assets	**(130)**	(123)	**-**	-	**(1)**	(1)
Amortization of prior service cost	**(11)**	(7)	**-**	-	**-**	(2)
Amortization of actuarial losses	**19**	30	**1**	2	**-**	-
Net retirement benefit costs (credit)	$ **(15)**	12	**6**	8	**11**	9

DISCONTINUED OPERATIONS

In the first quarter of 2008, management of BluePoint Re Limited, a 100 percent owned monoline reinsurer based in Bermuda, initiated a restructuring strategy that, if completed, will lead to a significant reduction in Wachovia's ownership interest in BluePoint and result in deconsolidation of this subsidiary in Wachovia's financial statements. The Company currently expects that a resolution with respect to BluePoint will be effected by September 30, 2008.

In 2007, BluePoint recorded significant losses on certain derivative instruments (principally credit default swaps on collateralized debt obligations where the underlying collateral is subprime residential mortgage-backed securities) and these losses through December 31, 2007, approximated substantially all of Wachovia's investment in this subsidiary and

were included in Wachovia's 2007 consolidated results. Wachovia has no further obligation to inject capital in BluePoint. BluePoint continued to record these instruments at fair value in the first quarter of 2008. In estimating the fair value of these instruments under SFAS 157 (see "New Accounting Pronouncements" section of this note), a company must consider, among other things, its own credit rating, which in this case is BluePoint's. As Wachovia has no obligation to fund losses in excess of BluePoint's equity, BluePoint assessed the discount required in valuing these instruments to reflect a market participant's view of BluePoint's nonperformance risk. BluePoint's valuation at March 31, 2008, reflected a discount of approximately 60 percent for its nonperformance risk, such that BluePoint recorded no further losses on the derivative instruments in the first quarter of 2008. Accordingly, the Company's first quarter 2008 consolidated results reflect no additional losses in discontinued operations.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

GOODWILL

The Company tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate there may be impairment. If the carrying amount of a reporting unit's goodwill exceeds its implied fair value, an impairment loss would be recognized in an amount equal to that excess. A reporting unit is the Company's sub-segment level.

Historically, the Company determined fair values of reporting units using two methods, one based on market earnings multiples of peer companies for each reporting unit, and the other based on discounted cash flow models with estimated cash flows based on internal forecasts of revenues and expenses. In the first quarter of 2008, the Company added a third method, one based on the previously described market earnings multiples of peer companies adjusted to include a control premium calculated based on comparable transactions for each reporting unit. The earnings multiples for the first method ranged between 9.1 times and 17.2 times. The estimated cash flows for the second method used market-based discount rates ranging from 12.4 percent to 17.8 percent. The control premium adjusted earnings multiple method resulted in multiples ranging from 12.6 times to 23.7 times. These three methods provide a range of valuations the Company uses in evaluating goodwill for possible impairment. Also, the Company stress tests the results of each of the three testing methods by approximately 20 percent to identify areas where additional investigation or procedures may be necessary to complete the analysis.

The goodwill impairment testing indicated that none of the Company's goodwill is impaired at March 31, 2008. However, as a result of the market disruption and the further spread between the Company's market capitalization and book value, the excess of the fair value over the carrying value of several of the reporting units continues to narrow. A continuing period of market disruption, or further market deterioration, may result in impairment of goodwill in the future.

OTHER INCOME

Market disruption-related net valuation losses of $1.4 billion are included in other income in the consolidated statement of income for the three months ended March 31, 2008. This amount includes $792 million related to the Company's leveraged finance commitments, $238 million related to the commercial mortgage securitization business, $64 million related to wholesale consumer warehouses and $314 million related to certain bank-owned life insurance assets.

PREFERRED STOCK

On February 8, 2008, the Company issued $3.5 billion of non-cumulative perpetual Class A preferred stock. This preferred stock pays dividends of 7.98 percent until 2018, after which dividends will be payable at a floating rate of three-month LIBOR plus 3.77 percent. If the Company does not declare a preferred stock dividend for a particular period, the Company may not pay a dividend on its common stock. Beginning on March 18, 2018, the Company may redeem the preferred stock at par plus accrued but unpaid dividends.

NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements," SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," Emerging Issues Task Force (EITF) Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," and EITF Issue No. 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements." The effect of adopting SFAS 157 is recorded directly to first quarter 2008 results of operations or is recorded as a cumulative effect of a change in accounting principle as an adjustment, net of applicable taxes, to beginning retained earnings on January 1, 2008, depending on the nature of the financial instrument to which the new fair value measurement is applied. For SFAS 159 and the two EITF issues, the cumulative effect of adoption is recorded as an adjustment, net of applicable taxes, to beginning retained earnings on January 1, 2008. See Note 11 for SFAS 157 and SFAS 159 disclosures.

EITF Issue No. 06-4 and EITF Issue No. 06-10 address the accounting for split-dollar life insurance policies that are held on certain current and former employees. The effect of adopting these standards was a $19 million after-tax charge to beginning retained earnings.

RECLASSIFICATIONS

Certain amounts in 2007 were reclassified to conform with the presentation in 2008. These reclassifications had no effect on the Company's previously reported consolidated financial position or results of operations.

SUBSEQUENT EVENT

Subsequent to the end of the first quarter of 2008, the Company announced that it expects to record an after-tax charge of between $800 million and $1.0 billion in the second quarter of 2008 related to certain leasing transactions entered into between 1999 and 2003. These transactions are widely known as sale-in, lease-out or "SILO" transactions. This noncash charge resulted from the Company's analysis of a federal court of appeals opinion in a case involving

another financial institution where tax benefits associated with certain lease-in, lease-out or “LILO” transactions were disallowed. The Company believes that some portions of the court decision may also apply to SILO transactions. While tax laws involving SILO transactions remain unsettled, applicable accounting standards, including Financial Accounting Standards Board (“FASB”) Interpretation No. 48 (“FIN 48”) on income taxes and FASB Staff Position FAS 13-2 (“FSP 13-2”) on leveraged leases, require the Company to update the income tax cash flow assessment on SILO transactions for potential changes in the timing of tax cash flows in light of the court ruling. See Note 1 to the Consolidated Financial Statements in the Company’s 2007 Annual Report on Form 10-K for more information on the applicable accounting standards. The expected earnings charge noted above includes the impact to unrecognized income tax benefits pursuant to FIN 48 as discussed in Note 8.

OTHER MATTERS

In March 2008, Visa completed their initial public offering of shares. Visa redeemed a proportionate share of member banks’ ownership which resulted in the Company recording a gain of $225 million. Visa also established an escrow account of $3 billion to cover litigation. The Company recorded a $102 million reduction to sundry expense which represents the Company’s proportionate share of that escrow account.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 2: SECURITIES

	March 31, 2008								
(In millions)	1 Year or Less	1-5 Years	5-10 Years	After 10 Years	Total	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost	Average Maturity in Years
MARKET VALUE									
U.S. Treasury	$ 268	183	173	42	666	24	-	642	3.47
Mortgage-backed securities	557	33,734	29,934	27	64,252	700	208	63,760	4.78
Asset-backed									
Residual interests from securitizations	41	133	180	118	472	130	22	364	3.04
Retained bonds from securitizations	1,546	187	70	-	1,803	2	50	1,851	1.34
Collateralized mortgage obligations	685	18,147	1,428	6	20,266	118	1,343	21,491	2.88
Commercial mortgage-backed	624	776	1,240	26	2,666	40	123	2,749	4.40
Other	1,387	3,148	257	5	4,797	161	685	5,321	2.38
State, county and municipal	62	615	635	2,398	3,710	121	61	3,650	13.74
Sundry	787	2,057	5,610	7,097	15,551	122	1,266	16,695	9.26
Total market value	$ 5,957	58,980	39,527	9,719	114,183	1,418	3,758	116,523	5.10
MARKET VALUE									
Debt securities	$ 5,957	58,980	39,527	7,835	112,299	1,309	3,517	114,507	
Equity securities	-	-	-	1,884	1,884	109	241	2,016	
Total market value	$ 5,957	58,980	39,527	9,719	114,183	1,418	3,758	116,523	
AMORTIZED COST									
Debt securities	$ 6,066	60,089	40,238	8,114	114,507				
Equity securities	-	-	-	2,016	2,016				
Total amortized cost	$ 6,066	60,089	40,238	10,130	116,523				
WEIGHTED AVERAGE YIELD									
U.S. Treasury	1.40%	2.00	2.75	4.95	2.12				
Mortgage-backed securities	2.66	5.55	5.22	5.20	5.37				
Asset-backed									
Residual interests from securitizations	54.69	19.13	27.14	53.32	30.78				
Retained bonds from securitizations	5.04	6.08	8.43	-	5.33				
Collateralized mortgage obligations	6.00	6.14	6.30	5.45	6.15				
Commercial mortgage-backed	7.06	7.88	4.98	11.31	6.34				
Other	5.66	5.66	6.22	30.43	5.71				
State, county and municipal	9.55	7.55	6.70	6.41	6.69				
Sundry	3.37	5.04	4.96	5.23	5.02				
Consolidated	5.25%	5.80	5.31	5.80	5.60				

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

At March 31, 2008, all securities not classified as trading were classified as available for sale.

