WACHOVIA CORP NEW
Form 424B5
August 04, 2004
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PROSPECTUS SUPPLEMENT | Filed Pursuant to Rule 424(b)(5)

(To prospectus dated May 31, 2002) | Registration No. 333-72374

$12,518,000

Wachovia Corporation

LUNARS[SM]

(Leveraged Upside iNdexed Accelerated Return Securities)

Linked to the S&P 500® Index

due November 9, 2005

Issuer:	Wachovia Corporation
Principal Amount:	Each note will have a principal amount of $1,000. Each note will be offered at an original public offering price of $1,000.
Maturity Date:	November 9, 2005
Interest:	Wachovia will not pay you interest during the term of the notes.
Market Measure:	The return on the notes is linked to the performance of the S&P 500® Index.
Payment at Maturity:	The amount you receive at maturity, for each note you own, will be based upon the percentage change in the level of the Index from the Index starting level relative to the Index ending level (calculated as described in this prospectus supplement). If the Index ending level is higher than the Index starting level, at maturity you will receive a payment per note based upon double the percentage increase of the Index, not to exceed a maximum payment of $1,125 per note. If the Index ending level is lower than the Index starting level, at maturity you will receive a payment per note based upon the full percentage decrease of the Index. ***If the Index ending level is lower than the Index starting level, you will lose some or all of your principal***.
Listing:	Wachovia has applied to list the notes on the American Stock Exchange under the symbol WDB.A . The American Stock Exchange has advised us that our application may not be approved until the rule filing submitted by the American Stock Exchange in respect of the notes is approved by the Securities and Exchange Commission.
Pricing Date:	August 3, 2004
Expected Settlement Date:	August 9, 2004
CUSIP Number:	92976WAA4

For a detailed description of the terms of the notes, see Summary Information beginning on page S-1 and Specific Terms of the Notes beginning on page S-9.

Investing in the notes involves risks. See Risk Factors beginning on page S-5.

	Per Note	Total
Public Offering Price	$ 1,000.00	$ 12,518,000.00
Underwriting Discount and Commission	$ 15.00	187,770.00
Proceeds to Wachovia Corporation.	$ 985.00	$ 12,330,230.00

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

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

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

Wachovia Securities

The date of this prospectus supplement is August 3, 2004.

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Prospectus Supplement

Prospectus

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

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SUMMARY INFORMATION

This summary includes questions and answers that highlight selected information from this prospectus supplement and the accompanying prospectus to help you understand the LUNARS℠ (Leveraged Upside iNdexed Accelerated Return Securities) Linked to the S&P 500® Index due November 9, 2005 (the notes). You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the notes, the S&P 500® Index (the Index) and the tax and other considerations that are important to you in making a decision about whether to invest in the notes. You should carefully review the section Risk Factors in this prospectus supplement and the accompanying prospectus, which highlights certain risks associated with an investment in the notes, to determine whether an investment in the notes is appropriate for you.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to Wachovia , we , us and our or similar references mean Wachovia Corporation and its subsidiaries. Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to Wachovia Securities mean Wachovia Securities, LLC and all references to WBNA mean Wachovia Bank, National Association. All references to this prospectus supplement mean the pricing supplement contemplated in the accompanying prospectus.

What are the notes?

The notes offered by this prospectus supplement will be issued by Wachovia and will mature on November 9, 2005. The return on the notes will be linked to the performance of the Index. The notes will bear no interest and no other payments will be made until maturity.

As discussed in the accompanying prospectus, the notes are debt securities and are part of a series of debt securities entitled Medium-Term Notes, Series E that Wachovia may issue from time to time. The notes will rank equally with all other unsecured and unsubordinated debt of Wachovia. For more details, see Specific Terms of the Notes beginning on page S-9.

Each note will have a principal amount of $1,000. Each note will be offered at an original public offering price equal to $1,000. You may transfer only whole notes. Wachovia will issue the notes in the form of a global certificate, which will be held by The Depository Trust Company, also known as DTC, or its nominee. Direct and indirect participants in DTC will record your ownership of the notes.

