

WACHOVIA CORP NEW
Form S-4/A
November 22, 2005

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As filed with the Securities and Exchange Commission on November 22, 2005

Registration No. 333-129196

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1
TO
Form S-4
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

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

North Carolina
*(State or other jurisdiction of
incorporation or organization)*

6711
*(Primary Standard Industrial
Classification Code Number)*

56-0898180
*(I.R.S. Employer
Identification No.)*

**One Wachovia Center
Charlotte, North Carolina 28288-0013
(704) 374-6565**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Mark C. Treanor, Esq.
Senior Executive Vice President,
General Counsel and Secretary
Wachovia Corporation
One Wachovia Center
Charlotte, North Carolina 28288-0013
(704) 374-6565**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement-prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement-prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED NOVEMBER 22, 2005

Merger Proposed Your Vote is Very Important

To the Shareholders of Westcorp:

Westcorp is pleased to report that the boards of directors of Westcorp and Wachovia Corporation have approved the acquisition of Westcorp by Wachovia through the merger of Westcorp into Wachovia.

If the Westcorp merger is completed, each share of Westcorp common stock will be converted into the right to receive 1.2749 shares of Wachovia common stock. The value, but not the number, of shares of Wachovia common stock that Westcorp shareholders will receive in the Westcorp merger will depend on the market price of Wachovia common stock at the time the Westcorp merger is completed. Wachovia common stock is listed on the New York Stock Exchange under the trading symbol WB. On September 9, 2005, the last trading day before we announced the Westcorp merger, the last reported sale price of Wachovia common stock was \$50.38 per share, and on November 21, 2005, the last reported sale price of Wachovia common stock was \$53.06 per share. You should obtain current market quotations for Wachovia common stock.

Completing the Westcorp merger is subject to Westcorp shareholder approval, as described in this document. This document also describes the acquisition by Wachovia of WFS Financial Inc, a majority owned subsidiary of Western Financial Bank, which is a wholly-owned subsidiary of Westcorp, through a merger. Completing the Westcorp merger is also subject to WFS shareholder approval of the WFS merger, as described in this document. In addition, the Westcorp merger is conditioned on obtaining regulatory approvals, the receipt of opinions that the mergers will be tax-free for federal income tax purposes, and other conditions.

Your vote is very important. Westcorp has scheduled a special meeting of its shareholders to vote on the Westcorp merger and other related matters to be held at Westcorp's corporate headquarters located at 23 Pasteur, Irvine, California 92618 on January 6, 2006 at 10:00 a.m., local time. Whether or not you plan to attend the Westcorp special meeting in person, please submit your proxy by telephone or through the Internet as described on the enclosed proxy card, or complete, sign, date and return the enclosed proxy in the enclosed self-addressed stamped envelope.

The Westcorp board of directors, based in part on the unanimous recommendation of a special committee of independent directors, unanimously recommends that Westcorp shareholders vote **FOR** approval of the merger agreement and the Westcorp merger.

Please give all of the information contained in this joint proxy statement-prospectus your careful attention. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 18 of this joint proxy statement-prospectus.**

Westcorp sincerely appreciates your interest in and consideration of this matter.

Sincerely,

Ernest S. Rady
Chairman of the Board

None of the Securities and Exchange Commission, any state securities commission or the North Carolina Commissioner of Insurance has approved or disapproved the securities to be issued in the Westcorp merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise.

The securities to be issued in the Westcorp merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement prospectus is dated November 22, 2005, and is first being mailed to Westcorp shareholders on or about November 29, 2005.

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The information in this joint proxy statement-prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement-prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED NOVEMBER 22, 2005

Merger Proposed Your Vote is Very Important

To the Shareholders of WFS Financial Inc:

WFS is pleased to report that the boards of directors of WFS Financial Inc and Wachovia Corporation have approved the acquisition of WFS by Wachovia through a merger. Approximately 84% of the outstanding shares of WFS common stock are held by Western Financial Bank, a wholly-owned subsidiary of Westcorp. Westcorp and Wachovia have also agreed to the acquisition of Westcorp by Wachovia through the merger of Westcorp into Wachovia.

If the WFS merger is completed, each share of WFS common stock, other than shares held by Western Financial Bank, will be converted into the right to receive 1.4661 shares of Wachovia common stock. The value, but not the number, of shares of Wachovia common stock that WFS shareholders will receive in the WFS merger will depend on the market price of Wachovia common stock at the time the WFS merger is completed. Wachovia common stock is listed on the New York Stock Exchange under the trading symbol WB. On September 9, 2005, the last trading day before we announced the WFS merger, the last reported sale price of Wachovia common stock was \$50.38 per share, and on November 21, 2005, the last reported sale price of Wachovia common stock was \$53.06 per share. You should obtain current market quotations for Wachovia common stock.

Completing the WFS merger is subject to WFS shareholder approval, including approval by a majority of the shares of WFS common stock voting at the WFS special meeting, excluding shares of WFS common stock held by Westcorp and its affiliates, as described in this document. Completing the WFS merger is also subject to Westcorp shareholder approval of the Westcorp merger, as described in this document. In addition, the WFS merger is conditioned on obtaining regulatory approvals, the receipt of opinions that the mergers will be tax-free for federal income tax purposes, and other conditions.

Your vote is very important. WFS has scheduled a special meeting of its shareholders to vote on the WFS merger and other related matters to be held at WFS corporate headquarters located at 23 Pasteur, Irvine, California 92618 on January 6, 2006 at 10:30 a.m., local time. Whether or not you plan to attend the WFS special meeting in person, please submit your proxy by telephone or through the Internet as described on the enclosed proxy card, or complete, sign, date and return the enclosed proxy card in the enclosed self-addressed stamped envelope.

The WFS board of directors, based in part on the unanimous recommendation of a special committee of independent directors, unanimously recommends that WFS shareholders, other than Western Financial Bank and its affiliates, vote **FOR** approval of the merger agreement and the WFS merger.

Please give all of the information contained in this joint proxy statement-prospectus your careful attention. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 18 of this joint proxy statement-prospectus.**

WFS sincerely appreciates your interest in and consideration of this matter.

Sincerely,

Ernest S. Rady
Chairman of the Board

None of the Securities and Exchange Commission, any state securities commission or the North Carolina Commissioner of Insurance has approved or disapproved the securities to be issued in the WFS merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise.

The securities to be issued in the WFS merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This joint proxy statement prospectus is dated November 22, 2005, and is first being mailed to WFS shareholders on or about November 29, 2005.

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**WESTCORP
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 6, 2006**

To the Shareholders of Westcorp:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Westcorp, a California corporation, will be held on January 6, 2006, at 10:00 a.m., local time, at Westcorp's corporate headquarters located at 23 Pasteur, Irvine, California 92618, for the following purposes:

- (1) To consider and vote upon a proposal to approve the Agreement and Plan of Merger, as amended and restated, dated as of September 12, 2005, among Wachovia Corporation, a North Carolina corporation, Westcorp, a California corporation, Western Financial Bank, a federal savings bank, and WFS Financial Inc, or WFS, a California corporation, and to approve the merger of Westcorp with and into Wachovia, with Wachovia as the surviving corporation, which we refer to as the Westcorp merger. In the Westcorp merger, each outstanding share of Westcorp common stock held by shareholders of Westcorp (other than shares held by Westcorp's subsidiaries or Wachovia or any of its subsidiaries (other than certain shares held on behalf of third parties), which will be canceled with no payment being made with respect thereto, or held by shareholders of Westcorp who properly exercise and perfect their dissenters' rights under California law, if available, as applicable) will be converted into the right to receive 1.2749 shares of Wachovia common stock. The merger agreement and the Westcorp merger are more fully described in the attached joint proxy statement-prospectus;
- (2) To consider and vote upon a proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger; and
- (3) To transact such other business as may properly be brought before the Westcorp special meeting and any adjournments or postponements thereof.

We have fixed the close of business on November 17, 2005, as the record date for determining those shareholders entitled to notice of and to vote at the Westcorp special meeting and any adjournments or postponements of the Westcorp special meeting. Only Westcorp shareholders of record at the close of business on that date are entitled to notice of and to vote at the Westcorp special meeting and any adjournments or postponements of the Westcorp special meeting.

In order for the proposal to approve the merger agreement and the Westcorp merger to be adopted, a majority of the outstanding shares of Westcorp common stock entitled to vote must be voted in favor of the proposal to approve the merger agreement and the Westcorp merger. In connection with the execution of the merger agreement, Mr. Ernest Rady and certain entities controlled by him agreed to vote in favor of approving the merger agreement and the Westcorp merger. The total number of shares of Westcorp common stock subject to the voting agreement represents approximately 40% of the outstanding shares of Westcorp. Approval of the proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies, in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger, requires the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum.

The presence in person or by proxy of a majority of Westcorp common shares outstanding on the record date and entitled to vote at the Westcorp special meeting will constitute a quorum for purposes of conducting business at the Westcorp special meeting. Abstentions will be counted in determining whether a quorum is present at the Westcorp special meeting; however, abstentions, broker non-votes and shares not in attendance and not voted at the Westcorp special meeting will have the same effect as votes against approval of the merger agreement and the Westcorp merger. In addition, abstentions will have the same effect as votes against the proposal to adjourn or postpone the Westcorp special meeting for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the

time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger. If you wish to attend the Westcorp special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

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Pursuant to the California Corporations Code, under certain circumstances holders of outstanding shares of Westcorp common stock (including participants in Westcorp's Employee Stock Ownership and Salary Savings Plan with respect to the shares of Westcorp common stock allocated to their accounts) who vote against approval of the merger agreement and the Westcorp merger, and who comply with the requirements of Chapter 13 of the California Corporations Code may have, if the Westcorp merger is completed, the right to receive payment of the appraised value of their shares of Westcorp common stock. For a description of these dissenters' rights, see **The Mergers Dissenters' Rights** beginning on page 72.

Whether or not you plan to attend the Westcorp special meeting in person, please submit your proxy by telephone or through the Internet, as described on the enclosed proxy card, or complete, date, sign and return the enclosed proxy card in the enclosed envelope. The enclosed envelope requires no postage if mailed in the United States. If you attend the Westcorp special meeting, you may vote in person if you wish, even if you have previously returned your proxy card or submitted your proxy by telephone or through the Internet.

After careful consideration, the Westcorp board of directors, after its independent evaluation and acting upon the unanimous recommendation of the Westcorp special committee, unanimously determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders and approved the merger agreement and the Westcorp merger. The Westcorp board of directors unanimously recommends that Westcorp shareholders vote **FOR** the approval of the merger agreement and the Westcorp merger.

By Order of the Westcorp Board of Directors,

Ernest S. Rady
Chairman of the Board

Irvine, California
November 29, 2005

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**WFS FINANCIAL INC
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 6, 2006**

To the Shareholders of WFS Financial Inc:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of WFS Financial Inc, a California corporation, will be held on January 6, 2006, at 10:30 a.m., local time, at WFS corporate headquarters located at 23 Pasteur, Irvine, California 92618, for the following purposes:

- (1) To consider and vote upon a proposal to approve the Agreement and Plan of Merger, as amended and restated, dated as of September 12, 2005, among Wachovia Corporation, a North Carolina corporation, Westcorp, a California corporation, Western Financial Bank, a federal savings bank, and WFS Financial Inc, or WFS, a California corporation, and to approve the merger of WFS with a newly formed subsidiary, with WFS as the surviving corporation, which we refer to as the WFS merger. In the WFS merger, each outstanding share of WFS common stock held by shareholders of WFS (other than shares held by Western Financial Bank, Westcorp, Wachovia or any of their respective subsidiaries (other than certain shares held on behalf of third parties), which will be canceled with no payment being made with respect thereto, or held by shareholders of WFS who properly exercise and perfect their dissenters' rights under California law, if available, as applicable) will be converted into the right to receive 1.4661 shares of Wachovia common stock. The merger agreement and the WFS merger are more fully described in the attached joint proxy statement-prospectus;
- (2) To consider and vote upon a proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger; and
- (3) To transact such other business as may properly be brought before the WFS special meeting and any adjournments or postponements thereof.

We have fixed the close of business on November 17, 2005, as the record date for determining those shareholders entitled to notice of and to vote at the WFS special meeting and any adjournments or postponements of the WFS special meeting. Only WFS shareholders of record at the close of business on that date are entitled to notice of and to vote at the WFS special meeting and any adjournments or postponements of the WFS special meeting.

In order for the proposal to approve the merger agreement and the WFS merger to be adopted, (a) a majority of the outstanding shares of WFS common stock entitled to vote must be voted in favor of the proposal to approve the merger agreement and the WFS merger, and (b) a majority of the shares of WFS common stock represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates (including Western Financial Bank) must be voted in favor of the proposal to approve the merger agreement and the WFS merger. Westcorp has agreed to cause Western Financial Bank, the holder of approximately 84% of the outstanding shares of WFS common stock as of the record date, to vote such shares in favor of the proposal to approve the merger agreement and the WFS merger, but such shares will not be counted as voting in determining whether the proposal has been approved by a majority of shares represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates. Approval of the proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies, in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger, requires the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum.

The presence in person or by proxy of a majority of WFS common shares outstanding on the record date and entitled to vote at the WFS special meeting will constitute a quorum for purposes of conducting business at the WFS special meeting. Abstentions will be counted in determining whether a quorum is present at the WFS special meeting; however, abstentions, broker non-votes and shares not in attendance and not voted at the WFS special meeting will have the same effect as votes against approval of the merger agreement and the WFS merger for purposes of

determining approval by a majority of WFS common shares outstanding. Abstentions, broker non-votes, and shares not in attendance and not voted at the WFS special meeting will have no effect for determining approval by a majority of WFS common shares represented and voting at the WFS special meeting by shareholders other than Westcorp and its affiliates (including Western Financial Bank). In addition, abstentions will have the same effect as votes against the proposal to adjourn or postpone the WFS special meeting for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger. If you wish to attend the WFS special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

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Pursuant to the California Corporations Code, under certain circumstances holders of outstanding shares of WFS common stock who vote against approval of the merger agreement and the WFS merger, and who comply with the requirements of Chapter 13 of the California Corporations Code may have, if the WFS merger is completed, the right to receive payment of the appraised value of their shares of WFS common stock. For a description of these dissenters' rights, see **The Mergers Dissenters' Rights** beginning on page 72.

Whether or not you plan to attend the WFS special meeting in person, please submit your proxy by telephone or through the Internet, as described on the enclosed proxy card, or complete, date, sign and return the enclosed proxy card in the enclosed envelope. The enclosed envelope requires no postage if mailed in the United States. If you attend the WFS special meeting, you may vote in person if you wish, even if you have previously returned your proxy card or submitted your proxy by telephone or through the Internet.

After careful consideration, the WFS board of directors, after its independent evaluation and acting upon the unanimous recommendation of the WFS special committee, unanimously determined that the merger agreement and the WFS merger are fair to and in the best interests of WFS and its shareholders, other than Western Financial Bank and its affiliates, and approved the merger agreement and the WFS merger. The WFS board of directors unanimously recommends that WFS shareholders, other than Western Financial Bank and its affiliates, vote **FOR** the approval of the merger agreement and the WFS merger.