At March 31, 2008, mortgage-backed securities consist principally of obligations of U.S. Government agencies and sponsored entities. Included in mortgage-backed securities are Federal National Mortgage Association and Federal Home Loan Mortgage Corporation securities with an amortized cost of $49.9 billion and a market value of $50.3 billion, and an amortized cost of $11.2 billion and a market value of $11.3 billion, respectively.

Also included in mortgage-backed securities are U.S. Government agency and Government-sponsored entity securities retained from the securitization of residential mortgage loans. These securities had an amortized cost of $10.9 billion and a market value of $11.2 billion at March 31, 2008.

Included in asset-backed securities are retained bonds primarily from the securitization of commercial and consumer real estate, SBA, student and auto loans. At March 31, 2008, retained bonds with an amortized cost and market value of $1.8 billion were considered investment grade based on external ratings. Retained bonds with an amortized cost and market value of $1.5 billion at March 31, 2008, have an external credit rating of AA and above.

Securities with an aggregate amortized cost of $76.3 billion at March 31, 2008, are pledged to secure U.S. Government and other public deposits and for other purposes as required by various statutes or agreements.

Expected maturities of beneficial interests and the contractual maturities of all other securities are summarized in the table. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Average maturity excludes equity securities and money market funds.

Yields related to securities exempt from federal and state income taxes are stated on a fully tax-equivalent basis. They are reduced by the nondeductible portion of interest expense, assuming a federal tax rate of 35 percent and applicable state tax rates.

At March 31, 2008, there were forward commitments to purchase securities on both a regular way and non-regular way basis at a cost that approximates a market value of $364 million. At March 31, 2008, there were commitments to sell securities at a price that approximates a market value of $1.3 billion.

On a quarterly basis, the Company makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors including the severity and duration of the impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, external credit ratings and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss in securities gains (losses). Gross unrealized losses at March 31, 2008, are primarily caused by interest rate changes. The Company has reviewed these securities in accordance with its accounting policy for other-than-temporary impairment discussed above and recorded $484 million of impairment losses, as noted below. The Company does not consider any other securities to be other-than-temporarily impaired. However, without recovery in the near term such that liquidity returns to the markets and spreads return to levels that reflect underlying credit characteristics, additional other-than-temporary impairments may occur in future periods.

The components of realized gains and losses on sales of debt and equity securities for the three months ended March 31, 2008 and 2007 are presented below.

(In millions)	*Three Months Ended March 31,*	
	2008	*2007*
Debt securities	$	
Gross gains	**49**	38
Gross losses (a)	**(379)**	(7)
Net gains (losses) on sales of debt securities	**(330)**	31
Equity securities		
Gross gains	**235**	22
Gross losses (b)	**(110)**	-
Net gains on sales of equity securities	**125**	22
Total securities gains (losses)	$ **(205)**	53

(a) Impairment losses were $374 million and $4 million in the three months ended March 31, 2008 and 2007, respectively.
(b) Impairment losses were $110 million in the three months ended March 31, 2008; none in the three months ended March 31, 2007.

NOTE 3: VARIABLE INTEREST ENTITIES AND SERVICING ASSETS

VARIABLE INTEREST ENTITIES

The Company administers a multi-seller commercial paper conduit that arranges financing for certain customer transactions thereby providing customers with access to the commercial paper market. The Company provides liquidity facilities on all the commercial paper issued by the conduit. The conduit is a variable interest entity ("VIE") and the liquidity agreements are considered variable interests; however, because the Company does not hold a majority of the expected losses or expected residual returns through its variable interests, the Company does not consolidate the conduit on the balance sheet. At the discretion of the administrator, the provisions of the liquidity agreements require the Company to purchase assets from the conduit at par value plus interest, including in situations where the conduit is unable to issue commercial paper. Par value may be different from fair value. Any losses incurred on such purchases would be initially absorbed by the third-party holder of a subordinated note in the conduit. The ability of the conduit to issue commercial paper is a function of general market conditions and the credit rating of the liquidity provider. This conduit has always been able to issue commercial paper. At March 31, 2008, and December 31, 2007, the conduit had total assets of $14.3 billion and $15.0 billion, respectively, and the Company had a maximum exposure to losses of $25.0 billion and $26.1 billion, respectively, including funded positions and committed exposure, related to its liquidity agreement.

The Company provides liquidity to certain third party commercial paper conduits and other entities in connection with collateralized debt obligation ("CDO") securitization transactions. The Company has also entered into derivative contracts with certain entities in connection with CDO securitization transactions that may require the Company to purchase assets at a specified price. These entities are VIEs and the Company's liquidity facilities and derivative exposures are variable interests. The Company does not consolidate these entities because the Company does not hold a majority of the expected losses or expected residual returns through its variable interests. At March 31, 2008 and December 31, 2007, the Company had a maximum exposure to losses of $7.0 billion and $7.3 billion, respectively, related to these agreements.

The Company has an ownership interest in three investment funds managed by ECM. In January 2007, the Company purchased a majority interest in ECM. This purchase did not alter the Company's conclusion that these funds are not subject to consolidation. At March 31, 2008 and December 31, 2007, these funds had total assets of $18.4 billion and $20.0 billion, respectively. The Company's maximum exposure to losses was $3.5 billion and $3.2 billion, respectively. In March 2008, the Company entered into lending arrangements with a fourth investment fund managed by ECM. The lending arrangements have a maximum loss exposure of $200 million and total assets of this fund were $1.5 billion at March 31, 2008.

In the third quarter of 2007, the Company purchased and placed in the securities available for sale portfolio $1.1 billion of asset-backed commercial paper from Evergreen money market funds, which the Company manages. The Company recorded $57 million of valuation losses in 2007 on this purchase, which were included in securities gains (losses) in the consolidated results of operations. There were no additional losses on these securities in the first quarter of 2008. The Company was not required by contract to purchase these or any other assets from the Evergreen funds. There are certain circumstances under which a money market fund may be considered a VIE and consolidated by the manager. At March 31, 2008, the Company did not consolidate the money market funds it manages.

SERVICING ASSETS

In connection with certain transactions where the Company securitizes and sells originated or purchased loans with servicing retained, servicing assets or liabilities are recorded based on the fair value of the servicing rights on the date the loans are sold. The Company also purchases certain servicing assets. The Company recognizes individual classes of servicing assets under either a fair value method or an amortized cost method.

Originated residential mortgage servicing assets, recorded under the fair value method, are estimated using discounted cash flows with prepayment speeds and discount rates as the significant assumptions. At March 31, 2008, the weighted average prepayment speed assumption was 16.77 percent and the weighted average discount rate used was 11.57 percent.