What will I receive upon maturity of the notes?

At maturity, for each note you own, you will receive a cash payment equal to the redemption amount . The redemption amount to which you will be entitled depends on the percentage change in the level of the Index calculated based on the Index ending level (as defined below) relative to the Index starting level (as defined below):

If the Index ending level is greater than the Index starting level, the redemption amount per note will equal:

$$\$1{,}000 + \left(\$2{,}000 \times \left(\frac{\text{Index ending level} \quad \text{Index starting level}}{\text{Index starting level}} \right)\right)$$

provided, however, that the redemption amount may not exceed $1,125 per note (the capped amount).

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If the Index ending level is equal to or less than the Index starting level, the redemption amount per note will equal:

$$\$1{,}000 \times \left(\frac{\text{Index ending level}}{\text{Index starting level}} \right)$$

The Index starting level is 1099.69, the closing level of the Index on August 3, 2004.

The Index ending level will be the closing level of the Index on the fourth scheduled trading day prior to the maturity date.

You should understand that the opportunity to participate in the possible increases in the level of the Index through an investment in the notes is limited because the amount that you receive at maturity will never exceed the capped amount. The capped amount represents a maximum appreciation on the notes of 12.5% over the principal amount of the notes. However, in the event that the Index ending level is less than the Index starting level, the amount you will receive at maturity will be proportionately less than the principal amount of the notes. ***Accordingly, if the level of the Index declines in this manner, you will lose some or all of your principal.***

Hypothetical Examples

Set forth below are three hypothetical examples of the calculation of the redemption amount payable at maturity of the notes.

Index starting level: 1099.69

Capped amount: $1,125

Example 1 The hypothetical Index ending level is equal to 50% of the Index starting level:

Hypothetical Index ending level: 549.85

$$\text{Redemption amount (per note)} = \$1{,}000 \times \left(\frac{549.85}{1099.69} \right) = \$500$$

Since the Index ending level is *less* than the Index starting level, you will lose some of your principal based on the percentage change in the level of the Index. Your total cash payment at maturity would be $500 per note, representing a 50% total loss on your investment.

Example 2 The hypothetical Index ending level is equal to 105% of the Index starting level:

Hypothetical Index ending level: 1154.67

$$\text{Redemption amount (per note)} = \quad \$1{,}000 + \left(\$2{,}000 \text{ x } \left(\frac{1154.67 \quad 1099.69}{1099.69} \right)\right) \quad = \$1{,}100$$

Since the Index ending level is *greater* than the Index starting level, you will receive two times the amount of the percentage change in the level of the Index, subject to the capped amount. Your total cash payment at maturity would be $1,100 per note, representing a 10% total return on your investment.

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Example 3 The hypothetical Index ending level is equal to 150% of the Index starting level:

Hypothetical Index ending level: 1,649.54

$$\text{Redemption amount (per note)} = \$1{,}000 + \left(\$\,2{,}000 \times \left(\frac{1{,}649.54 \quad 1{,}099.69}{1{,}099.69} \right) \right) = \$2{,}000$$

(subject to $1,125 capped amount)

Since the Index ending level is *greater* than the Index starting level, you will receive two times the amount of the percentage change in the Index, subject to the capped amount. Although the calculation of the redemption amount would generate a result of $2,000 per note, your redemption amount at maturity would be limited to $1,125 per note, representing a 12.5% maximum total return. This is because the maximum payment on the notes at maturity may not exceed the capped amount.

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

We have designed the notes for investors who want to participate in the possible appreciation of the Index (measured by the percentage change in the level of the Index based on the Index ending level relative to the Index starting level), subject to the capped amount of 12.5% over the principal amount of the notes. The notes are designed for investors who are also willing to make an investment that is exposed to the full downside performance risk of the Index. The notes are not designed for, and may not be a suitable investment for, investors who seek principal protection for their investment and who are unwilling to make an investment exposed to any downside performance risk of the Index. This may not be a suitable investment for investors who prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings.