By Order of the WFS Board of Directors,

Ernest S. Rady
Chairman of the Board

Irvine, California
November 29, 2005

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References to Additional Information

This document incorporates by reference important business and financial information about Wachovia, Westcorp and WFS from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to Wachovia, Westcorp and WFS that are incorporated by reference in this document through the Securities and Exchange Commission, which we refer to as the SEC, web site at <http://www.sec.gov> or by requesting them in writing or by telephone from the appropriate company:

Westcorp:
Attention: Guy Du Bose, Esq.
23 Pasteur
Irvine, California 92618
(949) 727-1002

If you would like to request documents, please do so by December 29, 2005 to receive them before Westcorp's special meeting

WFS:
Attention: Guy Du Bose, Esq.
23 Pasteur
Irvine, California 92618
(949) 727-1002

If you would like to request documents, please do so by December 29, 2005 to receive them before WFS's special meeting.

Wachovia:
Investor Relations
301 S. College Street
Charlotte, North Carolina 28288
(704) 374-6782

You also may obtain additional copies of this joint proxy statement-prospectus or proxy cards related to the proxy solicitation without charge by contacting Mellon Investor Services, Attn: Peter Tomaszewski, telephone number 1-800-279-0618.

See Where You Can Find More Information on page 106.

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SUMMARY

This summary highlights selected information from this document. It may not contain all the information that is important to you. We urge you to read carefully the entire document and the other documents to which we refer you for a more complete understanding of the mergers involving Wachovia, Westcorp and WFS and the other transactions contemplated by the merger agreement. In addition, we incorporate by reference into this document important business and financial information about Wachovia, Westcorp and WFS. You may obtain the information incorporated by reference in this document without charge by following the instructions in the section entitled *Where You Can Find More Information* on page 106. Each item in this summary includes a page reference directing you to a more complete description of that item.

Wachovia and Westcorp propose the Westcorp merger and Wachovia and WFS propose the WFS merger. (Page 29)

Wachovia, Westcorp and WFS have agreed to the acquisition of Westcorp and WFS by Wachovia. To accomplish these acquisitions, the parties have entered into a merger agreement, which contemplates that the parties will complete a series of transactions. Set forth below is a brief description of these transactions, in the order in which they will occur:

Westcorp merger Westcorp will merge into Wachovia, with Wachovia as the surviving corporation.

Bank conversion At the same time as the Westcorp merger, Western Financial Bank, a subsidiary of Westcorp, will convert into a national banking association.

Bank merger After the Westcorp merger and the bank conversion, Wachovia Bank, National Association, a subsidiary of Wachovia, will merge into Western Financial Bank, with Western Financial Bank as the survivor, and its name will then be changed to Wachovia Bank, National Association .

Merger subsidiary Wachovia will contribute a newly-formed merger subsidiary to the surviving bank in the bank merger.

WFS merger After the bank merger, the newly-formed subsidiary will merge into WFS, with WFS as the surviving corporation.

The parties have structured the mergers in this manner in order to permit the transactions to receive the federal income tax treatment desired by the parties. This tax treatment is more fully discussed in *The Mergers* Material United States Federal Income Tax Consequences beginning on page 66.

Following these transactions, Wachovia will continue to be incorporated in North Carolina and its corporate headquarters will remain in Charlotte, North Carolina. Wachovia Bank, National Association will be a direct subsidiary of Wachovia and WFS will be a direct subsidiary of Wachovia Bank, National Association. Wachovia common stock will continue to trade on the New York Stock Exchange, or the NYSE , under the symbol WB . We expect to complete these transactions in the first quarter of 2006.

Westcorp and WFS shareholders will receive shares of Wachovia common stock in the respective mergers in exchange for their shares of common stock of Westcorp and WFS. (Page 78)

Westcorp shareholders. Upon completing the Westcorp merger, Westcorp shareholders other than shareholders who properly exercise dissenters' rights, to the extent available, will receive 1.2749 shares of Wachovia common stock in exchange for each share of Westcorp common stock held. We sometimes refer to this 1.2749 ratio as the Westcorp exchange ratio .

WFS shareholders. Upon completing the WFS merger, WFS shareholders, other than shareholders who properly exercise their dissenters' rights, to the extent available, will receive 1.4661 shares of Wachovia common stock in exchange for each share of WFS common stock held. We sometimes refer to this 1.4661 ratio as the WFS exchange ratio .

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Fractional share payments. Wachovia will not issue fractional shares in the mergers. Instead, cash will be paid for fractional Wachovia common shares, based on the closing price per Wachovia share on the NYSE on the trading day before the Westcorp merger is completed.

Surrender of certificates. Westcorp and WFS shareholders must surrender their Westcorp and WFS common stock certificates to receive shares

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of Wachovia common stock, cash payment instead of fractional shares and any dividends paid by Wachovia following the mergers. Please do not surrender your certificates until you receive written instructions from Wachovia after we have completed the mergers.

Combined company. After the mergers are completed, former Westcorp shareholders will own approximately 4.1% of the outstanding Wachovia common stock, former WFS shareholders, other than Western Financial Bank, will own approximately 0.6% of the outstanding Wachovia common stock and current Wachovia shareholders will own approximately 95.3% of the outstanding Wachovia common stock.

Each of the Westcorp and WFS exchange ratios is fixed and the value of the shares to be issued in the mergers will fluctuate with market prices. (Page 18)

Neither the Westcorp exchange ratio nor the WFS exchange ratio will be adjusted for changes in the market price of Wachovia common stock, Westcorp common stock or WFS common stock. Any change in the price of Wachovia common stock prior to the mergers will affect the market value of Wachovia common stock that Westcorp and WFS shareholders will receive in the applicable merger. The parties are not permitted to terminate the merger agreement or resolicit the vote of shareholders solely because of changes in the market prices of our respective shares of common stock.

You should obtain current stock price quotations for Wachovia common stock, Westcorp common stock and WFS common stock. Wachovia common shares and Westcorp common shares are listed on the NYSE under the symbols

WB and WES, respectively, and WFS common shares are quoted on the Nasdaq National Market, or Nasdaq, under the symbol WFSI. The following tables show the closing prices for Wachovia, Westcorp and WFS common stock and the indicated per share value in the mergers to Westcorp and WFS shareholders for the following dates and periods:

September 9, 2005, the last trading day before we announced the mergers;

September 12, 2005, the day we announced the mergers;

November 21, 2005, shortly before we mailed this document; and

the high, low and average indicated values for the period from September 9, 2005 through November 21, 2005.

	Closing Wachovia share price	Closing Westcorp share price	Indicated value per Westcorp share
September 9, 2005	\$ 50.38	\$ 61.35	\$ 64.23
September 12, 2005	49.57	61.58	63.20
November 21, 2005	53.06	66.20	67.65
High (for period)	53.16	66.21	67.77
Low (for period)	46.49	57.69	59.27
Average (for period)	50.04	61.19	63.80

	Closing Wachovia share	Closing WFS share	Indicated value per WFS
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	price	price	share
September 9, 2005	\$ 50.38	\$ 64.92	\$ 73.86
September 12, 2005	49.57	70.15	72.67
November 21, 2005	53.06	75.93	77.79
High (for period)	53.16	75.93	77.94
Low (for period)	46.49	64.92	68.16
Average (for period)	50.04	69.95	73.36

Wachovia's common stock dividend policy will continue after the mergers; the parties will coordinate payment of dividends. (Pages 89 and 92)

Wachovia's common stock dividend policy will continue after the mergers, but this policy is subject to the determination of Wachovia's board of directors and may change at any time. In the fourth quarter of 2005, Wachovia declared a dividend of \$0.51 per share of Wachovia common stock. On a pro forma basis to reflect the mergers and the respective exchange ratios, the dividend amount per share of Wachovia common stock would have equaled approximately \$0.65 per Westcorp share and approximately \$0.75 per WFS share.

The merger agreement permits Westcorp and Wachovia to continue to pay regular quarterly cash dividends to their shareholders prior to completing the mergers. However, Westcorp cannot pay dividends at a rate that is greater than the rate of \$0.15 per share paid by it during the second quarter of 2005. We have agreed in the merger agreement to coordinate dividend declarations and the related record dates and payment dates so that Westcorp shareholders will not receive two dividends, or fail to receive one dividend, for any single quarter. Therefore, prior to

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the Westcorp merger, we may coordinate and alter our dividend record dates in order to effect this policy.

Dividend payments by Wachovia and Westcorp in the future, either before or, in the case of Wachovia, after the mergers are completed, is subject to the determination of our respective boards of directors and depends on cash requirements, our respective financial condition and earnings, legal and regulatory considerations and other factors. WFS does not currently pay cash dividends on its common stock.

The mergers will be accounted for as purchases. (Page 68)

The mergers will be treated as purchases by Wachovia of both Westcorp and WFS under generally accepted accounting principles, or GAAP .

Material United States federal income tax consequences. (Page 66)

Each of the Westcorp merger and WFS merger is intended to qualify as a reorganization for United States federal income tax purposes. It is a condition to completing the mergers that (1) Wachovia receive a written opinion from its special counsel, Alston & Bird LLP, and that Westcorp receive a written opinion from its special counsel, Morrison & Foerster LLP, substantially to the effect that the Westcorp merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code, and that (2) Wachovia receive a written opinion from its special counsel, Alston & Bird LLP, and that WFS receive a written opinion from its special counsel, Skadden, Arps, Slate, Meagher & Flom LLP, substantially to the effect that the WFS merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. If each of the Westcorp merger and the WFS merger is treated as a reorganization under Section 368(a) of the Internal Revenue Code, then, in general:

no gain or loss will be recognized by Wachovia, Westcorp or WFS as a result of the mergers;

no gain or loss will be recognized by a shareholder of Westcorp who exchanges all of his or her shares of Westcorp common stock solely for shares of Wachovia common stock, except for any gain recognized with respect to cash received instead of a fractional share of Wachovia common stock; and

no gain or loss will be recognized by a shareholder of WFS who exchanges all of his or her shares of WFS common stock solely for shares of Wachovia common stock, except for any gain recognized with respect to cash received instead of a fractional share of Wachovia common stock.

Tax matters are very complicated and the tax consequences of the mergers to each Westcorp shareholder or WFS shareholder will depend on each shareholder's own situation. Westcorp shareholders and WFS shareholders are urged to consult their tax advisors for a full understanding of the tax consequences of the mergers to them.

Credit Suisse First Boston LLC provided an opinion to the Westcorp special committee as to the fairness, from a financial point of view, of the Westcorp exchange ratio. (Page 53)

In connection with the Westcorp merger, Credit Suisse First Boston LLC, financial advisor to a special committee of the Westcorp board, which we refer to as the Westcorp special committee, delivered a written opinion, dated September 11, 2005, to the Westcorp special committee as to the fairness, from a financial point of view and as of the date of the opinion, of the Westcorp exchange ratio. The full text of Credit Suisse First Boston's written opinion is attached to this joint proxy statement-prospectus as Appendix C. We encourage Westcorp shareholders to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken. **Credit Suisse First Boston's opinion was provided to the Westcorp special committee in connection with its evaluation of the Westcorp exchange ratio, does not address any other aspect of the proposed mergers or related transactions and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to any matters relating to the mergers.** Credit Suisse First Boston assumes no responsibility for updating or revising its opinion

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based on circumstances or events occurring after the date thereof.

Deutsche Bank Securities Inc. provided an opinion to the WFS special committee and the WFS board of directors as to the fairness, from a financial point of view, of the WFS exchange ratio. (Page 59)

Deutsche Bank Securities Inc., which we refer to as Deutsche Bank, served as financial advisor to a special committee of the WFS board, which we refer to as the WFS special committee, in connection with the WFS merger. On September 11, 2005, the date the WFS board approved the WFS merger, Deutsche Bank rendered an oral opinion to the WFS special committee and to the WFS board to the effect that, as of that date, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the WFS exchange ratio of 1.4661 shares of Wachovia common stock for 1 share of WFS common stock was fair from a financial point of view to the holders of WFS common stock other than Western Financial Bank and its affiliates, or the WFS minority shareholders. Deutsche Bank confirmed its opinion by delivery of a written opinion dated September 12, 2005. The full text of Deutsche Bank's written opinion is attached to this joint proxy statement-prospectus as Appendix D. The WFS minority shareholders should read this opinion completely to understand the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Deutsche Bank.

Deutsche Bank's opinion was provided to the WFS board of directors and the WFS special committee to assist them in connection with their consideration of the WFS merger and does not constitute a recommendation to any shareholder as to how to vote or take any other action with respect to the WFS merger. Deutsche Bank assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date thereof.

Some of Westcorp's and WFS directors and executive officers have interests in the mergers that may differ from your interests. (Page 68)

Some of Westcorp's and WFS directors and executive officers have interests in the mergers other than their interests as shareholders. The members of Westcorp's and WFS boards of directors knew about these additional interests and considered them when each approved the merger agreement and the respective merger. These interests include, among others:

Employment letters. Offer letters entered into at the time of the merger agreement and to be effective upon completing the Westcorp merger between Wachovia and six of Westcorp's executive officers provide those officers with cash termination payments and other payments and benefits if their employment with Wachovia terminates without cause or if they terminate for good reason before December 31, 2007. Westcorp and Wachovia currently estimate that cash termination payments of up to \$8,220,800 in the aggregate could be triggered if all these executives terminated employment within the time frames covered under the agreements.

Director and officer insurance. In the merger agreement, Wachovia agreed to maintain directors and officers liability insurance for Westcorp and WFS directors and officers for a period of six years after completing the mergers.

Severance benefits. In the merger agreement, Westcorp and Wachovia agreed that any employees of Westcorp or its subsidiaries with the title of senior vice president or higher as of the date of the merger agreement who continue to be employed at Wachovia following completion of the Westcorp merger will be entitled, in the event of a qualifying termination occurring prior to December 31, 2007, to receive, in addition to any severance benefits they are entitled to under Wachovia's severance plan, a lump sum payment equal to the difference between the severance pay available under the Westcorp severance plan at the Westcorp merger date and the severance pay received under the Wachovia severance plan.

Westcorp and WFS shareholders may have dissenters' rights under California law. (Page 72)

Westcorp and WFS shareholders (including participants in Westcorp's Employee Stock Ownership and Salary Savings Plan with respect to shares of Westcorp common stock allocated to their accounts, or Plan participants) who, not later than the date of their respective special meeting, deliver to Westcorp or WFS, as applicable, a written demand for dissenters' rights, who vote against approval of the merger agreement and the respective merger and who comply with all

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other applicable requirements of Chapter 13 of the California Corporations Code, may have the right to demand payment in cash of the fair market value of those shareholders' shares of Westcorp or WFS common stock, as applicable, but only if the mergers are completed. Under California law, the fair market value of shares of Westcorp or WFS common stock for dissenters' rights purposes is the respective fair market value of such stock as of September 9, 2005, the last trading day before announcement of the mergers.

No Westcorp or WFS shareholder (including Plan participants) will be entitled to dissenters' rights unless holders of at least 5% of the outstanding shares of Westcorp or WFS common stock, as applicable, have perfected their dissenters' rights in accordance with Chapter 13 of the California Corporations Code or if their shares are subject to certain transfer restrictions. Failure to follow the steps required by Chapter 13 of the California Corporations Code for perfecting dissenters' rights may result in the loss of such rights.