Servicing fee income for the three months ended March 31, 2008, was $79 million and is included in other banking fees in the consolidated results of operations. Changes in the fair value and amortization of servicing assets are included in other banking fees. The change in the fair value of originated residential mortgage servicing assets and the change in the carrying amount of servicing assets which are recorded at amortized cost in the three months ended March 31, 2008, are presented on the following page.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(In millions)	Three Months Ended March 31, 2008			
	Fair Value	Amortized Cost		
	Originated Residential Mortgages	Fixed Rate Commercial Mortgage-Backed	Other	Total
Balance, December 31, 2007	$ 437	771	240	1,448
Fair value of servicing assets purchased, assumed or originated, or retained from securitizations	**56**	**-**	**21**	**77**
Servicing sold or otherwise disposed of	**(1)**	**-**	**-**	**(1)**
Change in fair value due to changes in model inputs and/or assumptions	**(29)**	**-**	**-**	**(29)**
Other changes in fair value, primarily from fees earned	**(23)**	**-**	**-**	**(23)**
Amortization of servicing assets	**-**	**(36)**	**(13)**	**(49)**
Impairment	**-**	**(2)**	**-**	**(2)**
Balance, March 31, 2008	$ **440**	**733**	**248**	**1,421**
FAIR VALUE				
March 31, 2008	$ **440**	**907**	**278**	**1,625**
December 31, 2007	$ 437	991	261	1,689

NOTE 4: SHARE-BASED PAYMENTS

The Company has stock option plans under which incentive and nonqualified stock options as well as restricted stock may be granted periodically to certain employees. The options typically are granted at an exercise price equal to the fair value of the underlying shares at the date of grant, vest based on continued service with the Company for a specified period, generally three years to five years following the date of grant, and have a contractual life of ten years. The restricted stock generally vests over three years to five years, during which time the holder receives dividends and has full voting rights. Employee stock compensation expense was $249 million in the three months ended March 31, 2008, including $196 million related to restricted stock awards and $53 million related to stock option awards. The related income tax benefit in the three months ended March 31, 2008, was $87 million. Employee stock compensation expense was $212 million in the three months ended March 31, 2007, including $171 million related to restricted stock awards and $41 million related to stock option awards. The related income tax benefit in the three months ended March 31, 2007, was $74 million. Employee stock compensation expense in the three months ended March 31, 2008 and 2007, includes $109 million and $93 million, respectively, related to the impact of awards granted to employees who were retirement-eligible at the date of grant.

The stock compensation awards granted in the three months ended March 31, 2008, vest over three to five years based only on continued service with the Company, with the exception of 720,000 shares of restricted stock awards to certain senior executives of the Company, which vest over three years if the Company achieves a specified return on average tangible common stockholders' equity for 2008; otherwise these shares are forfeited. For stock options, the exercise price is the closing price on the date of grant, with the exception of 852,000 and 994,000 options awarded to certain senior executives of the Company, for which the exercise price is approximately a 20 percent and 40 percent premium, respectively, above the closing price on the date of grant.

At March 31, 2008, there was $687 million and $163 million of total unrecognized compensation costs related to restricted stock and stock options, respectively. Those costs are expected to be recognized over a weighted-average period of 1.4 years. The fair value of restricted stock vested in the three months ended March 31, 2008 and 2007, was $146 million and $200 million, respectively. The total intrinsic value of stock option awards exercised in the three months ended March 31, 2008 and 2007, was $33 million and $183 million, respectively. The amount of cash received from the exercise of stock options granted under share-based payment arrangements was $63 million in the three months ended March 31, 2008, and the income tax benefit realized from stock options exercised was $10 million in the same period.

The weighted average grant date fair value of options awarded in the three months ended March 31, 2008, was $6.82. The more significant assumptions used in estimating the fair value of these stock options include risk-free interest rate of 3.51 percent, expected dividend yield of 7.58 percent (as of the date of grant; subsequently the Company made the decision and announced a reduction in the dividend), expected volatility of the Company's common stock of 44 percent and weighted average expected life of the stock options of 8.0 years. The Company calculated its volatility estimate from implied volatility of actively traded options on the Company's common stock with remaining maturities of two years. This method is consistent with the prior two years, but represents a change from years prior to 2006, in which the Company calculated its volatility estimate based on historical volatility adjusted for significant changes in the Company's business activities. For the 2008 grant, the Company determined the estimated life based on historical stock option experience.

At March 31, 2008, the Company had authorization to reserve 84 million shares of its common stock for issuance under its stock option plans.

Stock award activity in the three months ended March 31, 2008, is presented on the following page.

(Options and shares in thousands)	March 31, 2008	
	Number	Weighted-Average Price (a)
STOCK OPTIONS		
Options outstanding, beginning of period	128,971	$ 41.09
Granted	**10,604**	**35.70**
Exercised	**(2,816)**	**22.71**
Expired	**(2,178)**	**42.02**
Forfeited	**(193)**	**46.13**
Options outstanding, end of period	**134,388**	$ **41.02**
Options vested and expected to vest, end of period	**132,146**	$ **40.95**
Options exercisable, end of period	**100,047**	$ **39.49**
RESTRICTED STOCK		
Unvested shares, beginning of period	19,914	$ 54.18
Granted	**11,144**	**33.79**
Vested	**(4,273)**	**56.27**
Forfeited	**(176)**	**46.83**
Unvested shares, end of period	**26,609**	$ **45.36**

(a) The weighted average price for stock options is the weighted average exercise price of the options, and for restricted stock, the weighted average fair value of the stock at the date of grant.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 5: COMPREHENSIVE INCOME

Comprehensive income is defined as the change in equity from all transactions other than those with stockholders, and it includes net income and other comprehensive income. Comprehensive income for the three months ended March 31, 2008 and 2007, is presented below.

	Three Months Ended March 31,	
(In millions)	***2008***	*2007*
COMPREHENSIVE INCOME		
Net income (loss)	$ **(664)**	2,302
OTHER COMPREHENSIVE INCOME		
Unamortized gains under employee benefit plans	**6**	-
Net unrealized gains (losses) on debt and equity securities	**(705)**	101
Net unrealized gains on derivative financial instruments	**91**	65
Total comprehensive income	$ **(1,272)**	2,468

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 6: BUSINESS SEGMENTS

Business segment results are presented excluding merger-related and restructuring expenses, other intangible amortization, minority interest in consolidated subsidiaries, discontinued operations and the effect of changes in accounting principles. The Company believes that while these items apply to overall corporate operations, they are not meaningful to understanding or evaluating the performance of the Company's individual business segments. The Company does not take these items into account as it manages business segment operations or allocates capital, and therefore, the Company's segment presentation excludes these items. Provision for credit losses is allocated to each core business segment in an amount equal to net charge-offs, and the difference between the total for the core segments and the consolidated provision, amounting to $2.1 billion in the first quarter of 2008, is recorded in the Parent. The majority of the provision reflected in the Parent related to loans in the General Bank segment.

The Company continuously updates segment information for changes that occur in the management of the Company's businesses. In the first quarter of 2008, the Company updated its segment reporting to reflect BluePoint as a discontinued operation (see Note 1), which is included in the Parent, and realigned certain corporate overhead allocations resulting in a shift of such allocations from the four core business segments to the Parent.

Segment information for 2007 has been restated to reflect these and other changes and the impact to previously reported 2007 segment earnings resulted in a $194 million increase to the General Bank, a $26 million increase in Wealth Management, a $329 million increase in the Corporate and Investment Bank, a $76 million increase in Capital Management, and a $395 million decrease in the Parent. Losses from discontinued operations in 2007 excluded from segment earnings were $230 million.

Certain amounts presented in periods prior to the first quarter of 2008 have been reclassified to conform to the presentation in the first quarter of 2008.

	Three Months Ended March 31, 2008						
(Dollars in millions)	*General Bank*	*Wealth Management*	*Corporate and Investment Bank*	*Capital Management*	*Parent*	*Net Merger-Related and Restructuring Expenses (b)*	*Consolidated*
CONSOLIDATED							
Net interest income (a)	**$ 3,455**	**181**	**1,032**	**274**	**(137)**	**(53)**	**4,752**
Fee and other income	**990**	**211**	**(159)**	**2,191**	**(456)**	**-**	**2,777**
Intersegment revenue	**55**	**5**	**(50)**	**(10)**	**-**	**-**	**-**
Total revenue (a)	**4,500**	**397**	**823**	**2,455**	**(593)**	**(53)**	**7,529**
Provision for credit losses	**569**	**5**	**197**	**-**	**2,060**	**-**	**2,831**
Noninterest expense	**2,050**	**246**	**747**	**1,855**	**302**	**241**	**5,441**
Minority interest	**-**	**-**	**-**	**-**	**198**	**(43)**	**155**
Income taxes (benefits)	**675**	**54**	**(65)**	**218**	**(1,041)**	**(75)**	**(234)**
Tax-equivalent adjustment	**11**	**-**	**21**	**1**	**20**	**(53)**	**-**
Net income (loss)	**1,195**	**92**	**(77)**	**381**	**(2,132)**	**(123)**	**(664)**
Dividends on preferred stock	**-**	**-**	**-**	**-**	**43**	**-**	**43**
Net income (loss) available to common stockholders	**$ 1,195**	**92**	**(77)**	**381**	**(2,175)**	**(123)**	**(707)**
Lending commitments	**$132,165**	**7,007**	**113,521**	**1,348**	**538**	**-**	**254,579**
Average loans, net	**311,447**	**22,413**	**101,024**	**2,562**	**28,490**	**-**	**465,936**
Average core deposits	**$297,680**	**17,397**	**33,623**	**43,084**	**2,729**	**-**	**394,513**