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

The market value of the notes may fluctuate between the date you purchase them and the maturity of the notes. Several factors and their interrelationship will influence the market value of the notes, including the level of the Index, dividend yields of the component stocks underlying the Index, the time remaining to maturity of the notes, interest rates and the volatility of the Index. Depending on the impact of these factors, you may receive less than $1,000 per note from any sale of your notes before the maturity date of the notes and less than what you would have received had you held the notes until maturity. For more details, see Risk Factors Many factors affect the market value of the notes .

Who publishes the Index and what does the Index measure?

The Index is published by Standard & Poor s, a division of The McGraw-Hill Companies, Inc. (Standard & Poor s or S&P), and is intended to provide an indication of the pattern of common stock price movement. The calculation of the level of the Index is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. Standard & Poor s chooses companies for inclusion in the Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the Standard & Poor s Stock Guide Database, which Standard & Poor s uses as an assumed model for the composition of the total market.

The Index is determined, compared and calculated by Standard & Poor s without regard to the notes.

You should be aware that an investment in the notes does not entitle you to any ownership interest in the stocks of the companies included in the Index. For a detailed discussion of the Index, see The S&P 500® Index beginning on page S-14.

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What about taxes?

The U.S. federal income tax consequences of an investment in the notes are complex and uncertain. By purchasing a note, you and Wachovia hereby agree, in the absence of an administrative or judicial ruling to the contrary, to characterize a note for all tax purposes as a pre-paid cash-settled forward contract linked to the level of the Index. Under this characterization of the notes, you should be required to recognize capital gain or loss to the extent that you receive cash on the maturity date or upon a sale or exchange of a note prior to the maturity date. For a further discussion, see Supplemental Tax Considerations beginning on page S-18.

Will the notes be listed on a stock exchange?

We have applied to list the notes on the American Stock Exchange under the symbol WDB.A. The American Stock Exchange has advised us that our application may not be approved until the rule filing submitted by the American Stock Exchange in respect of the notes is approved by the Securities and Exchange Commission. We cannot predict whether or when the Securities and Exchange Commission will approve the related rule filing and whether or when the American Stock Exchange will approve our application. You should be aware that even if the notes are listed on the American Stock Exchange, a liquid trading market will not necessarily develop for the notes. Accordingly, if you sell your notes prior to maturity, you may have to sell them at a substantial loss. You should review the section entitled Risk Factors There may not be an active trading market for the notes in this prospectus supplement.

Are there any risks associated with my investment?

Yes, an investment in the notes is subject to significant risks, including the risk of loss of some or all of your principal. We urge you to read the detailed explanation of risks in Risk Factors beginning on page S-5.

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RISK FACTORS

An investment in the notes is subject to the risks described below, as well as the risks described under Risks Related to Indexed Notes in the accompanying prospectus. Your notes are a riskier investment than ordinary debt securities. Also, your notes are not equivalent to investing directly in the component stocks, i.e., the common stocks underlying the Index to which your notes are linked. You should carefully consider whether the notes are suited to your particular circumstances.

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

We will not repay you a fixed amount of principal on the notes at maturity. The payment at maturity on the notes will depend on the percentage change in the level of the Index based on the Index ending level relative to the Index starting level. Because the level of the Index is subject to market fluctuations, the amount of cash you receive at maturity may be more or less than the principal amount of the notes. If the Index ending level is less than the Index starting level, the redemption amount will be less than the principal amount of each note. ***Accordingly, if the level of the Index declines in this manner, you will lose some or all of your principal.***

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

The yield that you will receive on your notes, which could be negative, may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of Wachovia with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. Unlike standard senior non-callable debt securities, the notes do not guarantee the return of a principal amount at maturity. In addition, no interest will be paid during the term of your notes.