In order for any Westcorp or WFS shareholder (including Plan participants) to exercise his or her dissenters' rights, the shareholder, among other things, must file with Westcorp or WFS, as applicable, on or before the date of their respective special meeting, a written notice of the shareholder's intent to demand payment for his or her shares if the respective merger is completed and must vote against approval of the merger agreement and the respective merger.

Westcorp and WFS shareholders (including Plan participants) should note the following:

dissenters' rights will not be available to you if less than 5% of the outstanding shares of Westcorp or of WFS, as applicable, dissent and vote against approval of the merger agreement and the respective merger;

simply voting against approval of the merger agreement and the respective merger will not be considered an assertion of dissenters' rights;

a shareholder who fails to file a written notice of demand on or before the date of the Westcorp or WFS special meeting or otherwise comply with all the requirements of Chapter 13 of the California Corporations Code will lose his or her dissenters' rights; and

a shareholder who votes for approval of the merger agreement and the respective merger will not have dissenters' rights.

The provisions of Chapter 13 of the California Corporations Code are included as Appendix E to this joint proxy statement-prospectus.

The Westcorp board recommends that Westcorp shareholders vote FOR the merger agreement and the Westcorp merger. (Page 47)

The Westcorp board of directors formed the Westcorp special committee, consisting of independent directors who are not directors or officers of WFS, to evaluate, negotiate and determine whether to recommend the merger agreement and the Westcorp merger. The Westcorp special committee consists of Robert Barnum and Charles Scribner.

After careful consideration, the Westcorp board of directors, after its independent evaluation and acting upon the unanimous recommendation of the Westcorp special committee, unanimously determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders and approved the merger agreement and the Westcorp merger. The Westcorp board of directors unanimously recommends that Westcorp shareholders vote FOR the approval of the merger agreement and the Westcorp merger.

The WFS board recommends that WFS shareholders vote FOR the merger agreement and the WFS merger. (Page 50)

The WFS board of directors formed the WFS special committee, consisting of independent directors who are not directors and officers of Westcorp or Western Financial Bank, to evaluate, negotiate and determine whether to recommend the merger agreement and the WFS merger. The WFS special committee consists of Ronald Simon and Fredricka Taubitz.

After careful consideration, the WFS board of directors, after its independent evaluation and acting upon the unanimous recommendation of the WFS special committee, unanimously determined that the merger agreement and

the WFS merger are fair to and in the best interests of WFS and its shareholders, other than Western Financial Bank and its affiliates, and approved the

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merger agreement and the WFS merger. The WFS board of directors unanimously recommends that WFS shareholders, other than Western Financial Bank and its affiliates, vote FOR the approval of the merger agreement and the WFS merger.

Reasons for the mergers. (Pages 47 and 50)

Wachovia's Board of Directors. Wachovia's board of directors approved the mergers because Wachovia believes that joining with Westcorp and WFS is an excellent way to further develop Wachovia's ability to provide expanded and complementary credit products to a broader range of customers.

Westcorp's Board of Directors. In determining to recommend the merger agreement and the Westcorp merger to the Westcorp board of directors, the Westcorp special committee considered a number of factors. After its independent evaluation and upon the unanimous recommendation of the Westcorp special committee, the Westcorp board of directors unanimously approved the merger agreement and the Westcorp merger and recommended that Westcorp shareholders, vote FOR the approval of the merger agreement and the Westcorp merger.

WFS Board of Directors. In determining to recommend the merger agreement and the WFS merger to the WFS board of directors, the WFS special committee considered a number of factors. After its independent evaluation and upon the unanimous recommendation of the WFS special committee, the WFS board of directors unanimously approved the merger agreement and the WFS merger and recommended that WFS shareholders, other than Western Financial Bank and its affiliates, vote FOR the approval of the merger agreement and the WFS merger.

We have agreed when and how Westcorp can consider third party acquisition proposals. (Pages 83 and 86)

We have agreed that Westcorp, WFS and Western Financial Bank, and any of their subsidiaries, will not initiate or solicit proposals from third parties regarding acquiring Westcorp or its subsidiaries. In addition, we have agreed that Westcorp, WFS and Western Financial Bank will not engage in negotiations with or provide confidential information to a third party regarding acquiring Westcorp or its businesses. However, if Westcorp receives an acquisition proposal from a third party, Westcorp can participate in negotiations with and provide confidential information to the third party if, among other steps, Westcorp's special committee and board of directors each concludes in good faith that the proposal is a proposal that is superior, or may reasonably be expected to lead to a proposal that is superior, to the Westcorp merger and the other transactions contemplated by the merger agreement and that such action is necessary for Westcorp's board of directors to comply with their fiduciary duties to the Westcorp shareholders. Westcorp's receipt of a superior proposal or participation in such negotiations gives Westcorp a limited right to terminate the merger agreement prior to the Westcorp special meeting upon payment of a termination fee of \$125 million to Wachovia.

Approval of the merger agreement and the Westcorp merger requires approval by a majority of Westcorp's outstanding shares of common stock. (Page 21)

In order to approve the merger agreement and the Westcorp merger, a majority of Westcorp's common shares outstanding as of the record date, November 17, 2005, must vote in favor of the merger agreement and the Westcorp merger. As of that date, Westcorp directors and executive officers beneficially owned 28,167,015 shares of Westcorp common stock, or 53.8% of the shares entitled to vote at the Westcorp special meeting. Wachovia and its directors and executive officers beneficially owned less than 1% of the shares entitled to vote at the Westcorp special meeting.

Ernest S. Rady, Westcorp's and WFS's Chairman of the Board and Westcorp's Chief Executive Officer, and certain entities controlled by him, are the beneficial owners of 27,790,187 shares of Westcorp common stock, or 53.1% of the shares entitled to vote at the Westcorp special meeting. Mr. Rady and certain entities controlled by him, solely in their capacities as Westcorp shareholders, in order to induce Wachovia to enter into the merger agreement, have agreed to vote 20,890,258 shares of Westcorp common stock, or approximately 40% of the shares entitled to vote at the Westcorp special meeting, FOR approval of the merger agreement and the Westcorp merger. If Mr. Rady and the entities controlled by him determine to vote the remaining shares of

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Westcorp common stock beneficially owned by them FOR approval of the merger agreement and the Westcorp merger, then the proposal at the Westcorp special meeting to approve the merger agreement and the Westcorp merger will be approved.

The Westcorp merger cannot be completed unless WFS shareholders also approve the merger agreement and the WFS merger.

Approval of the merger agreement and the WFS merger requires approval by a majority of WFS outstanding shares of common stock and approval by a majority of the shares of WFS common stock represented and voting at the WFS special meeting excluding shares held by Westcorp and its affiliates. (Page 25)

In order to approve the merger agreement and the WFS merger, a majority of WFS common shares outstanding as of the record date, November 17, 2005, must vote in favor of the merger agreement and the WFS merger. As of that date, excluding shares held by Western Financial Bank, WFS directors and executive officers beneficially owned 95,872, or 0.2% of the shares entitled to vote at the WFS special meeting. Westcorp has agreed to cause Western Financial Bank, the holder of approximately 84% of the outstanding shares of WFS common stock as of the record date, to vote its shares in favor of approving the merger agreement and the WFS merger. In addition, the WFS merger is also conditioned upon a majority of the shares of WFS common stock represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates (including Western Financial Bank), voting in favor of the merger agreement and the WFS merger. Wachovia and its directors and executive officers beneficially owned less than 1% of the shares entitled to vote at the WFS special meeting.

The WFS merger cannot be completed unless Westcorp shareholders also approve the merger agreement and the Westcorp merger.

Treatment of Westcorp options. (Page 78)

In the mergers, Wachovia will assume all Westcorp employee stock options and those options will become options to purchase Wachovia common stock. The vesting schedule, duration and other terms of each assumed option will be substantially the same as the original option. The number of shares issuable under those options and the exercise prices will be adjusted to take into account the Westcorp exchange ratio.

Westcorp stock options that are held by non-employee directors at Westcorp, Western Financial Bank and WFS will automatically vest at the time of the Westcorp merger and will be canceled. In consideration for this cancellation, each non-employee director holding an option will be entitled to receive Wachovia common stock in an amount equal to the Westcorp exchange ratio times the difference (if positive) between the number of shares of Westcorp common stock that the option represented minus the number of shares of Westcorp common stock with an aggregate fair market value equal to the exercise price of those options, as based on the closing price of Westcorp common stock on the NYSE the day before the completion of the Westcorp merger.

We must meet several conditions to complete the mergers. (Page 85)

The obligations of Wachovia, Westcorp, Western Financial Bank and WFS to complete the transactions contemplated by the merger agreement depend on a number of conditions being met. These include:

approval of the merger agreement and the respective merger by the requisite approval of both Westcorp and WFS shareholders as described above (which condition cannot be waived);

listing the shares of Wachovia common stock to be issued in the mergers on the NYSE (including shares to be issued following exercise of the Westcorp stock options assumed by Wachovia);

receiving the approvals of federal and state regulatory authorities required to complete the transactions contemplated by the merger agreement without any conditions that Wachovia reasonably determines in good faith would have a material adverse effect on Westcorp or materially reduce the anticipated economic benefits of the mergers;

absence of any government action or other legal restraint that would prohibit the mergers or make them illegal;

receiving legal opinions that, for United States federal income tax purposes, each

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of the Westcorp merger and the WFS merger will qualify as a reorganization. These opinions will be based on customary assumptions and on factual representations made by Wachovia, Westcorp and WFS and will be subject to various qualifications; and

the representations and warranties of each party to the merger agreement being true and correct, except as would not have or would not reasonably be expected to have a material adverse effect, and each party to the merger agreement must have performed in all material respects all of its obligations under the merger agreement.

Where the law permits, and subject to certain exceptions agreed by the parties, any of Westcorp, WFS or Wachovia could choose to waive a condition to its obligation to complete the mergers that has not been satisfied. We cannot be certain when, or if, the conditions to the mergers will be satisfied or waived, or that the mergers will be completed. Although the merger agreement allows Wachovia, Westcorp or WFS to waive the tax opinion condition, we do not currently anticipate doing so. If any of us does waive the condition, Westcorp and WFS will inform the applicable shareholders of this fact and ask them to vote on the applicable merger after this information is provided to them.

We must obtain regulatory approvals to complete the mergers. (Page 75)

We cannot complete the transactions contemplated by the merger agreement unless we receive approval by the Office of the Comptroller of the Currency, or the OCC, for the bank conversion and the bank merger. We cannot complete the Westcorp merger unless we receive approval, or a waiver of the requirement to receive this approval, from the Board of Governors of the Federal Reserve System, or the Federal Reserve Board. Once the applicable federal banking regulatory authorities approve these transactions, we will have to wait from 15 to 30 days before we can complete them. During that time, the Department of Justice, or the DOJ, can challenge the mergers. We are in the process of completing the applications required to be filed with the OCC and requesting a waiver of an application from the Federal Reserve Board.

In addition, certain aspects of the mergers are subject to review by antitrust authorities under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and we will file notices with the Federal Trade Commission and the Antitrust Division of the DOJ.

We cannot assure you that these and other regulatory approvals will be received or that they will be received in a timely manner, that no conditions will be imposed, or that the approvals will not contain conditions that Wachovia would reasonably determine in good faith would have a material adverse effect on Westcorp or materially reduce the anticipated economic benefits of the mergers.

See also Risk Factors Regulatory Approvals May Not Be Received, May Take Longer Than Expected or May Impose Conditions Which Are Not Presently Anticipated.

We may terminate the merger agreement. (Page 86)

Wachovia, Westcorp, Western Financial Bank and WFS can mutually agree at any time to terminate the merger agreement without completing the mergers, even if Westcorp and WFS shareholders have approved the merger agreement and the respective mergers. Also, any of the parties (other than Western Financial Bank) can decide, without the consent of the others, to terminate the merger agreement:

if there is a final denial of a required regulatory approval or if the mergers are enjoined or otherwise prohibited by governmental authority;

if the requisite shareholder approvals of Westcorp or WFS shareholders are not obtained at the respective special shareholders meetings; or

if the mergers are not completed on or before June 30, 2006.

In addition, either Wachovia or Westcorp may terminate the merger agreement if there is a continuing breach of the merger agreement by Westcorp or Wachovia, respectively, after 45 days written notice to the breaching party, as long as

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that breach would allow the non-breaching party not to complete the mergers.

Also, Wachovia may terminate the merger agreement if Westcorp or WFS respective boards or special committees modify or change their recommendations of the respective merger in a way that is adverse to Wachovia or recommend an acquisition proposal other than the respective mergers or if Westcorp or WFS encourages, solicits, participates in or initiates or knowingly facilitates inquiries or proposals of an acquisition proposal from another person other than as permitted under the merger agreement. Westcorp and WFS have no similar termination right.

At any time prior to the Westcorp special meeting and after providing five business days notice to Wachovia, Westcorp may terminate the merger agreement if it receives a third party proposal which the Westcorp board of directors and the Westcorp special committee determine in good faith is a superior proposal. In connection with this termination, Westcorp must pay Wachovia a termination fee of \$125 million.

Also, in certain other circumstances (1) Westcorp is required to pay Wachovia a termination fee of \$125 million following termination of the merger agreement, and (2) Westcorp and WFS are required to pay Wachovia a termination fee of \$111 million and \$14 million, respectively, following termination of the merger agreement. See The Merger Agreement Termination Fee and The Merger Agreement Proportionate Termination Fee for more information.

Whether or not the mergers are completed, Westcorp and Wachovia will each pay their own fees and expenses, except that they will evenly divide the costs and expenses they incur in preparing, printing and mailing this document and filing fees paid in connection with the registration statement except fees paid to counsel, financial advisors and accountants.

We may amend or waive merger agreement provisions. (Page 88)

Westcorp, WFS, Western Financial Bank and Wachovia may jointly amend the merger agreement, and each of us may waive our right to require the other parties to follow particular provisions of the merger agreement, although no party can waive the required shareholder approvals. However, after the Westcorp shareholders and the WFS shareholders approve the merger agreement and the respective merger, we may not amend or alter the merger agreement in a manner that would require approval of the shareholders of either Westcorp or WFS without obtaining this shareholder approval. All amendments and waivers of the merger agreement must be approved by the special committees of Westcorp and WFS.

Wachovia may also change the structure of the mergers, as long as any change does not alter or change the amount or kind of consideration to be received by Westcorp and WFS shareholders and the holders of options to purchase Westcorp and WFS common stock, does not adversely affect the timing for completing the mergers, does not adversely affect the tax consequences of the mergers to Westcorp or WFS shareholders and does not cause the conditions relating to the receipt of the respective tax opinions to be incapable of being satisfied.

The rights of Westcorp and WFS shareholders following the mergers will be different. (Page 98)

The rights of Wachovia shareholders are governed by North Carolina law and by Wachovia's articles of incorporation and bylaws. The rights of Westcorp shareholders are governed by California law and by Westcorp's articles of incorporation and bylaws. The rights of WFS shareholders are governed by California law and by WFS articles of incorporation and bylaws. Upon completing the mergers, the rights of all shareholders will be governed by North Carolina law and Wachovia's articles of incorporation and bylaws.