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

	Three Months Ended March 31, 2007						
(Dollars in millions)	*General Bank*	*Wealth Management*	*Corporate and Investment Bank*	*Capital Management*	*Parent*	*Net Merger-Related and Restructuring Expenses (b)*	*Consolidated*
CONSOLIDATED							
Net interest income (a)	$ 3,398	181	716	259	(17)	(37)	4,500
Fee and other income	845	196	1,109	1,477	107	-	3,734
Intersegment revenue	47	3	(43)	(8)	1	-	-
Total revenue (a)	4,290	380	1,782	1,728	91	(37)	8,234
Provision for credit losses	147	1	6	-	23	-	177
Noninterest expense	1,869	247	911	1,237	347	10	4,621
Minority interest	-	-	-	-	136	-	136
Income taxes (benefits)	819	48	305	179	(349)	(4)	998
Tax-equivalent adjustment	11	-	10	-	16	(37)	-
Net income (loss)	$ 1,444	84	550	312	(82)	(6)	2,302
Lending commitments	$124,253	6,686	110,214	961	503	-	242,617
Average loans, net	288,229	20,394	73,385	1,554	31,699	-	415,261
Average core deposits	$284,046	17,267	34,227	31,683	2,047	-	369,270

(a) Tax-equivalent.

(b) The tax-equivalent amounts included in each segment are eliminated herein in order for “Consolidated” amounts to agree with amounts appearing in the Consolidated Statements of Income.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 7: BASIC AND DILUTED EARNINGS PER COMMON SHARE

The calculation of basic and diluted earnings per common share for the three months ended March 31, 2008 and 2007, is presented below. For the three months ended March 31, 2008, options to purchase an average 89 million shares were anti-dilutive. For the three months ended March 31, 2007, options to purchase an average 18 million shares were anti-dilutive. Accordingly, these anti-dilutive options were excluded in determining diluted earnings per common share in both periods.

	Three Months Ended March 31,	
(In millions, except per share data)	***2008***	*2007*
Net income (loss)	$ **(664)**	2,302
Dividends on preferred stock	**43**	-
Net income (loss) available to common stockholders	$ **(707)**	2,302
Basic earnings (loss) per common share	$ **(0.36)**	1.22
Diluted earnings (loss) per common share (a)	$ **(0.36)**	1.20
Average common shares — basic	**1,963**	1,894
Common share equivalents and unvested restricted stock	**14**	31
Average common shares — diluted	**1,977**	1,925

(a) Calculated using average basic common shares in the first quarter of 2008.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 8: INCOME TAXES

At January 1, 2008, the Company had $2.6 billion of gross unrecognized income tax benefits ("UTBs"), including $1.5 billion of UTBs attributed to income tax on timing differences and $830 million of UTBs, net of deferred federal and state income tax benefits, that would impact the effective tax rate if recognized. The tax on timing difference items relates to SILO leasing transactions, for which the period of recognition of income or deductions differs for tax return and financial statement purposes. The income tax liability for the change in the period of deduction would not impact the effective income tax rate.

A reconciliation of the change in the UTB balance from January 1, 2008 to March 31, 2008, is presented below.

(In millions)	*Federal, State and Foreign Tax*	*Accrued Interest and Penalties*	*Gross Unrecognized Income Tax Benefits*	*Deferred Federal and State Income Tax Benefits*	*Unrecognized Income Tax Benefits, Net of Deferred Federal and State Benefits*
Balance at January 1, 2008	$ **2,217**	**425**	**2,642**	**(257)**	**2,385**
Additions for tax positions related to the current year	**64**	**-**	**64**	**(7)**	**57**
Additions for tax positions related to prior years	**32**	**48**	**80**	**(17)**	**63**
Reduction for tax positions related to prior years	**(1)**	**-**	**(1)**	**-**	**(1)**
Reductions for tax positions related to acquired entities in prior years, offset to goodwill	**-**	**(4)**	**(4)**	**(1)**	**(5)**
Balance at March 31, 2008	**2,312**	**469**	**2,781**	**(282)**	**2,499**
Less: tax attributable to timing items included above	**(1,534)**	**-**	**(1,534)**	**-**	**(1,534)**
Less: UTBs included above that relate to acquired entities that would impact goodwill if recognized by December 31, 2008	**(80)**	**(9)**	**(89)**	**25**	**(64)**
Total UTBs that, if recognized, would impact the effective income tax rate as of March 31, 2008	$ **698**	**460**	**1,158**	**(257)**	**901**

The Company recognizes accrued interest and penalties, if any, related to UTBs in the effective income tax rate. The balance of accrued interest and penalties at the reporting periods is presented in the table above.

On March 30, 2007, the Internal Revenue Service ("IRS") issued a Revenue Agent's Report for the years 2000 through 2002 challenging certain deductions claimed by the Company. The unagreed issues, including the Company's SILO transactions, are on appeal with the IRS Appeals Office and are not expected to be resolved by December 31, 2008.

The IRS is currently examining the Company for tax years 2003 through 2005, certain non-consolidated subsidiaries for tax years 2001 through 2006 and A.G. Edwards for the period ending October 1, 2007. The Company and its subsidiaries are currently subject to examination by various state, local and foreign taxing authorities. While one or more of these examinations may be concluded by year end, management does not believe that a significant impact to the UTB balance will occur.

With few exceptions, the Company is no longer subject to state, local or foreign income tax examinations by taxing authorities for years before 2000. The expiration of statutes of limitations for various jurisdictions is expected to reduce the UTB balance by an insignificant amount during the remainder of 2008.

Management monitors changes in tax statutes and regulations and the issuance of judicial decisions to determine the potential impact to uncertain income tax positions. On April 29, 2008, the U.S. Court of Appeals for the Fourth Circuit issued an opinion in the matter of *BB&T Corporation v. United States of America* that disallowed tax benefits associated with certain of BB&T's LILO transactions (see the Subsequent Event section of Note 1 for a more detailed description of these leasing transactions). Although the BB&T decision involved LILOs, the Company believes some aspects of the decision may also apply to SILO transactions. While the Company continues to believe its SILO transactions comply with applicable laws, under the principles established by FIN 48 the Company has estimated that a reasonably possible increase to its projected December 31, 2008 UTBs will be approximately $1.6 billion as a result of applying this ruling to

the Company's SILO transactions. Of the total increase, approximately $1.3 billion represents the tax on timing differences that will impact deferred income tax on the balance sheet, in accordance with the applicable accounting for leveraged leases. The remaining $300 million of the $1.6 billion is included in the projected charge referenced in Note 1.

NOTE 9: DERIVATIVES

DERIVATIVES USED FOR RISK MANAGEMENT

The Company may designate a derivative as either an accounting hedge of the fair value of a recognized fixed rate asset or liability or an unrecognized firm commitment ("fair value" hedge), an accounting hedge of a forecasted transaction or of the variability of future cash flows of a floating rate asset or liability ("cash flow" hedge), or a foreign currency fair value or cash flow hedge ("foreign currency" hedge). Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded as other fee income in the results of operations. To the extent of the effectiveness of a hedge, changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, net of income taxes. For all hedge relationships, ineffectiveness resulting from differences between the changes in fair value or cash flows of the hedged item and changes in fair value of the derivative are recognized as other fee income in the results of operations. Net interest settlements on derivatives designated as fair value or cash flow hedges are treated as an adjustment to the interest income or interest expense of the hedged assets or liabilities.

Concurrent with entering into a transaction that qualifies as an accounting hedge, the Company formally documents the hedge relationship, the risk management objective and the strategy for entering into the hedge. This process and documentation include identification of the hedging instrument, hedged item, risk being hedged and the methodology for assessing effectiveness and measuring ineffectiveness.

For cash flow hedges, the designated hedged risk is primarily the risk of changes in cash flows attributable to changes in the benchmark interest rate of the hedged item or forecasted transactions. For cash flow hedges, the Company uses regression analysis to make the initial assessment of the expectation of hedge effectiveness, and for each monthly period thereafter to reassess that the hedging relationship is expected to be highly effective during the period designated as being hedged. The Company also uses regression analysis to perform the retrospective evaluation of whether the derivative was effective during the hedged period. The regression analysis includes an evaluation of the quantitative measures of regression necessary to validate the conclusion of high effectiveness. The Company uses the hypothetical derivative method of measuring the hedge ineffectiveness, which is recorded on a monthly basis. Forward purchase commitments of loans and securities available for sale are considered all-in-one hedges for which the prospective and retrospective evaluations are performed through matching terms at inception and on a monthly basis.