Your return is limited and will not reflect the return of owning the common stocks underlying the Index

You should understand that the opportunity to participate in the possible appreciation in the level of the Index through an investment in the notes is limited because the amount that you receive at maturity will never exceed the capped amount. The capped amount represents a maximum appreciation on the notes of 12.5% over the principal amount of the notes. Although any positive return on the notes is based on double the amount of the percentage increase in the Index, in no event will the amount you receive at maturity be greater than the capped amount of $1,125 per note. However, in the event that the Index ending level is less than the Index starting level, you will realize the entire decline and will lose some or all of your principal.

Your return will not reflect dividends paid on the common stocks underlying the Index

Your return will not reflect the return you would realize if you actually owned the stocks underlying the Index and received the dividends paid on those stocks because the level of the Index is calculated by reference to the prices of the common stocks underlying the Index without taking into consideration the value of dividends paid on those stocks.

There may not be an active trading market for the notes

We have applied to list the notes on the American Stock Exchange under the symbol WDB.A. The American Stock Exchange has advised us that our application may not be approved until the rule filing submitted by the American Stock Exchange in respect of the notes is approved by the Securities and Exchange Commission. We cannot predict whether or when the Securities and Exchange Commission will approve the related rule filing and whether or when the American Stock Exchange will approve our application. You should be aware that even if the notes are listed on the American Stock Exchange, a liquid trading market will not necessarily develop for the notes. The development of a trading market for the notes will depend on our financial performance and other factors such as the increase, if any, in the level of the Index. Even if a secondary market for the notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your note in any secondary market could be substantial. If you sell your notes before maturity, you may have to do so at a discount from the original public offering price, and, as a result, you may suffer substantial losses.

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

Many factors affect the market value of the notes

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

The level of the Index is expected to affect the market value of the notes

We expect that the market value of the notes will depend substantially on the amount, if any, by which the Index ending level exceeds or does not exceed the Index starting level. If you choose to sell your notes when the level of the Index exceeds the Index starting level, you may receive substantially less than the amount that would be payable at maturity based on this level because of the expectation that the Index will continue to fluctuate until the Index ending level is determined. In addition, because the payment at maturity on the notes will not exceed the capped amount, we do not expect that the notes will trade in the secondary market above the capped amount.

Changes in the volatility of the Index are expected to affect the market value of the notes

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

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

We expect that changes in interest rates, even if they do not affect the level of the Index as described above, may affect the market value of the notes and, depending upon other factors (such as the then current level of the Index, the magnitude of the changes in interest rates and the time remaining to the maturity of the notes), such changes may be adverse to holders of the notes.

Changes in dividend yields of the stocks included in the Index are expected to affect the market value

of the notes

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

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

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

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

Wachovia and its affiliates have no affiliation with Standard & Poor s and are not responsible for its public disclosure of information

Wachovia and its affiliates are not affiliated with Standard & Poor s in any way (except for licensing arrangements discussed below under The S&P 500® Index) and have no ability to control or predict its actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Index. If S&P discontinues or suspends the calculation of the Index, it may become difficult to determine the market value of the notes or the redemption amount payable at maturity. The calculation agent may designate a successor index selected in its sole discretion. If the calculation agent determines in its sole discretion that no successor index comparable to the Index exists, the amount you receive at maturity will be determined by the calculation agent in its sole discretion. See Specific Terms of the Notes Market Disruption Event on page S-11 and Specific Terms of the Notes Discontinuation of the Index; Adjustments to the Index on page S-10. S&P is not involved in the offer of the notes in any way and has no obligation to consider your interest as an owner of notes in taking any actions that might affect the value of your notes.

We have derived the information about S&P and the Index in this prospectus supplement from publicly available information, without independent verification. Neither we nor any of our affiliates assumes any responsibility for the adequacy or accuracy of the information about the Index or S&P contained in this prospectus supplement. You, as an investor in the notes, should make your own investigation into the Index and S&P.