Information about Wachovia, Westcorp and WFS. (Page 93)

*Wachovia Corporation
301 South College Street
Charlotte, NC 28288
(704) 374-6565*

Wachovia is a financial holding company organized under the laws of North Carolina and registered under the federal Bank Holding Company Act. Wachovia has approximately 3,100 full-service financial centers, more than 700 retail brokerage offices and approximately 5,100 ATM locations. Wachovia offers a comprehensive line of consumer and commercial banking products and services, personal and commercial trust, invest-

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ment advisory, insurance, securities brokerage, investment banking, mortgage, credit card, cash management, international banking and other financial services.

At September 30, 2005, Wachovia had consolidated total assets of approximately \$532 billion, consolidated total deposits of approximately \$320 billion and consolidated stockholders equity of approximately \$47 billion. Based on total assets at September 30, 2005, Wachovia was the 4th largest bank holding company in the United States.

Westcorp

23 Pasteur

Irvine, California 92618

(949) 727-1002

Westcorp is a financial services holding company whose principal subsidiaries are WFS and Western Financial Bank. Westcorp, through its subsidiary, Western Financial Bank, operates 19 retail bank branches and provides commercial banking services in Southern California.

WFS Financial Inc

23 Pasteur

Irvine, California 92618

(949) 727-1002

WFS is one of the nation's largest independent automobile finance companies. WFS specializes in originating, securitizing, and servicing new and pre-owned prime and non-prime credit quality automobile contracts through its nationwide relationships with automobile dealers.

Westcorp special meeting. (Page 21)

Westcorp plans to hold its special meeting on January 6, 2006, at 10:00 a.m., local time, at Westcorp's corporate headquarters located at 23 Pasteur, Irvine, California 92618. At the Westcorp special meeting, Westcorp shareholders will be asked to approve the merger agreement and the Westcorp merger. In addition, Westcorp shareholders will be asked to approve a proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger.

Westcorp shareholders of record as of the close of business on the record date, November 17, 2005, are entitled to notice of and to vote at the Westcorp special meeting. As of that date, there were 52,318,760 shares of Westcorp common stock outstanding and entitled to vote. You can cast one vote for each share of Westcorp common stock that you owned on that date.

If you are a Plan participant, you may provide written instructions directly to the Plan's trustees how to vote the shares (vested or unvested) allocated to your Plan account.

WFS special meeting. (Page 25)

WFS plans to hold its special meeting of shareholders on January 6, 2006, at 10:30 a.m., local time, at WFS corporate headquarters located at 23 Pasteur, Irvine, California 92618. At the WFS special meeting, WFS shareholders will be asked to approve the merger agreement and the WFS merger. In addition, WFS shareholders will be asked to approve a proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger.

WFS shareholders of record as of the close of business on the record date, November 17, 2005, are entitled to notice of and to vote at the WFS special meeting. As of that date, there were 41,088,380 shares of WFS common stock outstanding and entitled to vote, of which 34,447,772 shares were owned by Western Financial Bank. You can cast one vote for each share of WFS common stock that you owned on that date.

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Unaudited Comparative Per Share Data

The table on the following page shows historical information about our companies' respective earnings per share, dividends per share and book value per share, and similar information reflecting the mergers, which we refer to as pro forma information, at or for the nine months ended September 30, 2005, and at or for the year ended December 31, 2004. In presenting the comparative pro forma information for the periods shown we assumed that Wachovia, Westcorp and WFS had been combined throughout those periods.

We have assumed that the mergers will be accounted for under an accounting method known as purchase accounting. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of the completion date of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after completion of the merger reflect such values and are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

The information listed as equivalent pro forma for Westcorp and WFS was obtained by multiplying the pro forma amounts listed by Wachovia by the 1.2749 Westcorp exchange ratio for Westcorp and by the 1.4661 WFS exchange ratio for WFS. We present this information to reflect the fact that Westcorp shareholders will receive 1.2749 shares of Wachovia common stock for each share of their Westcorp common stock exchanged in the Westcorp merger and WFS shareholders will receive 1.4661 shares of Wachovia common stock for each share of their WFS common stock exchanged in the WFS merger.

The pro forma financial information includes estimated adjustments to record certain assets and liabilities of Westcorp, which includes WFS, at their respective fair values and to record certain exit costs related to Westcorp and WFS. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed. Certain other assets and liabilities of Westcorp will also be subject to adjustment to their respective fair values. Pending more detailed analyses, no pro forma adjustments are included herein for these assets and liabilities, including additional intangible assets that may be identified. Any change in the fair value of the net assets of Westcorp will change the amount of the purchase price allocable to goodwill. Additionally, changes to Westcorp's stockholders' equity, including dividends and net income from October 1, 2005, through the date the mergers are completed, will also change the amount of goodwill recorded. In addition, the final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

We also anticipate that the mergers will provide Wachovia with financial benefits that include increased revenue and reduced operating expenses, but these financial benefits are not reflected in the pro forma information. Accordingly, the pro forma information does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of Wachovia would have been had our companies been combined during the periods presented.

The information in the following tables is based on historical financial information and related notes that we have presented in our prior filings with the SEC. You should read all of the summary financial information we provide in the following tables together with this historical financial information and related notes. The historical financial information is also incorporated into this document by reference. See *Where You Can Find More Information* on page 106 for a description of where you can find this historical information.

Table of Contents**UNAUDITED COMPARATIVE PER COMMON SHARE DATA OF WACHOVIA, WESTCORP AND WFS**

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
Wachovia		
Basic earnings per common share		
Historical	\$ 3.16	3.87
Pro forma	3.13	3.80
Diluted earnings per common share		
Historical	3.10	3.81
Pro forma	3.07	3.73
Dividends declared on common stock		
Historical	1.43	1.66
Pro forma	1.43	1.66
Book value per common share		
Historical	30.10	29.79
Pro forma	31.07	
Westcorp		
Basic earnings per common share		
Historical	3.70	4.01
Equivalent pro forma	3.99	4.85
Diluted earnings per common share		
Historical	3.65	3.96
Equivalent pro forma	3.91	4.76
Dividends declared on common stock		
Historical	0.45	0.56
Equivalent pro forma	1.82	2.12
Book value per common share		
Historical	29.44	25.77
Equivalent pro forma	39.61	
WFS		
Basic earnings per common share		
Historical	4.25	4.44
Equivalent pro forma	4.58	5.57
Diluted earnings per common share		
Historical	4.25	4.44
Equivalent pro forma	4.50	5.47
Dividends declared on common stock		
Historical		
Equivalent pro forma	2.10	2.43
Book value per common share		
Historical	29.71	25.12
Equivalent pro forma	\$ 45.55	

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Selected Financial Data

The following tables show summarized historical financial data for each of Wachovia, Westcorp and WFS and also show similar pro forma information reflecting the mergers. The historical financial data show the financial results actually achieved by Wachovia, Westcorp and WFS for the periods indicated. The pro forma information reflects the pro forma effect of accounting for the mergers under the purchase method of accounting. The pro forma income statement data for the nine months ended September 30, 2005, assumes a completion date of January 1, 2005 for each respective merger. The pro forma income statement data for the year ended December 31, 2004, assumes a completion date of January 1, 2004 for each respective merger. The pro forma balance sheet data assumes a completion date of September 30, 2005 for each respective merger.

The pro forma financial information includes estimated adjustments to record certain assets and liabilities of Westcorp, which includes WFS, at their respective fair values and to record certain exit costs related to Westcorp and WFS. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed. Certain other assets and liabilities of Westcorp will also be subject to adjustment to their respective fair values, including additional intangible assets which may be identified. Pending more detailed analyses, no pro forma adjustments are included herein for these assets and liabilities. Any change in the fair value of the net assets of Westcorp will change the amount of the purchase price allocable to goodwill. Additionally, changes to Westcorp's stockholders' equity, including net income from October 1, 2005, through the date the mergers are completed, will also change the amount of goodwill recorded. In addition, the final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

The information in the tables on the following pages is based on historical financial information and related notes that we have presented in our prior filings with the SEC. You should read all of the summary financial information we provide in the following tables together with this historical financial information and related notes. The historical financial information is also incorporated into this document by reference. See [Where You Can Find More Information](#) on page 106 for a description of where you can find this historical information.

We also anticipate that the mergers will provide Wachovia with financial benefits that include increased revenue and reduced operating expenses, but these financial benefits are not reflected in the pro forma information. Accordingly, the pro forma information does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of Wachovia would have been had our companies been combined during the periods presented.

Since announcement of the mergers, our merger integration teams have been developing plans to integrate the operations of Westcorp and WFS into Wachovia so that we will continue to provide premier service to our customers while at the same time beginning to realize merger efficiencies. These plans will continue to be refined over the next several months and will address systems, facilities and equipment, personnel, contractual arrangements and other integration activities for Westcorp, WFS and Wachovia.

The costs associated with merger integration activities that impact certain Westcorp and WFS systems, facilities and equipment, personnel and contractual arrangements will be recorded as purchase accounting adjustments as described above when the appropriate plans are in place with potential refinements up to one year after completion of the mergers as additional information becomes available.

Table of Contents**UNAUDITED SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WACHOVIA**

<i>(In millions, except per share data)</i>	Nine Months Ended		Years Ended December 31,				
	September 30,						
	2005	2004	2004	2003	2002	2001	2000
CONSOLIDATED SUMMARIES OF INCOME							
Interest income	\$ 17,215	12,319	17,288	15,080	15,632	16,100	17,534
Interest expense	7,041	3,655	5,327	4,473	5,677	8,325	10,097
Net interest income	10,174	8,664	11,961	10,607	9,955	7,775	7,437
Provision for credit losses	168	148	257	586	1,479	1,947	1,736
Net interest income after provision for credit losses	10,006	8,516	11,704	10,021	8,476	5,828	5,701
Securities gains (losses)	163	(33)	(10)	45	169	(67)	(1,125)
Fee and other income	9,051	8,008	10,789	9,437	7,721	6,363	7,837
Merger-related and restructuring expenses	234	328	444	443	387	106	2,190
Other noninterest expense	11,430	10,504	14,222	12,837	11,306	9,724	9,520
Minority interest in income of consolidated subsidiaries	239	130	184	143	6	1	
Income before income taxes and cumulative effect of a change in accounting principle	7,317	5,529	7,633	6,080	4,667	2,293	703
Income taxes	2,381	1,763	2,419	1,833	1,088	674	565
Income before cumulative effect of a change in accounting principle	4,936	3,766	5,214	4,247	3,579	1,619	138
Cumulative effect of a change in accounting principle, net of income taxes				17			(46)
Net income	4,936	3,766	5,214	4,264	3,579	1,619	92
Dividends on preferred stock				5	19	6	
Net income available to common	\$ 4,936	3,766	5,214	4,259	3,560	1,613	92

stockholders

**PER COMMON
SHARE DATA**

Basic

Income before change in accounting principle	\$ 3.16	2.90	3.87	3.20	2.62	1.47	0.12
Net income	3.16	2.90	3.87	3.21	2.62	1.47	0.07

Diluted

Income before change in accounting principle	3.10	2.85	3.81	3.17	2.60	1.45	0.12
Net income	3.10	2.85	3.81	3.18	2.60	1.45	0.07
Cash dividends	1.43	1.20	1.66	1.25	1.00	0.96	1.92
Book value	30.10	25.92	29.79	24.71	23.63	20.88	15.66

CASH DIVIDENDS**PAID ON COMMON**

STOCK	2,245	1,571	2,306	1,665	1,366	1,032	1,888
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**CONSOLIDATED
PERIOD-END
BALANCE SHEET
ITEMS**

Assets	532,381	436,698	493,324	401,188	342,033	330,634	254,272
Loans, net of unearned income	239,733	174,504	223,840	165,571	163,097	163,801	123,760
Deposits	320,439	252,981	295,053	221,225	191,518	187,453	142,668
Long-term debt	45,845	41,444	46,759	36,730	39,662	41,733	35,809
Stockholders equity	\$ 46,757	33,897	47,317	32,428	32,078	28,455	15,347
Common shares outstanding	1,553	1,308	1,588	1,312	1,357	1,362	980

**CONSOLIDATED
AVERAGE BALANCE
SHEET ITEMS**

Assets	\$ 505,178	411,434	426,767	361,501	320,603	270,445	247,871
Loans, net of unearned income	224,701	163,809	172,033	158,327	154,452	133,848	126,888
Deposits	299,456	237,027	247,842	198,923	180,874	151,507	141,043
Long-term debt	47,764	38,359	39,780	36,676	38,902	38,538	34,279
Stockholders equity	\$ 47,225	32,828	35,295	32,135	30,392	20,221	15,541
Common shares outstanding							
Basic	1,561	1,299	1,346	1,325	1,356	1,096	971
Diluted	1,590	1,321	1,370	1,340	1,369	1,105	974

ASSET QUALITY

Allowance for loan losses	\$ 2,719	2,324	2,757	2,348	2,604	2,813	1,620
Nonperforming assets	896	899	1,100	1,146	1,735	1,713	1,279
Net charge-offs	\$ 156	185	300	652	1,122	937	751

**CONSOLIDATED
PERCENTAGES**

Average assets to average stockholders equity	10.70x	12.53	12.09	11.25	10.55	13.37	15.93
Return on average assets	1.31%(a)	1.22(a)	1.22	1.18	1.12	0.60	0.04

Return on average stockholders equity	13.97(a)	15.33(a)	14.77	13.27	11.78	8.00	0.59
Average stockholders equity to average assets	9.35	7.98	8.27	8.89	9.49	7.49	6.28
Stockholders equity to assets	8.78	7.76	9.59	8.09	9.38	8.61	6.04
Allowance for loan losses to							
Loans, net	1.13	1.33	1.23	1.42	1.60	1.72	1.31
Nonperforming assets	303	258	251	205	150	164	127
Net charge-offs to average loans, net	0.09(a)	0.15(a)	0.17	0.41	0.73	0.70	0.59
Nonperforming assets to loans, net, foreclosed properties and loans held for sale	0.37	0.50	0.53	0.69	1.11	1.13	1.22
Capital ratios							
Tier I capital	7.42	8.34	8.01	8.52	8.22	7.04	7.02
Total capital	10.79	11.22	11.11	11.82	12.01	11.08	11.19
Leverage	5.96	6.21	6.38	6.36	6.77	6.19	5.92
Net interest margin	3.25%(a)	3.42(a)	3.41	3.72	3.97	3.59	3.55

(a) Annualized.