For fair value hedges, the designated hedged risk is primarily the risk of changes in fair value attributable to changes in the benchmark interest rate of the hedged item or transactions. For fair value hedges, the Company assesses the expectation of effectiveness at the inception of the hedge and at each monthly period thereafter by analyzing the price sensitivity of the hedging instrument relative to that of the hedged item for changes in fair value attributable to the hedged risk. On a monthly basis, the Company uses the cumulative dollar-offset approach to validate the effectiveness of the hedge on a retrospective basis. The Company measures ongoing ineffectiveness for fair value hedges by comparing the changes in fair value of the hedging instrument to the changes in fair value of the hedged item attributable to the hedged risk. Fair value hedges of warehoused residential mortgage loans are designated and de-designated on a daily basis, and the frequency of the prospective, retrospective and actual ineffectiveness tests follows the hedge period. Forward sale commitments of securities available for sale share the same issuer, coupon rate and contractual maturity date as the hedged item; therefore, the prospective and retrospective evaluations are performed through matching terms at inception and on a monthly basis.

The Company discontinues hedge accounting prospectively when either it is determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item; the derivative expires or is sold, terminated or exercised; the derivative is de-designated because it is unlikely that a forecasted transaction will occur; or management determines designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued, the derivative is either terminated or reclassified as a trading account asset or liability. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted as an adjustment to yield over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transaction are still expected to occur, unrealized gains and losses accumulated in other comprehensive income are included in the results of operations in the same period when the results of operations are also affected by the hedged cash flow. The unrealized gains and losses are recognized in the results of operations immediately if the cash flow hedge was discontinued because a forecasted transaction is not expected to occur. For the three months ended March 31, 2008, losses of $10 million were recognized in other fee income representing the ineffective portion of the net gains (losses) on derivatives that qualify as cash flow and fair value hedges. This amount includes the time value of options. In addition, net interest income in the three months ended March 31, 2008, was decreased by $31 million, representing ineffectiveness of cash flow hedges caused by differences between the critical terms of the derivative and the hedged item, primarily differences in reset dates.

Commitments to purchase certain securities or loans and certain commitments to sell loans are derivatives. At inception, these commitments may be designated in a hedge relationship; otherwise, they are recorded as either trading derivatives or economic hedges depending upon their purpose. In the normal course of business the Company enters into contracts that contain a derivative that is embedded in the financial instrument. If applicable, an embedded derivative is

separated from the host contract and can be designated in a hedge relationship; otherwise, it is recorded as a freestanding derivative and recorded as either a trading derivative or an economic hedge depending upon its purpose. The Company enters into credit derivative agreements in connection with altering the risk profile of certain loans or pools of loans in the Company's loan portfolio. These credit derivatives do not meet the criteria for designation as an accounting hedge and are recorded as either trading derivatives or economic hedges depending upon their purpose. The Company enters into interest rate lock commitments as part of its commercial and consumer mortgage lending activities. These loan commitments are initially recorded at fair value. Subsequent adjustments in the value of the loan commitment are primarily related to changes in interest rates, changes in the probability that a commitment will be exercised and the passage of time. The estimate of fair value specifically excludes the value of servicing cash flows and excess servicing.

Derivatives used for risk management activity at March 31, 2008 are presented on the following page.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(In millions)	Hedged items or Transactions	Notional Amount	Gross Unrealized Gains	Gross Unrealized Losses (b)	Equity (c)	Average Maturity in Years (d)
						March 31, 2008
ASSET HEDGES (a)						
Cash flow hedges						
Interest rate swaps-receive fixed	First forecasted interest receipts on commercial loans					
Pay 1 month LIBOR swaps	1 month LIBOR risk	$ 3,037	187	-	116	2.84
Pay 3 month LIBOR swaps	1 month LIBOR risk	11,510	773	-	479	3.86
Purchased interest rate floors- 3 month LIBOR	First forecasted interest receipts on 1 month LIBOR commercial loans	21,250	59	-	36	2.06
Call options on Eurodollar futures	First forecasted interest payments on 1 month LIBOR commercial loans	56,500	25	-	8	0.25
Fair value hedges						
Interest rate swaps-pay fixed/ receive LIBOR	Individual fixed rate debt securities classified as available for sale	949	-	(47)	-	12.55
Foreign currency forwards	Currency risk associated with foreign currency denominated securities classified as available for sale	9,591	-	(1)	-	0.02
Total asset hedges		$ 102,837	1,044	(48)	639	1.20
LIABILITY HEDGES (a)						
Cash flow hedges						
Interest rate swaps-pay fixed	First forecasted interest payments on long-term debt					
Receive 1 month LIBOR swaps	1 month LIBOR risk	2,197	2	(281)	(173)	9.88
Receive 3 month LIBOR swaps	1 month LIBOR risk	6,531	-	(342)	(212)	2.99
Receive 3 month LIBOR swaps	3 month LIBOR risk	8,000	-	(115)	(71)	1.99
Receive 6 month LIBOR swaps	6 month LIBOR risk	7	-	-	-	5.22
Eurodollar futures	1 day LIBOR risk associated with the proceeds from first forecasted issuance of repurchase agreements that are part of a rollover strategy	15,000	-	(25)	(15)	0.25
Eurodollar futures	First forecasted interest payments on 3 month LIBOR ling-term debt	139,000	-	(115)	(71)	0.25
Fair value hedges						
Interest rate swaps-receive fixed/ pay floating (e)	Individual fixed rate long-term debt issuances	33,607	1,739	(128)	-	10.04
Foreign currency forwards	Currency risk associated with foreign Currency denominated repurchase agreements and long-term debt	12,951	2	(2)	-	0.09
Currency swaps	Currency risk associated with individual foreign currency denominated long-term debt	1,004	100	-	-	5.06
Total liability hedges		218,297	1,843	(1,008)	(542)	2.01
Total		$ 321,134	2,887	(1,056)	97	-

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

(a) Includes only derivative financial instruments related to interest rate risk and foreign currency risk management activities that have been designated and accounted for as accounting hedges.

(b) Represents the fair value of derivative financial instruments less accrued interest receivable or payable less unamortized premium or discount.

(c) At March 31, 2008, the net unrealized loss on derivatives included in accumulated other comprehensive income, which is a component of stockholders' equity, was $108 million, net of income taxes. Of this net of tax amount, a $97 million gain represents the effective portion of the net gains (losses) on interest rate derivatives that qualify as cash flow hedges and a $205 million loss relates to terminated and/or redesignated derivatives. At March 31, 2008, $238 million of net losses, net of income taxes, recorded in accumulated other comprehensive income, is expected to be reclassified as interest income or expense during the next twelve months. The maximum length of time over which cash flow hedges are hedging the variability in future cash flows associated with the forecasted transactions is 18.09 years.

(d) Estimated maturity approximates average life.

(e) At March 31, 2008, such swaps are denominated in U.S. dollars, Euros, Pounds Sterling and Australian dollars in the notional amounts of $28.4 billion, $2.0 billion, $2.9 billion and $320 million, respectively, and the hedged risk is the benchmark interest rate.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Expected maturities of risk management derivative financial instruments at March 31, 2008, are presented below.