Historical levels of the Index should not be taken as an indication of the future levels of the Index during the term of the notes

The trading prices of the stocks underlying the Index will determine the Index level at any given time. As a result, it is impossible to predict whether the level of the Index will rise or fall. Trading prices of the stocks underlying the Index will be influenced by complex and interrelated political, economic, financial and other factors that can affect the issuers of the stocks underlying the Index.

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

As described below under Use of Proceeds and Hedging on page S-21, we or one or more of our affiliates may hedge our obligations under the notes by purchasing stocks underlying the Index, futures or options on the Index or stocks underlying the Index, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the trading prices of stocks underlying the Index or the level of the Index, and we may adjust these hedges by, among other things, purchasing or selling stocks underlying the Index, futures, options, or exchange-traded funds or other derivative instruments with returns linked to the Index or the stocks underlying the Index at any time. Although they are not expected to, any of these hedging activities may adversely affect the trading prices of stocks underlying the Index and/or the level of the Index and, therefore, the market value of the notes. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the notes declines.

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Potential conflicts of interest could arise

Our subsidiary, WBNA, is our agent for the purposes of calculating the Index ending level and the redemption amount payable at maturity. Under certain circumstances, WBNA s role as our subsidiary and its responsibilities as calculation agent for the notes could give rise to conflicts of interest. These conflicts could occur, for instance, in connection with its determination as to whether the level of the Index can be calculated on a particular trading day, or in connection with judgments that it would be required to make in the event of a discontinuance of the Index. See the sections entitled Specific Terms of the Notes Discontinuance of the Index; Adjustments to the Index on page S-10 and Specific Terms of the Notes Market Disruption Event on page S-11. WBNA is required to carry out its duties as calculation agent in good faith and using its reasonable judgment.

Wachovia or its affiliates may presently or from time to time engage in business with one or more of the issuers of component stocks included in the Index. This business may include extending loans to, or making equity investments in, such companies or providing advisory services to such companies, including merger and acquisition advisory services. In the course of business, Wachovia or its affiliates may acquire non-public information relating to these companies and, in addition, one or more affiliates of Wachovia may publish research reports about these companies. Wachovia does not make any representation to any purchasers of the notes regarding any matters whatsoever relating to the issuers of component stocks included in the Index. Any prospective purchaser of the notes should undertake an independent investigation of these companies as in its judgment is appropriate to make an informed decision regarding an investment in the notes. The composition of the issuers of component stock included in the Index does not reflect any investment or sell recommendations of Wachovia or its affiliates.

Tax consequences are uncertain

You should consider the tax consequences of investing in the notes, significant aspects of which are uncertain. See Supplemental Tax Considerations on page S-18.

You will not receive interest payments on the notes or dividend payments on the stocks underlying the Index

You will not receive any interest payments on the notes and you will not receive any dividend payments or other distributions on the component stocks included in the Index. As a holder of the notes, you will not have voting rights or any other rights that holders of the component stocks included in the Index may have.

Certain considerations for insurance companies and employee benefit plans

A fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call ERISA , or the Internal Revenue Code of 1986, as amended, and that is considering purchasing the notes with the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a prohibited transaction under ERISA, the Internal Revenue Code or any substantially similar prohibition. These prohibitions are discussed in further detail under Employee Retirement Income Security Act on page S-19.

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SPECIFIC TERMS OF THE NOTES

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

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

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

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

No Interest

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

Denominations

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

Payment at Maturity

At maturity, for each note you own, you will receive a cash payment equal to the redemption amount, as provided below. The redemption amount to which you will be entitled depends on the percentage change in the level of the Index calculated based on the Index ending level relative to the Index starting level.