Table of Contents**UNAUDITED SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WESTCORP**

	Nine Months Ended September 30,		Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
<i>(In millions, except per share data)</i>							
CONSOLIDATED SUMMARIES OF INCOME							
Interest income	\$ 1,042	946	1,271	1,245	1,143	963	583
Interest expense	385	348	463	531	530	492	313
Net interest income	657	598	808	714	613	471	270
Provision for credit losses	126	174	235	294	306	197	82
Net interest income after provision for credit losses	531	424	573	420	307	274	188
Fee and other income	59	86	116	110	90	79	178
Noninterest expense	225	220	296	282	252	245	221
Minority interest in income of consolidated subsidiaries	28	22	29	26	13	10	12
Income before income taxes	337	268	364	222	132	98	133
Income taxes	144	115	156	98	52	42	58
Net income	\$ 193	153	208	124	80	56	75
PER COMMON SHARE DATA							
Basic earnings	\$ 3.70	2.94	4.01	2.88	2.07	1.62	2.54
Diluted earnings	3.65	2.90	3.96	2.85	2.05	1.61	2.53
Cash dividends	0.45	0.42	0.56	0.52	0.48	0.44	0.30
Book value	29.44	24.71	25.77	21.58	15.72	15.03	15.22
CASH DIVIDENDS PAID ON COMMON STOCK	23	21	29	22	18	15	9
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS							
Assets	16,999	15,352	15,545	14,616	12,483	10,072	7,868
Loans, net of unearned income	13,222	11,936	12,136	11,138	9,434	7,552	4,924
Deposits	2,317	2,109	2,183	1,973	1,975	2,329	2,478
Long-term debt	12,746	11,581	11,678	11,210	9,514	6,758	4,280
Stockholders equity	\$ 1,531	1,285	1,340	1,122	613	541	487
Common shares outstanding	52	52	52	52	39	36	32
CONSOLIDATED AVERAGE BALANCE SHEET ITEMS							
Assets	\$ 16,289	14,938	15,056	13,693	11,572	9,280	6,243

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Loans, net of unearned income	12,633	11,487	11,621	10,596	8,601	6,405	3,372
Deposits	2,203	2,026	2,053	1,982	2,196	2,319	2,380
Long-term debt	12,269	11,352	11,437	10,419	7,993	5,632	2,118
Stockholders equity	\$ 1,434	1,197	1,226	767	587	527	427
Common shares outstanding							
Basic	52	52	52	43	39	34	29
Diluted	53	53	53	43	39	34	30
ASSET QUALITY							
Allowance for loan losses	\$ 320	312	315	302	269	178	104
Nonperforming assets	57	58	60	64	55	35	15
Net charge-offs	\$ 122	164	221	262	215	123	42
CONSOLIDATED PERCENTAGES							
Average assets to average stockholders equity	11.36x	12.48	12.28	17.85	19.71	17.61	14.62
Return on average assets	1.58%(a)	1.37(a)	1.38	0.90	0.69	0.60	1.20
Return on average stockholders equity	17.99(a)	17.07(a)	16.97	16.11	13.59	10.56	17.32
Average stockholders equity to average assets	8.80	8.01	8.14	5.60	5.07	5.68	6.84
Stockholders equity to assets	9.01	8.37	8.62	7.68	4.91	5.37	6.19
Allowance for loan losses to							
Loans, net	2.42	2.61	2.60	2.71	2.85	2.36	2.11
Nonperforming assets	561	538	525	472	489	509	693
Net charge-offs to average loans, net	1.29(a)	1.90(a)	1.90	2.47	2.50	1.92	1.25
Nonperforming assets to loans, net, foreclosed properties and loans held for sale	0.43	0.49	0.49	0.57	0.58	0.46	0.30
Capital ratios							
Tier I capital	11.00	10.56	11.59	9.20	7.67	8.49	8.32
Total capital	14.63	14.85	15.72	14.17	13.38	11.86	12.16
Leverage	9.06	8.36	8.68	7.75	4.87	5.38	6.36
Net interest margin	5.05%(a)	5.02(a)	5.05	4.95	5.14	4.85	4.37

(a) Annualized.

Table of Contents**UNAUDITED SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WFS**

	Nine Months Ended September 30,		Years Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
<i>(In millions, except per share data)</i>							
CONSOLIDATED SUMMARIES OF INCOME							
Interest income	\$ 818	661	900	993	820	546	314
Interest expense	280	236	316	391	349	233	131
Net interest income	538	425	584	602	471	313	183
Provision for credit losses	132	133	192	234	249	144	69
Net interest income after provision for credit losses	406	292	392	368	222	169	114
Fee and other income	64	121	154	142	119	138	185
Noninterest expense	182	183	245	241	213	205	189
Income before income taxes	288	230	301	269	128	102	110
Income taxes	114	91	119	107	46	40	44
Net income	\$ 174	139	182	162	82	62	66
PER COMMON SHARE DATA							
Basic earnings	\$ 4.25	3.38	4.44	3.96	2.06	1.91	2.36
Diluted earnings	4.25	3.37	4.44	3.95	2.05	1.90	2.35
Cash dividends							
Book value	29.71	24.00	25.12	19.98	15.49	13.29	11.32
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS							
Assets	12,063	9,631	9,949	9,769	8,861	5,491	3,575
Stockholders' equity	\$ 1,218	984	1,030	819	635	465	317
Common shares outstanding	41	41	41	41	41	35	28

Table of Contents**UNAUDITED SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF WACHOVIA AND WESTCORP**

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
<i>(In millions, except per share data)</i>		
CONSOLIDATED SUMMARIES OF INCOME		
Interest income	\$ 18,257	18,559
Interest expense	7,426	5,790
Net interest income	10,831	12,769
Provision for credit losses	294	492
Net interest income after provision for credit losses	10,537	12,277
Securities gains (losses)	163	(10)
Fee and other income	9,110	10,905
Merger-related and restructuring expenses	234	444
Other noninterest expense	11,693	14,568
Minority interest in income of consolidated subsidiaries	239	184
Income before income taxes	7,644	7,976
Income taxes	2,521	2,567
Net income	\$ 5,123	5,409
PER COMMON SHARE DATA		
Basic(a)	\$ 3.13	3.80
Diluted(a)	3.07	3.73
Dividends	1.43	1.66
Book value	31.07	
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS		
Assets	551,880	
Loans, net of unearned income	253,247	
Deposits	322,756	
Long-term debt	58,592	
Stockholders equity	\$ 50,651	
Common shares outstanding	1,629	
CONSOLIDATED PERCENTAGES		
Return on average assets	1.31%(b)	1.22
Return on average stockholders equity	14.08(b)	14.81
Allowance for loan losses to		
Loans, net	1.18	1.30
Nonperforming assets	314	265

Net charge-offs to average loans, net	0.16(b)	0.28
Nonperforming assets to loans, net, foreclosed properties and loans held for sale	0.35%	0.47

(a) The basic and diluted per common share amounts were determined by dividing pro forma net income by the sum of (i) Wachovia's respective historical average basic and diluted shares outstanding, (ii) Westcorp's respective historical average basic and diluted shares outstanding as adjusted by the 1.2749 exchange ratio for each period presented, and (iii) the assumed shares of Wachovia common stock to be issued to unaffiliated holders of WFS common stock as adjusted by the 1.4661 exchange ratio. Dividends per share are the actual amounts per share paid by Wachovia for each period presented. The book value per common share amount was determined by dividing pro forma stockholders' equity by the sum of (i) Wachovia's common shares outstanding at September 30, 2005, and (ii) Westcorp's common shares outstanding at September 30, 2005, as adjusted by the 1.2749 exchange ratio.

(b) Annualized.

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RISK FACTORS

*In addition to the other information contained in or incorporated by reference into this joint proxy statement-prospectus, including the matters addressed under the heading *Forward-Looking Statements* beginning on page 108, you should carefully consider the following risk factors in deciding how to vote on the respective mergers.*

Because the Market Price of Wachovia Common Stock May Fluctuate, Westcorp and WFS Shareholders Cannot Be Sure of the Market Value of the Wachovia Common Stock That They Will Receive in the Respective Mergers.

Upon completion of the Westcorp merger, each share of Westcorp common stock will be converted into the right to receive 1.2749 shares of Wachovia common stock and upon completion of the WFS merger, each share of WFS common stock will be converted into the right to receive 1.4661 shares of Wachovia common stock. The exchange ratios will not be adjusted for changes in the market price of either Wachovia common stock, Westcorp common stock or WFS common stock. Any change in the price of Wachovia common stock prior to the completion of the respective mergers will affect the market value of Wachovia common stock that Westcorp and WFS shareholders will receive in the respective mergers. None of us is permitted to terminate the merger agreement or resolicit the vote of shareholders solely because of changes in the market prices of our common stock.

Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our businesses, operations and prospects and regulatory considerations. Many of these factors are beyond our control. The prices of Wachovia common stock, Westcorp common stock and WFS common stock at the completion of the respective mergers may vary from their respective prices on the date the merger agreement was executed, the date of this joint proxy statement-prospectus and the date of the respective special shareholders meetings. As a result, the value represented by the respective exchange ratios also will vary. For example, based on the range of closing prices of Wachovia common stock during the period from September 9, 2005, the last trading day before public announcement of the mergers, through November 21, 2005, the exchange ratios represented an indicated value ranging from a high of \$67.77 to a low of \$59.27 for each share of Westcorp common stock and an indicated value ranging from a high of \$77.94 to a low of \$68.16 for each share of WFS common stock. Because the date the mergers are completed will be later than the dates of the respective special shareholders meetings, you will not know at the time of such meeting the market value of Wachovia common stock that Westcorp and WFS shareholders will receive upon completion of the respective mergers.

Combining Our Companies May Be More Difficult, Costly or Time-Consuming Than We Expect.

The success of the mergers will depend, in part, on Wachovia's ability to realize the anticipated benefits from combining Wachovia, Westcorp, Western Financial Bank and WFS. However, to realize these anticipated benefits, Wachovia, Westcorp, Western Financial Bank and WFS must be successfully combined. If Wachovia is not able to achieve these objectives, the anticipated benefits of the mergers may not be fully realized, or may be more costly or take longer to realize than expected.

Wachovia, Westcorp, Western Financial Bank and WFS have operated, and, until completion of the mergers, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each company's ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients and employees or to achieve the anticipated benefits of the mergers. As with any merger of financial institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits out of our banks.

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Regulatory Approvals May Not Be Received, May Take Longer Than Expected or Impose Conditions Which Are Not Presently Anticipated.

Before the mergers may be completed, various approvals or consents must be obtained from various federal regulatory authorities. For example, the bank conversion and the bank merger must each be approved by the OCC and will be reviewed by the DOJ. Also, the Westcorp merger must be approved by the Federal Reserve Board, or we must receive a waiver of the requirement to receive such approval from the Federal Reserve Board. The OCC will consider, among other factors, the competitive impact of the mergers, the financial and managerial resources of our companies and their subsidiary banks and the convenience and needs of the communities to be served. As part of that consideration, we expect that the OCC will review capital position, safety and soundness, legal and regulatory compliance matters and Community Reinvestment Act matters.

There can be no assurance as to whether these and any other regulatory approvals, including approval under the HSR Act, or consents will be received within the expected timeframes, if at all, or whether any conditions will be imposed.

Members of Management and the Boards of Directors of Westcorp and WFS Have Interests in the Mergers That May Differ from Your Interests.

In considering whether to approve the merger agreement and the respective mergers, Westcorp and WFS shareholders should recognize that some of the members of management and the boards of directors of both Westcorp and WFS have interests in the mergers that differ from, or are in addition to, their interests as Westcorp and WFS shareholders, as applicable. These interests include, among others:

employment offer letters that Wachovia entered into with six executive officers of Westcorp;

Westcorp stock options held by non-employee directors of Westcorp, Western Financial Bank and WFS that will be canceled in exchange for Wachovia common stock in connection with the mergers;

indemnification and insurance for officers and directors of Westcorp and WFS against certain liabilities; and

other severance benefits.

The Westcorp and WFS boards were aware of these different or additional interests and considered them, among other matters, in adopting the merger agreement and the respective mergers. For additional information regarding the interests of the members of management and the boards of directors of Westcorp and WFS in connection with the mergers, see *The Merger Agreement Interests of Certain Persons in the Mergers* on page 68.

Wachovia's Future Results May Differ Materially from the Pro Forma Financial Information Presented in This Joint Proxy Statement-Prospectus.

Wachovia's future results may be materially different from those shown in the pro forma financial information included in this joint proxy statement-prospectus, which only shows the aggregate of our historical results. The charges Wachovia expects to incur in connection with the mergers and its subsequent integration efforts may be higher or lower than currently estimated, depending upon how costly or difficult it is to integrate the companies. Furthermore, these charges may decrease Wachovia's capital that could be used for income-earning investments in the future.

The Market Price of Wachovia Common Stock after the Mergers May Be Affected by Factors Different from Those Affecting Westcorp Common Stock, WFS Common Stock or Wachovia Common Stock Currently.

The businesses of Wachovia, Westcorp, Western Financial Bank and WFS differ and, accordingly, Wachovia's results of operations and the market price of Wachovia's common stock after the mergers may

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be affected by factors different from those currently affecting the independent results of operations of each of Wachovia, Westcorp, Western Financial Bank or WFS. For a discussion of the businesses of Wachovia, Westcorp, Western Financial Bank and WFS and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement-prospectus and referred to under "Where You Can Find More Information" on page 106.

The Merger Agreement Limits Westcorp's and WFS' Ability to Pursue Alternatives to the Respective Mergers.

The merger agreement contains provisions that limit Westcorp's and WFS' ability to initiate, solicit or discuss competing third party proposals to acquire all or a significant part of Westcorp or WFS or any of their subsidiaries. In addition, in order to induce Wachovia to enter into the merger agreement, Ernest S. Rady, Westcorp's and WFS' Chairman of the Board and Westcorp's Chief Executive Officer, and certain entities controlled by him, solely in their capacities as Westcorp shareholders, entered into a voting agreement with Wachovia, pursuant to which they agreed to vote 20,890,258 shares of Westcorp common stock beneficially owned by them, representing approximately 40% of the outstanding shares of Westcorp common stock as of the record date, in favor of approval of the merger agreement and the Westcorp merger. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Westcorp from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the mergers, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Westcorp than it might otherwise have proposed to pay. For additional information regarding these limitations, see "The Mergers' Voting Agreement" on page 71 and "The Merger Agreement Acquisition Proposals by Third Parties" on page 83.

The Securities and Exchange Commission Is Investigating Wachovia's Relationship With Its Auditor, KPMG LLP.

As reported in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2004, the SEC has requested Wachovia to produce certain information concerning any agreements or understandings by which Wachovia referred clients to KPMG LLP during the period January 1, 1997 to November 2003 in connection with an inquiry regarding the independence of KPMG LLP as Wachovia's outside auditors during such period. Wachovia is continuing to cooperate with the SEC in its inquiry, which is being conducted pursuant to a formal order of investigation entered by the SEC on October 21, 2003. Wachovia believes the SEC's inquiry relates to certain tax services offered to Wachovia customers by KPMG LLP during the period from 1997 to early 2002, and whether these activities might have caused KPMG LLP not to be independent from Wachovia, as defined by applicable accounting and SEC regulations requiring auditors of an SEC-reporting company to be independent of the company. Those SEC regulations require that our annual reports, including the financial statements for the year ended December 31, 2002 incorporated by reference, contain financial statements that are accompanied by a report of independent accountants. Wachovia and/or KPMG LLP received fees in connection with a small number of personal financial consulting transactions related to these services. Although KPMG LLP has confirmed to Wachovia that during all periods covered by the SEC's inquiry, including the present, KPMG LLP was and is independent from Wachovia under applicable accounting and SEC regulations, Wachovia cannot give any assurances as to the outcome of the SEC's inquiry.