	March 31, 2008					
(In millions)	1 Year or Less	1-2 Years	2-5 Years	5-10 Years	After 10 Years	Total
CASH FLOW ASSET HEDGES						
Notional amount — swaps—receive fixed	$ **102**	**695**	**13,010**	**740**	**-**	**14,547**
Notional amount — other	$ **56,500**	**-**	**21,250**	**-**	**-**	**77,750**
Weighted average receive rate (a)	**5.27** %	**5.23**	**5.11**	**4.71**	**-**	**5.10**
Weighted average pay rate (a)	**2.82** %	**2.97**	**3.08**	**3.26**	**-**	**3.08**
Unrealized gain (loss)	$ **30**	**25**	**943**	**46**	**-**	**1,044**
FAIR VALUE ASSET HEDGES						
Notional amount — swaps—pay fixed	$ **-**	**-**	**198**	**198**	**553**	**949**
Notional amount — other	$ **9,591**	**-**	**-**	**-**	**-**	**9,591**
Weighted average receive rate (a)	**-** %	**-**	**1.98**	**2.05**	**2.04**	**2.03**
Weighted average pay rate (a)	**-** %	**-**	**3.36**	**3.42**	**3.92**	**3.70**
Unrealized gain (loss)	$ **(1)**	**-**	**(10)**	**(11)**	**(26)**	**(48)**
CASH FLOW LIABILITY HEDGES						
Notional amount — swaps—pay fixed	$ **43**	**13,414**	**510**	**1,281**	**1,487**	**16,735**
Notional amount — other	$ **154,000**	**-**	**-**	**-**	**-**	**154,000**
Weighted average receive rate (a)	**2.71** %	**3.10**	**2.85**	**2.63**	**2.78**	**2.96**
Weighted average pay rate (a)	**5.52** %	**5.28**	**5.42**	**6.10**	**5.82**	**5.50**
Unrealized gain (loss)	$ **(141)**	**(325)**	**(44)**	**(170)**	**(196)**	**(876)**
FAIR VALUE LIABILITY HEDGES						
Notional amount — swaps—receive fixed	$ **5,375**	**1,550**	**4,387**	**13,138**	**9,157**	**33,607**
Notional amount — other	$ **12,951**	**-**	**822**	**182**	**-**	**13,955**
Weighted average receive rate (a)	**4.34** %	**4.94**	**5.47**	**4.80**	**5.17**	**4.92**
Weighted average pay rate (a)	**3.44** %	**2.66**	**3.62**	**3.63**	**4.06**	**3.67**
Unrealized gain (loss)	$ **71**	**65**	**371**	**890**	**314**	**1,711**

(a) Weighted average receive and pay rates include the impact of currently effective interest rate swaps only and not the impact of forward-starting interest rate swaps. All the interest rate swaps have variable pay or receive rates based on one-month to six-month LIBOR, Euros, Pounds Sterling, or Australian dollars and they are the pay or receive rates in effect at March 31, 2008.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Activity related to risk management derivative financial instruments for the three months ended March 31, 2008, is presented below.

(In millions)	*Asset Hedges*	*Liability Hedges*	*Total*
			March 31, 2008
Balance, December 31, 2007	$ 50,047	152,993	203,040
Additions (a)	**95,070**	**219,011**	**314,081**
Maturities and amortizations (a)	**(4,820)**	**(87,830)**	**(92,650)**
Terminations	**(37,208)**	**(62,800)**	**(100,008)**
Redesignations and transfers to trading account assets	**(252)**	**(3,077)**	**(3,329)**
Balance, March 31, 2008	$ **102,837**	**218,297**	**321,134**

(a) Foreign currency forwards are shown as either net additions or maturities. The foreign currency forwards are primarily short-dated contracts. At maturity of these contracts, a new foreign currency forward is typically executed to hedge the same risk as the maturing contracts.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 10: GUARANTEES

	March 31, 2008		December 31, 2007	
(In millions)	***Carrying Amount***	***Maximum Risk of Loss***	*Carrying Amount*	*Maximum Risk of Loss*
Securities and other lending indemnifications	$ **-**	**53,132**	-	59,238
Standby letters of credit	**114**	**28,958**	124	29,295
Liquidity agreements	**159**	**34,775**	14	36,926
Loans sold with recourse	**33**	**6,399**	44	6,710
Residual value guarantees	**-**	**936**	-	1,123
Written put options	**1,964**	**17,013**	1,221	15,273
Contingent consideration	**-**	**96**	-	101
Total guarantees	$ **2,270**	**141,309**	1,403	148,666

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

NOTE 11: FAIR VALUE MEASUREMENTS AND FAIR VALUE OPTION

FAIR VALUE MEASUREMENTS

The Company adopted SFAS 157, "Fair Value Measurements," on January 1, 2008. SFAS 157 establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides new income recognition criteria for certain derivative contracts. SFAS 157 nullifies the guidance included in EITF Issue No. 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities," that prohibited the recognition of gain or loss at the inception of a derivative contract unless the fair value was based on observable market data. SFAS 157 requires that a fair value measurement reflect assumptions market participants would use in pricing an asset or liability. In addition, SFAS 157 prohibits the recognition of "block discounts" for large holdings of unrestricted financial instruments where quoted prices are readily and regularly available in an active market and requires the consideration of the Company's creditworthiness when valuing derivatives and other liabilities recorded at fair value. The provisions of SFAS 157 are applied prospectively with changes recorded in current earnings, except changes in fair value measurements that result from the initial application of SFAS 157 to existing derivative financial instruments measured under EITF 02-3, existing hybrid financial instruments measured at fair value and block discounts, all of which are recorded as an adjustment to beginning retained earnings on the date of adoption. Accordingly, the Company recorded a cumulative effect adjustment of $61 million ($38 million after-tax) as an increase to beginning retained earnings on January 1, 2008. Additionally, the Company recorded net gains in the first quarter 2008 results of continuing operations of $517 million related primarily to a change in methodology used to calculate the fair value of certain investments in private equity funds held in a wholly owned investment company subsidiary, as described in more detail in the Principal Investments section below. Also BluePoint reflected a 57 percent discount at March 31, 2008, for its nonperformance risk when estimating the fair value of its derivatives under SFAS 157. See "Discontinued Operations" in Note 1 for additional information on BluePoint.

FASB Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157," delays the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except for items recognized or disclosed at fair value on a recurring basis. Under the provisions of FSP 157-2, the Company has not applied certain provisions of SFAS 157 to non-financial assets, such as real estate owned.

SFAS 157 defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as an exit price). SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under SFAS 157 are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. SFAS 157 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

DETERMINATION OF FAIR VALUE

In determining fair value, the Company uses market prices of the same or similar instruments whenever such prices are available, even in situations where trading volume may be low when compared with prior periods as has been the case during the current market disruption. A fair value measurement assumes that an asset or liability is exchanged in an orderly transaction between market participants, and accordingly, fair value is not determined based upon a forced liquidation or distressed sale. Where necessary, the Company estimates fair value using other market observable data such as prices for synthetic or derivative instruments, market indices, industry ratings of underlying collateral or models employing techniques such as discounted cash flow analyses. The assumptions used in the models, which typically include assumptions for interest rates, credit losses and prepayments, are corroborated by and independently verified against market observable data where possible. Market observable real estate data is used in valuing instruments where the underlying collateral is real estate or where the fair value of an instrument being valued highly correlates to real estate prices. Where appropriate, the Company may use a combination of these valuation approaches.

Where the market price of the same or similar instruments is not available, the valuation of financial instruments becomes more subjective and involves a high degree of judgment. Where modeling techniques are used, the models are subject to independent validation procedures in accordance with risk management policies and procedures. Further, pricing data is subject to independent verification.

The following sections describe the valuation methodologies used by the Company to measure classes of financial instruments at fair value and specify the level in the fair value hierarchy where various financial instruments are generally classified. Valuation models, significant inputs to those models and any significant assumptions are included where appropriate.

Derivatives

The Company enters into both exchange-traded and over-the-counter ("OTC") derivatives. Exchange-traded derivatives are generally valued using quoted market or exchange prices and are accordingly classified within Level 1 of the fair value hierarchy.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

The majority of the Company's derivatives, however, are not listed on an exchange and are instead executed over the counter. As no quoted market prices exist for such instruments, OTC derivatives are valued using internal valuation techniques. Valuation techniques and inputs to internally-developed models depend on the type of derivative and the nature of the underlying rate, price or index upon which the derivative's value is based. Key inputs can include yield curves, credit curves, foreign-exchange rates, prepayment rates, volatility measurements and correlation of such inputs. Where model inputs can be observed in a liquid market and the model does not require significant judgment, such derivatives are typically classified within Level 2 of the fair value hierarchy. Examples of derivatives within Level 2 include generic interest rate swaps, foreign currency swaps, commodity swaps and option contracts. When instruments are traded in less liquid markets and significant inputs are unobservable, such derivatives are classified within Level 3. Examples of derivatives within Level 3 include complex and highly structured derivatives, credit default swaps referenced to subprime residential mortgage-backed securities and long-dated equity options where volatility is not observable.

Derivatives include accounting hedges, trading derivatives, economic hedges and interest rate locks in the Company's mortgage business. Accounting hedges are included in other assets or other liabilities. Those derivatives that are held for trading purposes are considered trading derivatives and are included in trading account assets or liabilities. Economic hedges are included in other assets or other liabilities, and interest rate locks are included in other assets.