Determination of the Redemption Amount

The redemption amount for each note will be determined by the calculation agent as described below:

If the Index ending level is *greater* than the Index starting level, the redemption amount per note will equal:

$$\$1{,}000 + \left(\$2{,}000 \times \left(\frac{\text{Index ending level} \quad \text{Index starting level}}{\text{Index starting level}} \right)\right)$$

provided, however, that the redemption amount may not exceed $1,125 per note (the capped amount).

If the Index ending level is equal to or less than the Index starting level, the redemption amount per note will equal:

$$\$1{,}000 \times \left(\frac{\text{Index ending level}}{\text{Index starting level}} \right)$$

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The Index starting level is 1,099.69, closing level of the Index on August 3, 2004.

The Index ending level will be determined by the calculation agent and will equal the closing level of the Index on the valuation date. If the valuation date occurs on a disrupted day, then the Index ending level will be the value of the Index on the next succeeding scheduled trading day that is not a disrupted day. *If the determination of the Index ending level is postponed then the maturity date of the notes will be postponed an equal number of scheduled trading days.*

A scheduled trading day means any day on which each exchange and related exchange is scheduled to be open for its respective regular trading sessions.

The valuation date means the fourth scheduled trading day prior to the maturity date.

A disrupted day means any scheduled trading day on which a relevant exchange or related exchange fails to open for trading during its regular trading session or on which a market disruption event has occurred.

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

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

Discontinuation of the Index; Adjustments to the Index

If Standard & Poor s discontinues publication of the Index and Standard & Poor s or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the Index (a successor index), then, upon the calculation agent s notification of any determination to the trustee and Wachovia, the calculation agent will substitute the successor index as calculated by Standard & Poor s or any other entity for the Index and calculate the Index ending level as described above under Payment at Maturity . Upon any selection by the calculation agent of a successor index, Wachovia will cause notice to be given to holders of the notes.

In the event that Standard & Poor s discontinues publication of the Index and:

- the calculation agent does not select a successor index, or the successor index is no longer published on any of the relevant scheduled trading days,

the calculation agent will compute a substitute level for the Index in accordance with the procedures last used to calculate the level of the Index before any discontinuation but using only those securities that comprised the Index prior to such discontinuation. If a successor index is selected or the calculation agent calculates a level as a substitute for the Index as described below, the successor index or level will be used as a substitute for the Index for all purposes going forward, including for purposes of determining whether a market disruption event exists, even if Standard and Poor s elects to begin republishing the Index, unless the calculation agent in its sole discretion decides to use the republished Index.

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If Standard & Poor s discontinues publication of the Index before the valuation date and the calculation agent determines that no successor index is available at that time, then on each scheduled trading day until the earlier to occur of:

- the determination of the Index ending level, or
- a determination by the calculation agent that a successor index is available,

the calculation agent will determine the level that would be used in computing the redemption amount as described in the preceding paragraph as if that day were a scheduled trading day. The calculation agent will cause notice of each level to be published not less often than once each month in *The Wall Street Journal* or another newspaper of general circulation, and arrange for information with respect to these levels to be made available by telephone.

Notwithstanding these alternative arrangements, discontinuation of the publication of the Index would be expected to adversely affect the value of, liquidity of and trading in the notes.

If at any time the method of calculating the level of the Index or the level of the successor index, changes in any material respect, or if the Index or successor index is in any other way modified so that the Index or successor index does not, in the opinion of the calculation agent, fairly represent the level of the Index had those changes or modifications not been made, then, from and after that time, the calculation agent will, at the close of business in New York, New York, on each date that the closing level of the Index is to be calculated, make any adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a calculation of a level of a stock index comparable to the Index or such successor index, as the case may be, as if those changes or modifications had not been made, and calculate the closing level with reference to the Index or such successor index, as so adjusted. Accordingly, if the method of calculating the Index or a successor index is modified and has a diluting or concentrative effect on the level of such index e.g., due to a split, then the calculation agent will adjust such index in order to arrive at a level of such index as if it had not been modified, e.g., as if a split had not occurred.