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WESTCORP SPECIAL MEETING

This section contains information provided by Westcorp for Westcorp shareholders about the special shareholders meeting Westcorp has called to consider and approve the merger agreement and the Westcorp merger. Westcorp is mailing this joint proxy statement-prospectus to you, as a Westcorp shareholder, on or about November 29, 2005. Together with this joint proxy statement-prospectus, Westcorp is also sending to you a notice of the Westcorp special meeting, and a form of proxy that its board of directors is soliciting for use at the Westcorp special meeting and at any adjournments or postponements of the meeting. The Westcorp special meeting will be held on January 6, 2006 at 10:00 a.m., local time at Westcorp's corporate headquarters located at 23 Pasteur, Irvine, California 92618.

Matters To Be Considered

At the Westcorp special meeting, Westcorp shareholders as of the record date will be asked to consider and vote on approval of the merger agreement and the Westcorp merger. Westcorp shareholders will also be asked to vote upon a proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger.

Votes Required; Quorum

Approval of the merger agreement and the Westcorp merger requires the affirmative vote of a majority of the outstanding shares of Westcorp common stock entitled to vote at the Westcorp special meeting. As a condition to Wachovia's willingness to enter into the merger agreement, Ernest S. Rady, Westcorp's and WFS's Chairman of the Board and Westcorp's Chief Executive Officer, and certain entities controlled by him, solely in their capacities as Westcorp shareholders, entered into a voting agreement with Wachovia, pursuant to which they agreed to vote 20,890,258 shares of Westcorp common stock beneficially owned by them, representing approximately 40% of the outstanding shares of Westcorp common stock as of the record date, in favor of approval of the merger agreement and the Westcorp merger. If Mr. Rady and the entities controlled by him determine to vote the remaining shares of Westcorp common stock beneficially owned by them, representing approximately 13% of the outstanding shares of Westcorp common stock as of the record date, in favor of the merger agreement and the Westcorp merger, the proposal at the Westcorp special meeting to approve the merger agreement and the Westcorp merger will be approved. Approval of the proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies, in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger, requires the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum.

The presence in person or by proxy of a majority of Westcorp common stock outstanding on the record date and entitled to vote at the Westcorp special meeting will constitute a quorum for purposes of conducting business at the Westcorp special meeting. Abstentions (shareholders who attend the Westcorp special meeting, either in person or by proxy, but abstain from voting) will be counted in determining whether a quorum is present at the Westcorp special meeting; however, abstentions and shares not in attendance and not voted at the Westcorp special meeting, including broker non-votes (shares as to which a broker or nominee does not vote because it has not received voting instructions from the beneficial owners of those shares), will have the same effect as votes against approval of the merger agreement and the Westcorp merger. In addition, abstentions will have the effect of a vote against the proposal to adjourn or postpone the Westcorp special meeting, if necessary, to solicit additional proxies.

Westcorp's board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope or, alternatively, to submit your proxy via the telephone or Internet procedures described under Submitting Proxies via Telephone, Internet or Mail beginning on page 24.

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Proxies; Revocation of Proxies

You should complete and return the proxy card enclosed with this document, or submit your proxy via the telephone or Internet procedures described below, to ensure that your vote is counted at the Westcorp special meeting, regardless of whether you plan to attend the Westcorp special meeting. If you are a registered shareholder (that is, you hold stock directly registered in your own name) as of the record date, you may also vote by telephone or through the Internet by following the instructions on your proxy card. If your shares are held in nominee or street name you will receive separate voting instructions from your broker or nominee, which will be included with your proxy materials. Most brokers and nominees offer telephone and Internet voting, but the availability of and procedures for these alternatives will depend on the arrangements established by each particular broker or nominee. Brokers that hold shares of Westcorp common stock in nominee or street name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares on the proposals to be considered at the Westcorp special meeting without specific instructions from those customers.

If your shares are held in the Westcorp Employee Stock Ownership and Salary Savings Plan, which we refer to as the Plan, you are entitled to provide written instructions directing the Plan's trustees how to vote the shares (vested and unvested) allocated to your Plan accounts. As required by the terms of the Plan, the trustees will vote the shares as you direct and will treat any such directions they receive as confidential. Your voting instruction will also be applicable to your proportionate allocation of Plan shares for which timely voting instructions are not provided. This allocation will be made based on a fraction, the numerator of which is the number of shares held in your Plan accounts and the denominator of which is the aggregate number of shares held by all Plan participants in their Plan accounts and for which timely voting instructions are received. Voting by Plan participants will close at 11:59 p.m. (EST) on January 4, 2006.

If you are a Westcorp shareholder of record, you can revoke your proxy at any time before the vote is taken at the Westcorp special meeting by submitting to Westcorp's Corporate Secretary written notice of revocation or a properly executed proxy of a later date, or by attending the Westcorp special meeting and voting in person. Attendance at the Westcorp special meeting will not by itself constitute revocation of a proxy. Written notices of revocation and other communications about revoking Westcorp proxies should be addressed to:

Westcorp
23 Pasteur
Irvine, California 92618
Attention: Corporate Secretary

If you are a Westcorp shareholder and your shares are held in nominee or street name, you should contact your broker or other nominee regarding the revocation of proxies.

All shares of Westcorp common stock represented by valid proxies that Westcorp receives through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you are a Westcorp shareholder of record and you sign your proxy card but make no specification regarding how to vote your shares, your proxy will be voted FOR approval of the merger agreement and the Westcorp merger and FOR approval of the proposal to adjourn or postpone the Westcorp special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the Westcorp special meeting to approve the merger agreement and the Westcorp merger.

Westcorp's board is presently unaware of any other matters that may be presented for action at the Westcorp special meeting. If other matters do properly come before the Westcorp special meeting, however, Westcorp intends that shares represented by proxies in the form enclosed with this joint proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card.

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Westcorp shareholders should not send in any stock certificates with their proxy cards. The exchange agent will mail a transmittal letter with instructions for the surrender of stock certificates to Westcorp shareholders as soon as practicable after the completion of the mergers.

Solicitation of Proxies

Westcorp will bear the entire cost of soliciting proxies from its shareholders, except that Wachovia and Westcorp have agreed to each pay one-half of the costs and expenses of preparing, printing and mailing this joint proxy statement-prospectus and all filing and other fees relating to the mergers paid to the SEC. In addition to soliciting proxies by mail, Westcorp will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of Westcorp common stock and secure their voting instructions, if necessary. Westcorp will reimburse those banks, brokers and record holders for their reasonable fees and expenses in taking those actions. Westcorp also has made arrangements with Mellon Investor Services to assist in soliciting proxies for approval of the merger agreement and the Westcorp merger and in communicating with shareholders and has agreed to pay customary fees for its services. If necessary, Westcorp also may use several of its directors, officers and regular employees, who will not be specially compensated, to solicit proxies from its shareholders, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter.

Record Date and Voting Rights

In accordance with California law, Westcorp's bylaws and the rules of the NYSE, Westcorp has fixed November 17, 2005 as the record date for determining the Westcorp shareholders entitled to notice of and to vote at the Westcorp special meeting. Only Westcorp shareholders of record at the close of business on the record date are entitled to notice of and to vote at the Westcorp special meeting and any adjournments or postponements of the Westcorp special meeting. At the close of business on the record date, there were 52,318,760 shares of Westcorp common stock outstanding, held by 113 holders of record. On each matter properly submitted for consideration at the Westcorp special meeting, you are entitled to one vote for each outstanding share of Westcorp common stock you held as of the close of business on the record date.

As of the record date:

Westcorp's directors and executive officers beneficially owned 28,167,015 shares of Westcorp common stock, representing 53.8% of the shares entitled to vote at the Westcorp special meeting. Westcorp currently expects that its directors and executive officers will vote the shares of Westcorp common stock they beneficially own FOR approval of the merger agreement and the Westcorp merger. Mr. Ernest Rady and certain entities controlled by him, which beneficially owned 27,790,187 shares, or 53.1% of the shares entitled to vote at the Westcorp special meeting, have agreed in a voting agreement with Wachovia to vote 20,890,258 of such shares, or approximately 40% of the shares entitled to vote at the Westcorp special meeting, FOR approval of the merger agreement and the Westcorp merger;

Wachovia and its directors and executive officers beneficially owned no shares of Westcorp common stock (other than shares held as fiduciary, custodian or agent as described below); and

subsidiaries of Wachovia, as fiduciaries, custodians or agents, held 62,279 shares of Westcorp common stock, representing 0.1% of the shares entitled to vote at the Westcorp special meeting, and maintained sole or shared voting power over 6,243 of these shares representing 0.01% of the shares entitled to vote at the Westcorp special meeting.

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Other than Mr. Ernest Rady and the entities controlled by him, Westcorp is not aware of any shareholder who was the beneficial owner of more than 5% of the outstanding shares of Westcorp common stock as of the record date.

Recommendation of the Westcorp Board

After careful consideration, the Westcorp board of directors, after its independent evaluation and acting upon the unanimous recommendation of the Westcorp special committee, unanimously determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders and approved the merger agreement and the Westcorp merger. The Westcorp board of directors unanimously recommends that Westcorp shareholders vote FOR the approval of the merger agreement and the Westcorp merger.

Submitting Proxies via Telephone, Internet or Mail

Westcorp offers three ways for Westcorp shareholders and Plan participants of record to submit their proxies:

Option 1 Vote By Telephone:

Call toll free 1-866-540-5760 before 11:59 p.m. (EST), on January 5, 2006 (or, as it relates to Plan participants, before 11:59 p.m. (EST) on January 4, 2006) and follow the instructions on the enclosed proxy card.

Option 2 Vote On the Internet:

Access the proxy form at <http://www.proxyvoting.com/wes> (and for Plan participants, <http://www.proxyvoting.com/wes-emp>) before 11:59 p.m. (EST), on January 5, 2006 (or, as it relates to Plan participants, before 11:59 p.m. (EST) on January 4, 2006). Follow the instructions for Internet voting found on that website and on the enclosed proxy card. If you are submitting proxies via the Internet, please be advised that there may be costs involved, including possibly access charges from Internet access providers and telephone companies. You will have to bear these costs.

Option 3 Mail Your Proxy Card:

If you do not wish to submit your proxy by telephone or the Internet, please complete, sign, date and return the enclosed proxy card as described under Proxies; Revocation of Proxies above. Proxy cards must be received before the time the vote is taken at the Westcorp special meeting.

The telephone and Internet procedures mentioned above are designed to properly authenticate Westcorp shareholders and Plan participants identities and to record accurately and count their proxies.

If your Westcorp shares are registered in the name of a brokerage, bank or other nominee, you may not be able to use telephone and Internet voting procedures. Please refer to the materials you receive from your broker, bank or other nominee, or contact your broker, bank or other nominee to determine your options.

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WFS SPECIAL MEETING

This section contains information provided by WFS for WFS shareholders about the special shareholders meeting WFS has called to consider and approve the merger agreement and the WFS merger. WFS is mailing this joint proxy statement-prospectus to you, as a WFS shareholder, on or about November 29, 2005. Together with this joint proxy statement-prospectus, WFS is also sending to you a notice of the WFS special meeting, and a form of proxy that its board of directors is soliciting for use at the WFS special meeting and at any adjournments or postponements of the meeting. The WFS special meeting will be held on January 6, 2006 at 10:30 a.m., local time at WFS corporate headquarters located at 23 Pasteur, Irvine, California, 92618.

Matters To Be Considered

At the WFS special meeting, WFS shareholders as of the record date will be asked to consider and vote on approval of the merger agreement and the WFS merger. WFS shareholders will also be asked to vote upon a proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger.

Votes Required; Quorum

Approval of the merger agreement and the WFS merger requires the affirmative vote of (1) a majority of the outstanding shares of WFS common stock entitled to vote at the WFS special meeting and (2) a majority of the shares of WFS common stock represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates (including Western Financial Bank). Westcorp has agreed to cause Western Financial Bank, the holder of approximately 84% of the outstanding shares of WFS common stock as of the record date, to vote such shares in favor of approving the merger agreement and the WFS merger. As a result, the merger agreement and the WFS merger will be approved by the majority of the outstanding shares of WFS common stock. However, the shares of WFS common stock owned by Western Financial Bank will not be counted as voting in determining whether the merger agreement and the WFS merger have been approved by a majority of shares represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates. Approval of the proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies, in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger, requires the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum.

The presence in person or by proxy of a majority of WFS common stock outstanding on the record date and entitled to vote at the WFS special meeting will constitute a quorum for purposes of conducting business at the WFS special meeting. Abstentions (shareholders who attend the WFS special meeting, either in person or by proxy, but abstain from voting) will be counted as present at the WFS special meeting for purposes of determining whether a quorum is present at the WFS special meeting.

Abstentions and shares not in attendance and not voted at the WFS special meeting, including broker non-votes (shares as to which a broker or nominee does not vote because it has not received voting instructions from the beneficial owners of those shares), will have the same effect as votes against approval of the merger agreement and the WFS merger for purposes of determining approval by a majority of the outstanding shares of WFS common stock. Abstentions and shares not in attendance and not voted at the WFS special meeting, including broker non-votes, will not have any effect for determining approval by a majority of shares represented and voting at the WFS special meeting by shareholders other than Westcorp and its affiliates (including Western Financial Bank). In addition, abstentions will have the effect of a vote against the proposal to adjourn or postpone the WFS special meeting, if necessary, to solicit additional proxies.

WFS board urges WFS shareholders to complete, date and sign the enclosed proxy and return it promptly in the enclosed, postage-paid envelope or, alternatively, to submit your proxy via the telephone

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or Internet procedures described under Submitting Proxies via Telephone, Internet or Mail beginning on page 28.

Proxies; Revocation of Proxies

If you are a WFS shareholder, you should complete and return the proxy card enclosed with this document to ensure that your vote is counted at the WFS special meeting, regardless of whether you plan to attend the WFS special meeting. If you are a registered shareholder (that is, you hold stock directly registered in your own name) as of the record date, you may also vote by telephone or through the Internet by following the instructions on your proxy card. If your shares are held in nominee or street name you will receive separate voting instructions from your broker or nominee, which will be included with your proxy materials. Most brokers and nominees offer telephone and Internet voting, but the availability of and procedures for these alternatives will depend on the arrangements established by each particular broker or nominee. Brokers that hold shares of WFS common stock in nominee or street name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares on the proposals to be considered at the WFS special meeting without specific instructions from those customers.

If you are a WFS shareholder of record, you can revoke your proxy at any time before the vote is taken at the WFS special meeting by submitting to WFS Corporate Secretary written notice of revocation or a properly executed proxy of a later date, or by attending the WFS special meeting and voting in person. Attendance at the WFS special meeting will not by itself constitute revocation of a proxy. Written notices of revocation and other communications about revoking WFS proxies should be addressed to:

WFS Financial Inc
23 Pasteur
Irvine, CA 92618
Attention: Corporate Secretary

If you are a WFS shareholder and your shares are held in nominee or street name, you should contact your broker or other nominee regarding the revocation of proxies.

All shares of WFS common stock represented by valid proxies that WFS receives through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you are a WFS shareholder of record and you sign your proxy card but make no specification regarding how to vote your shares, your proxy will be voted FOR approval of the merger agreement and the WFS merger and FOR approval of the proposal to adjourn or postpone the WFS special meeting, if necessary, for the purpose of soliciting additional proxies in the event that there are not sufficient votes at the time of the WFS special meeting to approve the merger agreement and the WFS merger.