Securities and Trading Activities

When available, the Company uses quoted market prices in active markets to determine the fair value of securities. Such instruments are classified within Level 1 of the fair value hierarchy. Examples include exchange-traded equity securities and some highly liquid government securities such as U.S. Treasuries.

When instruments are traded in secondary markets and quoted market prices do not exist for such securities, the Company generally relies on internal valuation techniques or on prices obtained from independent vendors. The majority of fair values derived using internal valuation techniques are verified against prices obtained from independent vendors. Vendors compile prices from various sources and often apply matrix pricing for similar securities when no price is observable. Securities measured with these internal valuation techniques are generally classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses using inputs observable in the market where available. Examples include corporate bonds and U.S. Government agency and Government-sponsored entity mortgage-backed securities and collateralized mortgage obligations.

Where significant inputs are unobservable in the market due to limited activity or a less liquid market, securities valued using models with such inputs are classified in Level 3 of the fair value hierarchy. Securities classified within Level 3 include subprime residential mortgage-backed securities ("RMBS") and collateralized debt obligations ("CDOs") backed by subprime RMBS, which the Company refers to as ABS CDOs. ABS CDOs are valued using the prices of similar instruments, the pricing of completed or pending third party transactions or the pricing of the underlying collateral within the CDO. Where prices are not readily available, management's best estimate is used. Additional examples of securities classified within Level 3 include certain residual and retained interests in securitizations and collateralized loan obligations ("CLOs") that are backed by leveraged loans. Subordinated and residual interests and CLOs for which there are no quoted market prices are valued using discounted cash flow analyses with credit losses, prepayments and discount rates as assumptions.

Principal Investments

With the adoption of SFAS 157, the valuation methodology for investments in the Company's principal investing business, included in other assets, changed significantly. Prior to adoption, for public equity investments, fair value was based on quoted market prices, net of applicable blockage discounts and other discounts relating to trading restrictions and liquidity. Public equity investments are now valued using quoted market prices and discounts will only be applied when there are trading restrictions that are an attribute of the investment. Accordingly, the Company recorded gains of $28 million after-tax ($45 million pre-tax) as a cumulative effect adjustment to beginning 2008 retained earnings, related to removal of blockage discounts previously applied in determining the fair value of certain public equity investments. These public equity investments are classified within Level 1 of the fair value hierarchy unless adjustments for restrictions are applied, which would result in a classification as either Level 2 or 3.

  Prior to adoption of SFAS 157, investments in non-public securities, both private direct investments and investments in funds, were recorded at the Company's estimate of fair value, which was generally the original cost basis unless either the investee had raised additional debt or equity capital and the Company believed the transaction, taking into consideration differences in the terms of securities, was a better indicator of fair value; or the Company believed the fair value was less than the carrying amount. Under SFAS 157, private direct investments are valued using metrics such as security prices of comparable public companies, acquisition prices for similar companies and original investment purchase price multiples, while also incorporating a portfolio company's financial performance and specific risk factors. For certain fund investments, where the best estimates of fair value were primarily determined based upon fund sponsor data, the Company now uses net asset value ("NAV") provided by the fund sponsor as an appropriate measure of fair value. In some cases, such NAVs require adjustments based on certain unobservable inputs. Due to the absence of

quoted market prices and the inherent lack of liquidity for these investments, significant management judgment is required, and as such, non-public securities are classified within Level 3 of the hierarchy. These changes in valuation methodology to reflect an estimated exit price, versus the prior methodology that was based primarily upon initial fair value and fund sponsor data, led to the Company's recognition of a $486 million pre-tax gain in the first quarter 2008 results of operations.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Mortgage Servicing Rights

With the adoption of SFAS 156, the Company elected to record a class of originated residential mortgage servicing assets at fair value on an ongoing basis. Mortgage servicing rights ("MSRs"), which are classified in other assets, do not trade in active markets with readily observable prices. Valuations of originated residential MSRs recorded at fair value are estimated using discounted cash flows with prepayment speeds and discount rates as significant assumptions. Accordingly, MSRs are included within Level 3 of the fair value hierarchy. See Note 3 for additional information on MSRs.

Loans and Loans Held For Sale

The market value of loans and loans held for sale is determined based on quoted market prices for the same or similar loans when such information is available; otherwise the Company uses outstanding investor commitments, discounted cash flow analyses with market assumptions or the fair value of the collateral if the loan is collateral dependent. Loans held for sale are aggregated for purposes of calculating the market value, consistent with the strategy for sale of the loans. Such loans are classified within either Level 2 or Level 3 of the fair value hierarchy. Where assumptions are made using significant unobservable inputs, such loans held for sale are classified as Level 3.

ITEMS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2008, for each of the fair value hierarchy levels.

					March 31, 2008
(In millions)	*Level 1*	*Level 2*	*Level 3*	*Netting (b)*	*Total*
ASSETS					
Cash trading instruments	$ **4,707**	**32,681**	**6,825**	**-**	**44,213**
Derivatives	**260**	**121,011**	**11,179**	**(104,071)**	**28,379**
Total trading account assets	**4,967**	**153,692**	**18,004**	**(104,071)**	**72,592**
Securities	**1,394**	**103,751**	**9,038**	**-**	**114,183**
Loans	**-**	**-**	**3**	**-**	**3**
Loans held for sale	**-**	**3,546**	**106**	**-**	**3,652**
Other assets (a)	**547**	**4,072**	**3,325**	**(4,311)**	**3,633**
Total assets at fair value	$ **6,908**	**265,061**	**30,476**	**(108,382)**	**194,063**
LIABILITIES					
Cash trading instruments	**4,973**	**2,678**	**55**	**-**	**7,706**
Derivatives	**679**	**116,653**	**12,153**	**(108,304)**	**21,181**
Total trading account liabilities	**5,652**	**119,331**	**12,208**	**(108,304)**	**28,887**
Other liabilities (a)	**140**	**1,172**	**61**	**(4,311)**	**(2,938)**
Total liabilities at fair value	$ **5,792**	**120,503**	**12,269**	**(112,615)**	**25,949**

(a) Other assets and other liabilities include accounting hedges and economic hedges that are entered into for certain risk management purposes. Other assets also include principal investments and mortgage servicing assets carried at fair value.

(b) Derivatives are reported net of cash collateral received and paid, and to the extent the criteria of FIN 39 are met, positions with the same counterparty are netted as a part of a legally enforceable master netting agreement between the Company and the derivative counterparty.

LEVEL 3 ITEMS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The determination to classify a financial instrument within Level 3 of the fair value hierarchy is based on the significance of the unobservable inputs to the overall fair value measurement. However, in addition to unobservable inputs, the valuation of Level 3 instruments typically includes observable inputs as well. Thus, the gains and losses reflected in the rollforward of balances below include changes in fair value that are due at least partially to observable factors that are part of the valuation methodology. Additionally, the Company uses derivatives classified within Level 1 or 2 of the fair value hierarchy to manage certain risk characteristics of Level 3 financial instruments. Because Level 1 and 2 instruments are not included in this discussion or in the rollforward below, gains and losses may appear to reflect a certain degree of volatility when presented exclusive of related Level 1 and 2 derivatives that may be used to offset risk in Level 3 instruments.

Additionally, certain instruments within Level 3 assets include derivatives related to private label RMBS and certain commercial mortgage-backed securities transactions. Included in derivative assets and liabilities is activity associated with the intermediation of ABS and commercial real estate ("CRE") CDO securitizations, where the Company purchases credit default protection related to the securitization of specific RMBS and CRE reference obligations and then sells protection

on the same exposure to various market participants, resulting in a significant amount of credit default exposure being economically hedged. Of the $11.2 billion of Level 3 derivative assets, $7.8 billion represents credit default exposure that is economically hedged with derivative liabilities on the same reference obligation. The remaining Level 3 derivative assets and liabilities are also subject to the Company’s established risk management practices.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

There was no significant change in total Level 3 assets measured at fair value during the first quarter of 2008, as total Level 3 assets were 4 percent of the Company's total assets at both December 31, 2007, and March 31, 2008. Prior to adoption of SFAS 157, these assets increased in the second half of 2007, when the financial markets experienced unprecedented deterioration, particularly the markets for subprime RMBS and ABS CDOs, as well as for credit default swaps. Significant inputs typically used to value such instruments became unobservable in the mortgage market due to a decline in liquidity, as new issue activity no longer existed and independent pricing information was not always available for the instruments. During the three months ended March 31, 2008, the Company purchased $2.6 billion of RMBS, which were partially offset by certain securities available for sale transferring from Level 3 to Level 2, as significant inputs to the valuation of such securities became observable.