Neither the calculation agent nor Wachovia will have any responsibility for good faith errors or omissions in calculating or disseminating information regarding the Index or any successor index or as to modifications, adjustments or calculations by Standard & Poor s or any successor index sponsor in order to arrive at the level of the Index or any successor index.

Market Disruption Event

A market disruption event, as determined by the calculation agent in its sole discretion, means a relevant exchange or any related exchange fails to open for trading during its regular trading session or the occurrence or existence of any of the following events:

- a trading disruption, if the calculation agent determines it is material, at any time during the one hour period that ends at the close of trading for the applicable exchange; or
- an exchange disruption, if the calculation agent determines it is material, at any time during the one hour period that ends at the close of trading for the applicable exchange; or

an early closure.

For the purposes of determining whether a market disruption event exists at any time, if a market disruption event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index will be based on a comparison of (i) the portion of the level of the Index attributable to that security and (ii) the overall level of the Index, in each case immediately before the occurrence of such market disruption event.

A trading disruption means any suspension of or limitation imposed on trading by the relevant exchange or related exchange or otherwise, whether by reason of movements in price exceeding limits permitted by the relevant exchange or related exchange or otherwise, (i) relating to securities that comprise 20 percent or more of the level of the Index or (ii) in options contracts or futures contracts relating to the Index on any relevant related exchange.

An exchange disruption means any event (other than a scheduled early closure) that disrupts or impairs (as determined by the calculation agent in its sole discretion) the ability of market participants in general to (i) effect transactions in or obtain market values on any relevant exchange or related exchange in securities that comprise 20 percent or more of the level of the Index or (ii) effect transactions in options contracts or futures contracts relating to the Index on any relevant related exchange.

An early closure means the closure on any exchange business day of any relevant exchange relating to securities that comprise 20 percent or more of the level of the Index or any related exchange prior to its normally scheduled closing time unless such earlier closing time is announced by such exchange or related exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such exchange or related exchange on such exchange business day and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such exchange business day.

An exchange means the primary organized exchange or quotation system for trading any securities included in the Index and any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in any securities underlying the Index has temporarily relocated (provided that the calculation agent has determined that there is comparable liquidity relative to the securities underlying the Index on such substitute exchange or quotation system as on the original exchange).

An exchange business day means any scheduled trading day on which each exchange and related exchange is open for business during its regular trading session, notwithstanding any such exchange or related exchange closing prior to its scheduled weekday closing time, without regard to after hours or other trading outside its regular trading session hours.

A related exchange means each exchange or quotation system on which futures or options contracts relating to the Index are traded, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to such Index has temporarily relocated (provided that the calculation agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original related exchange).

Events of Default and Acceleration

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

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

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HYPOTHETICAL RETURNS

The following table illustrates, for the Index starting level and a range of hypothetical Index ending levels:

- the hypothetical percentage change from the Index starting level to the hypothetical Index ending level;
- the hypothetical total amount payable at maturity for each note;
- the hypothetical total rate of return to beneficial owners of the notes;
- the hypothetical pre-tax annualized rate of return to beneficial owners of the notes; and
- the hypothetical pre-tax annualized rate of return of an investment in the stocks included in the Index, which includes an assumed aggregate dividend yield of 1.69% per annum, as more fully described below.

Hypothetical Index ending level	Percentage change from the Index starting level to the hypothetical Index ending level	Total amount payable at maturity per note	Total rate of return on the notes	Pre-tax annualized rate of return on the notes(1)	Pre-tax annualized rate of return of stocks included in the Index(1)(2)
549.85	-50.00%	$500.00	-50.00%	-48.36%	-47.03%
604.83	-45.00%	$550.00	-45.00%	-42.48%	-41.11%
659.81	-40.00%	$600.00	-40.00%	-36.91%	-35.50%
714.80	-35.00%	$650.00	-35.00%	-31.61%	-30.16%
769.78	-30.00%	$700.00	-30.00		