WFS board is presently unaware of any other matters that may be presented for action at the WFS special meeting. If other matters do properly come before the WFS special meeting, however, WFS intends that shares represented by proxies in the form enclosed with this joint proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card.

WFS shareholders should not send in any stock certificates with their proxy cards. The exchange agent will mail a transmittal letter with instructions for the surrender of stock certificates to WFS shareholders as soon as practicable after the completion of the mergers.

Solicitation of Proxies

Westcorp will bear the entire cost of soliciting proxies, except that Westcorp and Wachovia have agreed to each pay one-half of the costs and expenses of preparing, printing and mailing this joint proxy statement-prospectus and all filing and other fees relating to the mergers paid to the SEC. In addition to soliciting proxies by mail, WFS will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of WFS common stock and secure their voting instructions, if necessary. Westcorp will reimburse those banks, brokers and record holders for their reasonable fees and

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expenses in taking those actions. Westcorp has also made arrangements with Mellon Investor Services to help in soliciting proxies for approval of the merger agreement and the WFS merger and in communicating with shareholders and has agreed to pay customary fees for its services. If necessary, WFS may also use several of its directors, officers and regular employees, who will not be specially compensated, to solicit proxies from its shareholders, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter.

Record Date and Voting Rights

In accordance with California law, WFS bylaws and Nasdaq rules, WFS has fixed November 17, 2005 as the record date for determining the WFS shareholders entitled to notice of and to vote at the WFS special meeting. Only WFS shareholders of record at the close of business on the record date are entitled to notice of and to vote at the WFS special meeting and any adjournments or postponements of the WFS special meeting. At the close of business on the record date, there were 41,088,380 shares of WFS common stock outstanding, held by 14 holders of record. On each matter properly submitted for consideration at the WFS special meeting, WFS shareholders are entitled to one vote for each outstanding share of WFS common stock held by them as of the close of business on the record date.

As of the record date:

WFS directors and executive officers beneficially owned 95,872 shares of WFS common stock, representing 0.2% of the shares entitled to vote at the WFS special meeting. WFS currently expects that its directors and executive officers will vote the shares of WFS common stock they beneficially own FOR approval of the merger agreement and the WFS merger. In addition, Westcorp's directors and executive officers and Western Financial Bank's directors and executive officers beneficially owned 95,872 shares of WFS common stock, representing approximately 0.2% of the shares entitled to vote at the WFS special meeting. The directors and executive officers of Westcorp's subsidiaries, other than Western Financial Bank and WFS, beneficially owned approximately 1,100 shares of WFS common stock, representing .003% of the shares entitled to vote at the WFS special meeting (not including shares already included in this paragraph);

Western Financial Bank owned 34,447,772 shares of WFS common stock, representing approximately 84% of the shares entitled to vote at the WFS special meeting. Westcorp has agreed to cause Western Financial Bank to vote those shares of WFS common stock it beneficially owns FOR approval of the merger agreement and the WFS merger;

neither Westcorp nor any of its subsidiaries, other than Western Financial Bank, owned any shares of WFS common stock;

Wachovia and its directors and executive officers beneficially owned no shares of WFS common stock (other than shares held as fiduciary, custodian or agent as described below); and

subsidiaries of Wachovia, as fiduciaries, custodians or agents, held a total of 10,478 shares of WFS common stock, representing 0.03% of the shares entitled to vote at the WFS special meeting, and maintained sole or shared voting power over 1,660 of these shares representing less than 0.01% of the shares entitled to vote at the WFS special meeting.

For purposes of determining whether a majority of WFS shareholders represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates (including Western Financial Bank), vote in favor of approving the merger agreement and the WFS merger, the shares listed in the first two bullet points above will not be counted as voting.

Other than Western Financial Bank, WFS is not aware of any shareholder who was the beneficial owner of more than 5% of the outstanding shares of WFS common stock as of the record date.

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Recommendation of the WFS Board

After careful consideration, the WFS board of directors, after its independent evaluation and acting upon the unanimous recommendation of the WFS special committee, unanimously determined that the merger agreement and the WFS merger are fair to and in the best interests of WFS and its shareholders, other than Western Financial Bank and its affiliates, and approved the merger agreement and the WFS merger. The WFS board of directors unanimously recommends that WFS shareholders, other than Western Financial Bank and its affiliates, vote **FOR** the approval of the merger agreement and the WFS merger.

See **The Mergers Recommendation of the WFS Board of Directors; WFS Reasons for the WFS Merger** beginning on page 50 for a more detailed discussion of the WFS board's recommendation with regard to the merger agreement and the WFS merger.

Submitting Proxies via Telephone, Internet or Mail

WFS offers three ways for WFS shareholders of record to submit their proxies:

Option 1 Vote by Telephone:

Call toll free 1-866-540-5760 before 11:59 p.m. (EST) on January 5, 2006 and follow the instructions on the enclosed proxy card.

Option 2 Vote on the Internet:

Access the proxy form at <http://www.proxyvoting.com/wfsi> before 11:59 p.m. (EST) on January 5, 2006. Follow the instructions for Internet voting found there and on the enclosed proxy card. If you are submitting proxies via the Internet, please be advised that there may be costs involved, including possibly access charges from Internet access providers and telephone companies. You will have to bear these costs.

Option 3 Mail your Proxy Card:

If you do not wish to submit your proxy by telephone or the Internet, please complete, sign, date and return the enclosed proxy card as described under **Proxies; Revocation of Proxies** above. Proxy cards must be received before the time the vote is taken at the WFS special meeting.

The telephone and Internet procedures mentioned above are designed to properly authenticate WFS shareholders identities and to accurately record and count their proxies.

If your WFS shares are registered in the name of a brokerage, bank or other nominee, you may not be able to use telephone and Internet voting procedures. Please refer to the materials you receive from your broker, bank or other nominee, or contact your broker, bank or other nominee to determine your options.

Table of Contents**THE MERGERS**

The following discussion describes certain material information about the mergers. We urge you to read carefully this entire document, including the merger agreement and the financial advisor opinions attached as Appendices to this document, for a more complete understanding of the mergers.

Wachovia's board of directors has approved the merger agreement and the mergers, and the Westcorp and WFS boards of directors, at the recommendation of their respective special committees, have approved the merger agreement and the respective mergers. The merger agreement provides for combining our companies through the Westcorp merger, the bank conversion, the bank merger, and the WFS merger.

When the Westcorp merger is completed, each outstanding share of Westcorp common stock held by Westcorp shareholders (other than shares held by Westcorp's subsidiaries or Wachovia or any of its subsidiaries (other than certain shares held on behalf of third parties) which will be canceled with no payment being made with respect thereto, or held by shareholders of Westcorp who properly exercise their dissenters' rights, to the extent available) will be converted into the right to receive 1.2749 shares of Wachovia common stock for each share of Westcorp common stock held. When the WFS merger is completed, each outstanding share of WFS common stock held by WFS shareholders (other than Western Financial Bank, Westcorp, Wachovia or any of their respective subsidiaries (other than certain shares held on behalf of third parties) and WFS shareholders who properly exercise their dissenters' rights, to the extent available) will be converted into the right to receive 1.4661 shares of Wachovia common stock for each share of WFS common stock held. Shares of Wachovia common stock issued and outstanding at the completion of the mergers will remain outstanding and those stock certificates will be unaffected by the mergers. Wachovia's common stock will continue to trade on the NYSE under the Wachovia Corporation name with the symbol "WB" following the mergers.

Please see "The Merger Agreement" beginning on page 78 for additional and more detailed information regarding the legal documents that govern the mergers, including information about the conditions to the mergers and the provisions for terminating or amending the merger agreement.

Background of the Mergers

In 1988, WFS was incorporated as a wholly owned consumer finance subsidiary of Western Financial Bank to provide non-prime automobile finance services, a market not serviced by Western Financial Bank's automobile finance division. In 1995, Western Financial Bank transferred its automobile finance division and related assets to WFS, and WFS sold approximately 20% of its shares in a public offering. Western Financial Bank owns approximately 84% of the common stock of WFS.

On July 17, 2002, Westcorp announced a proposal, which we refer to as the "2002 proposal", authorized by a special committee of Westcorp's independent directors, to combine Westcorp and WFS, whereby the WFS shareholders, other than Western Financial Bank, would have received, in exchange for each share of WFS common stock, 0.9204 of a share of Westcorp common stock. In response to the 2002 proposal, WFS formed a special committee consisting of the one WFS director who was not a director of Westcorp and Western Financial Bank. The WFS independent director special committee hired its own financial advisor and outside legal counsel to advise it in its evaluation of the 2002 proposal. Discussions between the two special committees and their advisors ensued. However, the two special committees ultimately were unable to reach agreement on a mutually acceptable exchange ratio for the proposed transaction and, on September 26, 2002, Westcorp withdrew the 2002 proposal and terminated discussions with the WFS independent director special committee.

Western Financial Bank operates as a federal savings bank under the regulation of the OTS. In a series of discussions with representatives of the OTS in late 2003 and extending into the first quarter of 2004, representatives of the OTS increasingly encouraged Western Financial Bank to seek a charter that would better fit Western Financial Bank's business model, which focused on the continuing growth of its automobile finance and commercial banking businesses. In light of the concerns regarding the OTS' potential responses if Western Financial Bank did not promptly take action consistent with the OTS

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recommendation, during the first quarter of 2004, Western Financial Bank and Westcorp considered a number of options, including a non-OTS federal bank charter, converting to a California state commercial bank, an industrial loan charter for WFS and the possible sale of Westcorp through a merger or similar transaction. As part of the process of evaluating the merits of the various options, Western Financial Bank management had discussions with federal and state regulators concerning charter alternatives for Western Financial Bank. Management ultimately concluded that converting Western Financial Bank to a California state commercial bank was the most desirable of the viable options, in part because it would enable Western Financial Bank to more fully use its low cost deposits to fund its automobile contracts and commercial loan portfolios.

At meetings held on March 29, 2004, management informed the Westcorp, Western Financial Bank and WFS boards of directors that, if Western Financial Bank went forward and obtained a California state commercial bank charter, WFS would lose the federal exemption it has from state licensing requirements as a direct and indirect lender based on Western Financial Bank's existing charter. However, management noted that a merger of WFS into Western Financial Bank at the time of conversion would avoid the burden of WFS needing to comply with substantially all of these state licensing requirements in the states in which WFS conducts business. At their respective meetings, the directors of Westcorp and Western Financial Bank authorized management to begin the preliminary work necessary for applying for approval of the conversion of Western Financial Bank to a California state commercial bank. Each of the boards of directors also unanimously determined that, in connection with the conversion of Western Financial Bank to a California state commercial bank, it would be desirable for Westcorp and Western Financial Bank to explore with WFS whether or not the companies could agree upon the terms of a merger in which the publicly-owned minority shares of WFS would be exchanged for Westcorp stock, which we refer to as the 2004 merger.

The boards of Westcorp and Western Financial Bank established the Westcorp special committee, consisting of Robert Barnum and Charles Scribner, neither of whom was an officer of Westcorp or a director or officer of WFS, to explore the merger opportunity with WFS and, in the event discussions were fruitful, to negotiate the terms of the transaction and all necessary agreements, including a merger agreement, on behalf of Westcorp and Western Financial Bank. In establishing the Westcorp special committee, the Westcorp board of directors was aware of, and had previously evaluated (through Westcorp's and Western Financial Bank's Corporate Governance, Nominating and Audit Committees) Mr. Scribner's position as an outside director of Insurance Company of the West (an insurance company controlled by Ernest S. Rady, WFS's chairman of the board, and Westcorp's and Western Financial Bank's chairman of the board and chief executive officer, which insurance company owns approximately 7.4% of the outstanding shares of Westcorp common stock). In addition, Westcorp and Western Financial Bank's Corporate Governance, Nominating and Audit Committees were aware of, and had previously evaluated, the fact that Mr. Scribner is a passive investor in an investment fund managed by American Assets Investment Management, LLC, a management company controlled by Mr. Rady and his son that owns approximately 36% of the outstanding shares of Westcorp common stock. Mr. Scribner's investment represents less than 1% of the total fund value and Mr. Scribner has no ability to control the investment of any fund assets. In evaluating Mr. Scribner's independence, Westcorp and Western Financial Bank's Corporate Governance, Nominating and Audit Committees previously determined that the matters discussed above were not material and that Mr. Scribner met the criteria for independence established by the NYSE and the SEC. In addition, the Westcorp and Western Financial Bank boards of directors previously determined that the matters discussed above were not material for purposes of Mr. Scribner's appointment to the Westcorp special committee. The Westcorp special committee selected Morrison & Foerster LLP as its special outside legal counsel and Credit Suisse First Boston LLC as its financial advisor.

In response to the action taken by Westcorp and Western Financial Bank at their March 29, 2004 board meetings, on March 30, 2004, the board of directors of WFS established the WFS special committee, consisting of Ronald Simon and Fredricka Taubitz, neither of whom was an officer of WFS, a director or officer of Westcorp or Western Financial Bank or a member of the WFS special committee

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formed to evaluate the 2002 proposal discussed above. The WFS board resolutions appointing the WFS special committee gave the WFS special committee the power to hire its own legal and financial advisors to assist it in evaluating and negotiating the terms of a potential transaction. In addition, the WFS board resolutions gave the WFS special committee the authority to discuss and negotiate with the Westcorp special committee, including responding to any proposal from the Westcorp special committee concerning the terms of a potential transaction, determining whether a proposed transaction with Westcorp and Western Financial Bank was in the best interests of WFS shareholders who were unaffiliated with Westcorp and its affiliates and negotiating a definitive agreement concerning the transaction. After interviewing three nationally recognized investment banks and three nationally recognized law firms, the WFS special committee selected Deutsche Bank as its financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP as its special outside legal counsel.

In establishing the WFS special committee, the WFS board of directors was aware of, and had previously evaluated (through WFS Corporate Governance, Nominating and Audit Committees), Ms. Taubitz's position as an outside director of Insurance Company of the West (an insurance company controlled by Mr. Rady (WFS chairman of the board, and Westcorp's and Western Financial Bank's chairman of the board and chief executive officer, which insurance company owns approximately 7.4% of the outstanding shares of Westcorp common stock). In addition, for a period of approximately five years beginning in 1976, Ms. Taubitz was an audit partner at Coopers & Lybrand, responsible for auditing the financial statements of Insurance Company of the West and its parent, Western Insurance Holdings, Inc. WFS Corporate Governance, Nominating and Audit Committees were also aware of, and had previously evaluated, the fact that Ronald Simon has known Mr. Rady for approximately 33 years and has, from time to time, served as an outside director in real estate partnerships in which Mr. Rady is an investor. Mr. Simon receives an annual fee of approximately \$350 for each partnership on which he serves as a director. Mr. Simon has not had any other financial interest in any of the partnerships. In addition, Mr. Simon is a passive investor in an investment fund managed by American Assets Investment Management, LLC, a management company controlled by Mr. Rady and his son that owns approximately 36% of the outstanding shares of Westcorp common stock. Mr. Simon's investment in the fund represents less than 1% of the total fund value and Mr. Simon has no ability to control the investment of any fund assets. In evaluating Ms. Taubitz's and Mr. Simon's independence, WFS Corporate Governance, Nominating and Audit Committees previously determined that the matters discussed above were not material and that each of Ms. Taubitz and Mr. Simon met the criteria for independence established by Nasdaq and the SEC. In addition, WFS board of directors determined that the matters discussed above were not material for purposes of Ms. Taubitz's and Mr. Simon's appointment to the WFS special committee.