The following table presents the changes in the Level 3 assets and liabilities for the three months ended March 31, 2008.

	Three Months Ended March 31, 2008						
(In millions)	*Beginning balance*	*Included in earnings*	*Included in other comprehensive income*	*Purchases, issuances and settlements, net*	*Transfers in and/or out of Level 3*	*Ending balance*	*Change in unrealized gains (losses) relating to instruments still held at the reporting date*
ASSETS							
Cash trading instruments	$ 6,494	(397)	-	341	387	6,825	(399)
Securities	9,575	(544)	(290)	2,558	(2,261)	9,038	(58)
Loans	-	-	-	-	3	3	-
Loans held for sale	106	-	-	-	-	106	-
Other assets	$ 2,737	642	-	(54)	-	3,325	546
LIABILITIES							
Cash trading instruments	$ 29	3	-	(1)	24	55	2
Derivatives, net (a)	605	(94)	-	438	25	974	178
Other liabilities	$ 32	29	-	-	-	61	(25)

(a) Total Level 3 derivative exposures have been netted for presentation purposes.

Gains and losses (realized and unrealized) included in earnings for the three months ended March 31, 2008, for Level 3 assets and liabilities reported in net interest income, trading account profits (losses), principal investing, securities gains (losses) and other income are presented in the table below.

	Three Months Ended March 31, 2008				
(In millions)	*Net Interest Income*	*Trading Account Profits (Losses)*	*Principal Investing*	*Securities Gains (Losses)*	*Other Income*
Total gains (losses)	$ 3	(330)	506	(543)	127
Change in unrealized gains (losses) relating to assets still held at March 31, 2008	$ -	(241)	407	(58)	136

ITEMS MEASURED AT FAIR VALUE ON A NONRECURRING BASIS

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, for example, when there is evidence of impairment. These instruments are measured at fair value on a nonrecurring basis and include assets such as certain loans held for sale, which are measured at the lower of cost or market value, and certain loans that have been deemed impaired.

Loans held for sale with a carrying amount of $3.2 billion were written down to their fair value of $2.8 billion, resulting in a loss of $375 million, which was included in first quarter 2008 results of operations. Certain of these positions are economically hedged with derivatives classified as trading account assets.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

When a loan held for investment is deemed impaired, a creditor measures impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, impairment may be measured based on the fair value of the loan or on the fair value of the underlying collateral if the loan is collateral dependent. Loans deemed to be impaired based on a fair value measurement totaled $2.7 billion with the portion deemed to be impaired included in the allowance for loan losses.

The following table presents financial instruments by level within the fair value hierarchy at March 31, 2008, for which a nonrecurring change in fair value was recorded during the three months ended March 31, 2008.

	Fair Value Measurements				
(In millions)	*Level 1*	*Level 2*	*Level 3*	*Total*	*Total gains (losses)*
ASSETS					
Loans	$ -	**1,416**	**1,258**	**2,674**	**(530)**
Loans held for sale	-	**2,084**	**748**	**2,832**	**(375)**
Other assets	-	**242**	**110**	**352**	**(117)**
LIABILITIES					
Other liabilities	$ -	-	-	-	-

FAIR VALUE OPTION

The Company adopted SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," on January 1, 2008. SFAS 159 permits companies to elect to carry certain financial instruments at fair value with corresponding changes in fair value reported in the results of operations. The election to carry an instrument at fair value is made at the individual contract level and can be made only at origination or inception of the instrument, or upon the occurrence of an event that results in a new basis of accounting. The election is irrevocable. As of January 1, 2008, the Company recorded a cumulative effect adjustment of $60 million ($38 million after-tax) as a charge to beginning retained earnings as a result of the adoption of SFAS 159.

The instruments for which the Company elected fair value and the resulting transition adjustment are presented below.

(In millions)	*As of January 1, 2008, prior to adoption of SFAS 159*	*Transition adjustment gain (loss)*	*As of January 1, 2008, after adoption of SFAS 159*
Trading account assets	$ **6,807**	**(60)**	**6,747**
Loans held for sale	**16**	**-**	**16**
Pretax cumulative effect of adoption of fair value option		**(60)**	
Income taxes		**22**	
Cumulative effect of adoption of fair value option		$ **(38)**	

The total transition adjustment is attributable to certain securities available for sale elected for fair value option and represents the unrealized loss at December 31, 2007, reclassified from accumulated other comprehensive income to retained earnings effective January 1, 2008. The intent of the Company's election was to provide an alternative to hedge accounting. Following election of the fair value option, these securities available for sale were reclassified to trading account assets as required by SFAS 159.

Election of fair value and the consequent move to trading account assets did not change the intent of the Company to hold the elected securities as originally intended when they were accounted for in securities available for sale. The securities carried at fair value continue to be managed as they had been managed within securities available for sale.

On January 1, 2008, certain purchased distressed nonperforming residential real estate loans held for sale were also elected to be carried at fair value with corresponding changes in fair value reported in the results of operations. As these loans held for sale were carried at the lower of cost or market ("LOCOM") prior to adoption and were in a loss position, no transition adjustment was required. This election was intended to decrease earnings volatility.

As the adoption of SFAS 159 provides the Company with the opportunity to mitigate volatility in earnings caused by measuring related assets and liabilities differently without the need to apply complex hedge accounting provisions, the Company has chosen to elect fair value option for certain financial assets and liabilities on a prospective basis and will continue to evaluate opportunities for election going forward.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

During first quarter 2008, the Company elected fair value for certain newly originated retail mortgage loans held for sale. These elections were made due to the short holding period of such loans, and accordingly the Company still owns certain loans held for sale originated prior to adoption of SFAS 159 that are not carried at fair value under the fair value option. Securities elected upon adoption resulted in a $114 million charge to results of operations, net of their related interest rate hedges. These securities included certain seasoned mortgage-backed securities and were elected due to their predictable price risk as interest rates change, in connection with the Company's risk management strategy. Prospectively, the Company plans to elect fair value for certain newly originated loans and loans held for sale, certain purchased securities and certain debt issuances with related unrealized gains and losses reported in the results of operations.

The following table presents gains due to changes in fair value for items measured at fair value pursuant to election of the fair value option for the three months ended March 31, 2008.

	Three Months Ended March 31, 2008		
(In millions)	*Trading Profits*	*Other Income*	*Total*
Trading account assets (a)	$ **52**	**-**	**52**
Loans held for sale	$ **-**	**42**	**42**

(a) The gain related to securities elected for fair value option excludes a $166 million net loss on related interest rate hedges.

The above amounts do not include interest and dividends earned during the period. Such interest and dividends are recorded in interest income or interest expense on an accrual basis.

For the three months ended March 31, 2008, the estimated change in fair value of loans and other receivables for which the fair value option was elected that was attributable to changes in instrument-specific credit risk was insignificant.

As of March 31, 2008, the aggregate fair value of loans and long-term receivables for which the fair value option has been elected exceeded the aggregate unpaid contractual principal amount by $20 million. As of March 31, 2008, no loans and long-term receivables for which the fair value option has been elected are 90 days or more past due. The aggregate fair value of loans that are in nonaccrual status as of March 31, 2008, was $14 million and the contractual principal amount of such loans exceeded the fair value by $20 million.

The aggregate carrying amount of items not eligible for the fair value option is $23.6 billion, which represents the Company's lease financing receivables and is included in loans on the balance sheet.

Source: WACHOVIA CORP NEW, 10-Q, May 12, 2008

Exhibit (31)(a)

WACHOVIA CORPORATION
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, G. Kennedy Thompson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 of Wachovia Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2008

/s/ G. Kennedy Thompson
G. Kennedy Thompson
Chief Executive Officer

Exhibit (31)(b)

WACHOVIA CORPORATION
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Thomas J. Wurtz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 of Wachovia Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2008

/s/ Thomas J. Wurtz
Thomas J. Wurtz
Chief Financial Officer

Exhibit (32)(a)

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Wachovia Corporation (“Wachovia”) for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, G. Kennedy Thompson, Chief Executive Officer of Wachovia, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Wachovia.

/s/ G. Kennedy Thompson
G. Kennedy Thompson
Chief Executive Officer

May 12, 2008

Exhibit (32)(b)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Wachovia Corporation ("Wachovia") for the period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Wurtz, Chief Financial Officer of Wachovia, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Wachovia.

/s/ Thomas J. Wurtz
Thomas J. Wurtz
Chief Financial Officer

May 12, 2008

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