On April 27, 2004, the WFS special committee held a meeting with its legal and financial advisors. The WFS special committee discussed its duties and obligations and how it envisioned moving forward in light of Westcorp's expression of interest. As part of that discussion, the WFS special committee reviewed its independence, including those matters regarding the WFS special committee members discussed in the preceding paragraph, as well as the independence of its legal and financial advisors. The WFS special committee discussed the prior representation by its legal advisor of the underwriters for two common stock offerings by Westcorp. The WFS special committee also discussed its financial advisor's role as manager of several asset-backed securitizations by WFS and the fact that its financial advisor had funded letters of credit and warehouse facilities for WFS from time to time. Finally, the WFS special committee discussed the fact that two of the bankers on its financial advisor's team had in the past, while working at Credit Suisse First Boston, represented Westcorp in unrelated matters. The WFS special committee concluded that none of these prior engagements interfered with the ability of its legal and financial advisors to provide independent advice to the WFS special committee. The WFS special committee spent the balance of the day discussing background information about WFS, Western Financial Bank and Westcorp.

Beginning in April 2004 through May 23, 2004, each of the Westcorp and WFS special committees held numerous meetings with its respective legal and financial advisors. During this period, the Westcorp special committee, together with its legal and financial advisors, negotiated with the WFS special

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committee, together with its legal and financial advisors, proposed exchange ratios and terms of a proposed merger agreement. The Westcorp special committee initially offered to complete the 2004 merger at an exchange ratio of 1.03 (that is, each outstanding share of WFS common stock held by WFS shareholders, other than Western Financial Bank, would be converted into the right to receive 1.03 shares of Westcorp common stock). Following a lengthy series of negotiations, the respective special committees agreed upon an exchange ratio of 1.11. On May 23, 2004, each of the boards of directors of Westcorp and WFS, based on the recommendation of their respective special committees, approved and executed a merger agreement, which we refer to as the 2004 merger agreement. Pursuant to the terms of the 2004 merger agreement, the 2004 merger was conditioned upon the conversion of Western Financial Bank to a California state commercial bank, the receipt of regulatory approvals and the requisite approval of WFS shareholders, including approval by a majority of WFS outstanding shares other than shares controlled by Westcorp or its affiliates.

Following the May 23, 2004 approval by the boards of directors of Westcorp and WFS, the parties began the process of obtaining the necessary approvals to effect the conversion of Western Financial Bank to a California state commercial bank and to consummate the 2004 merger with WFS, which we collectively refer to as the WFS reorganization. The required applications and notices were filed on May 27, 2004 with the California Department of Financial Institutions, or the DFI, the Federal Deposit Insurance Corporation, or the FDIC, and the OTS and Westcorp's draft application for Westcorp and certain of its shareholders, including American Assets, Inc., to become bank holding companies in connection with the WFS reorganization, was filed with the Federal Reserve Board. On July 1, 2004, Western Financial Bank received notice from the OTS that it approved Western Financial Bank's application regarding the conversion, subject to the receipt of all other required regulatory approvals. On October 14, 2004, the DFI approved Western Financial Bank's application regarding the conversion, subject to the satisfaction of certain conditions and, on October 26, 2004, Westcorp received notice that the FDIC approved the application to merge WFS into Western Financial Bank, subject to the satisfaction of certain conditions. On July 16, 2004, Westcorp filed a registration statement (which included WFS preliminary proxy statement) with the SEC in connection with the WFS reorganization.

From July 2004 through August 2005, Westcorp received and responded to numerous requests for information from the Federal Reserve Board in processing Westcorp's draft application to become a bank holding company, the last regulatory approval needed in connection with the WFS reorganization. Towards the end of 2004, as a result of Westcorp's communications with the Federal Reserve Board, Westcorp became concerned about the perceived delay in obtaining approval on the draft application. In requests made by, and meetings with, the Federal Reserve Board, the Federal Reserve Board focused on, among other things, the fact that Western Financial Bank operates in a single, as opposed to a more diverse, line of business, the fact that the single line of business is the non-prime auto-finance business, the adequacy of Western Financial Bank's capital, as well as the nature and activities of various insurance companies that are subsidiaries of American Assets, Inc., including Insurance Company of the West.

On December 14, 2004, the Westcorp board of directors held a meeting to discuss the status of the WFS reorganization. Based on (i) the process with the Federal Reserve Board and the declining prospects for obtaining the Federal Reserve Board approval necessary to permit the conversion of Western Financial Bank to a California state commercial bank and remove the OTS as the primary regulator of Western Financial Bank and (ii) concerns regarding possible actions the OTS could take, such as imposing restrictions on Westcorp's, Western Financial Bank's or WFS business, if Western Financial Bank did not take action consistent with OTS encouragement that Western Financial Bank seek a different charter, the Westcorp board of directors authorized Westcorp management to explore potential contingent restructuring alternatives in the event that the necessary approvals to effect the conversion of Western Financial Bank to a California state commercial bank could not be obtained and the 2004 merger could not go forward as planned.

On February 28, 2005, the 2004 merger agreement became terminable at any time by Westcorp or WFS without penalty because the transactions contemplated by that agreement had not been completed, primarily because of the failure to obtain regulatory approval from the Federal Reserve Board by that date.

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On March 3, 2005, Westcorp management presented the Westcorp board of directors with an overview of potential restructuring alternatives, which included the possibility of divesting Western Financial Bank or the sale of Westcorp. To better understand the potential tax, regulatory and state licensing issues associated with each of these alternatives, the Westcorp board of directors requested that Westcorp management conduct further research on each of the potential alternatives.

On March 11, 2005, Westcorp management, along with representatives from Morrison & Foerster, provided the Westcorp board of directors a summary of possible contingent restructuring alternatives. The Westcorp board of directors then determined that Westcorp management should interview various investment banking firms regarding a potential engagement to assist Westcorp with the evaluation and possible implementation of the contingent restructuring alternatives, and report back to the Westcorp board of directors. On that same day, Westcorp publicly announced that the process of obtaining the approval of the Federal Reserve Board to become a bank holding company was taking longer than expected and, as a result, Westcorp believed that the proposed conversion would not occur, if at all, until the latter half of 2005. Westcorp also announced that WFS had begun the process of obtaining state licenses and that Westcorp was exploring alternatives in the event that the WFS reorganization could not go forward as planned.

On March 22, 2005, Westcorp management reported back to the Westcorp board of directors regarding its discussions with various investment banking firms. The Westcorp board of directors then determined that management should take the appropriate next steps, including engaging a financial advisor, to assist Westcorp in evaluating the contingent restructuring alternatives. Westcorp subsequently engaged Credit Suisse First Boston for this purpose. At the March 22, 2005 meeting, the Westcorp board of directors also considered expanding the role of the existing Westcorp special committee (consisting of Messrs. Barnum and Scribner) to include handling those aspects of a potential transaction that could involve negotiations between Westcorp and WFS, although no formal board action in this respect was taken at this time.

Beginning on April 4, 2005, Credit Suisse First Boston, at the direction of Westcorp, contacted 15 parties (including Wachovia) to assess, on a preliminary basis, their interest in entering into discussions regarding a potential strategic business combination with Westcorp. Of these 15 parties, eight potential bidders (including Wachovia) entered into confidentiality and standstill agreements and were provided with a confidential information memorandum regarding Westcorp and its subsidiaries, including WFS.

Between April 18 and April 27, 2005, each of the eight potential bidders was invited to submit a preliminary, non-binding indication of interest to acquire all of the outstanding shares of Westcorp common stock. The invitations requested that preliminary proposals outline, among other things, significant factors or assumptions applicable to such proposal, including the bidder's intent with respect to the interest in WFS not held by Westcorp and whether the acquisition of that minority interest would be a condition to the bidder's proposed transaction. Two of the eight potential bidders voluntarily withdrew from the process prior to submitting preliminary indications of interest.

Six bidders submitted preliminary, non-binding indications of interest between April 29, 2005 and May 3, 2005. The indications of interest included bids that ranged from \$40 to \$58 per share for Westcorp common stock and from \$40 to \$58.27 per share for WFS common stock (excluding shares of WFS held by Western Financial Bank). Of the six preliminary indications of interest, two were all cash offers and four were stock offers (some with cash components). In addition, one of the all cash bidders, which we refer to as the going private bidder, proposed a going private structure, as more fully described below.

Wachovia, which was advised by Wachovia Capital Markets LLC and Goldman Sachs & Co., submitted its preliminary, non-binding indication of interest on May 2, 2005. Wachovia's preliminary bid contemplated a transaction for both Westcorp common stock and WFS common stock not owned by Western Financial Bank. Wachovia's preliminary bid stated that, subject to satisfying certain conditions, it was willing to offer a range of \$56-58 (primarily in Wachovia common stock) for each outstanding share of Westcorp common stock and \$56.26-58.27 (primarily in Wachovia common stock) for each outstanding share of WFS common stock (excluding shares of WFS held by Western Financial Bank). On May 3,

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2005, the going private bidder submitted its preliminary, non-binding indication of interest which stated that, subject to satisfying certain conditions, it was proposing a structure pursuant to which it would purchase for \$50-54 in cash each of the outstanding shares of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him). The going private bidder's preliminary indication of interest further proposed to partner with Mr. Rady in the surviving entity on such matters as management, board composition, voting rights and transfer restrictions. The going private bidder's preliminary indication of interest was one of the lowest preliminary indications of interest received as of May 3, 2005.

On May 6, 2005, Credit Suisse First Boston provided Westcorp with an update regarding the ongoing sale process and the preliminary, non-binding indications of interest that had been submitted and, from May 6 through the end of May 2005, Westcorp continued to assess the indications of interest that had been received, the viability of the 2004 merger and the status of discussions with the Federal Reserve Board. Throughout the period that Westcorp was considering and evaluating the contingent restructuring alternatives, Westcorp continued to respond to inquiries and requests for information from the Federal Reserve Board in connection with Westcorp's draft application to become a bank holding company. At Westcorp management's request, Credit Suisse First Boston scheduled meetings with five bidders, including Wachovia, to meet with Westcorp's management to discuss the preliminary, non-binding indications of interest that each bidder had submitted.

From May 31, 2005 through June 9, 2005, each of the five bidders met with Mr. Rady, Westcorp's chairman of the board and chief executive officer, and Thomas A. Wolfe, Westcorp's president (who are also WFS's chairman of the board and president, respectively), together with a representative of Credit Suisse First Boston, concerning the preliminary indications of interest each bidder had previously submitted to Westcorp.

On June 1, 2005, at Wachovia's corporate headquarters, G. Kennedy Thompson, Wachovia's chairman and chief executive officer, Robert McGee, chief financial officer and chief administrative officer of Wachovia's general banking group, and Carlos Evans, executive vice president of Wachovia's wholesale banking group, made a presentation to Westcorp's chairman of the board and chief executive officer and president, together with a representative of Credit Suisse First Boston, regarding Wachovia.

Between June 13, 2005 and July 1, 2005, representatives from each of the bidders, other than the going private bidder, were invited to conduct a due diligence review of Westcorp and its subsidiaries (including WFS), including meeting with Westcorp and WFS management. During this period, Westcorp established a data room and prepared for due diligence meetings with the bidders, and requested that Morrison & Foerster commence drafting a form of merger agreement to be distributed to each of the bidders.

On July 13, 2005, the going private bidder submitted a revised non-binding indication of interest, increasing its offer to \$61 in cash for each outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him). The going private bidder's revised indication of interest indicated that it proposed to structure the transaction by partnering with Mr. Rady, forming a new entity (pursuant to which Mr. Rady would contribute Westcorp shares directly or indirectly held by him and the going private bidder would contribute cash), and then having the new entity merge with Westcorp. Based on the going private bidder's revised indication of interest, the going private bidder was invited to conduct a due diligence review of Westcorp and its subsidiaries (including WFS), including meeting with Westcorp and WFS management.

Between July 10 and July 25, 2005, each of the remaining four bidders (one of the previous five bidders having voluntarily withdrawn from the process), including Wachovia, conducted due diligence investigations of Westcorp and its subsidiaries (including WFS), including reviewing the materials included in the data room and participating in presentations by Westcorp and WFS management.

At the meeting of the Westcorp board of directors on July 21, 2005, the Westcorp board discussed the status of the proposals of the various bidders. The Westcorp board discussed the nature and substance

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of the transaction being proposed by the going private bidder and, in light of the proposal's different treatment of Mr. Rady in comparison to Westcorp's other shareholders, the Westcorp board determined to expand the role of the Westcorp special committee and have the Westcorp special committee assume the process of considering the current contingent restructuring alternatives and make its recommendation to the Westcorp board of directors as to which alternative transaction was in the best interests of Westcorp's shareholders (other than Mr. Rady or entities controlled or owned by him). In expanding the role of the Westcorp special committee, the Westcorp board of directors was aware of, and had previously evaluated, the independence of the members of the Westcorp special committee (through Westcorp's and Western Financial Bank's Corporate Governance, Nominating and Audit Committees) as discussed above.

On July 26, 2005, the Westcorp special committee met to discuss the contingent restructuring alternatives and, as its first order of business, considered the appointment of advisors for the Westcorp special committee. After a lengthy discussion evaluating both Morrison & Foerster and Credit Suisse First Boston and their respective roles in connection with the contingent restructuring alternatives, the Westcorp special committee determined that neither advisor's independence had been impaired in connection therewith and appointed Morrison & Foerster as the legal advisor and Credit Suisse First Boston as the financial advisor to the Westcorp special committee. After Morrison & Foerster outlined the fiduciary duties applicable to the members of the Westcorp special committee, Credit Suisse First Boston reviewed with the Westcorp special committee the process to date, including the bidders initially contacted and the history of the indications of interest received. Credit Suisse First Boston also outlined a proposed schedule for obtaining final bids from the current bidders. The Westcorp special committee authorized Credit Suisse First Boston to continue discussions with the bidders according to the proposed schedule.

During the period commencing on July 26, 2005 until the merger agreement with Wachovia was executed on September 12, 2005, the Westcorp special committee held over 25 meetings in person or by telephone.

On or about July 26, 2005 and July 27, 2005, the going private bidder's legal advisors contacted Morrison & Foerster, requesting that the Westcorp special committee approve a waiver to the standstill provisions of the confidentiality agreement to permit the going private bidder to enter into discussions with Mr. Rady regarding its proposal and to agree on the terms of such proposal. On July 28, 2005, the Westcorp special committee agreed to a limited waiver of the standstill provisions. Pursuant to the limited waiver, the going private bidder was permitted to enter into discussions with Mr. Rady regarding its proposal, but the going private bidder was not permitted to reach any agreement with Mr. Rady without the prior consent of the Westcorp special committee.

On or about July 27, 2005, final bid process letters and the initial draft of the merger agreement were distributed to the four bidders that remained (including Wachovia and the going private bidder). The final bid process letter instructed each of the bidders to outline, among other things, significant factors or assumptions applicable to its proposal, to incorporate any details and critical assumptions that such bidder believed to be important to its valuation and, in the event that the proposal required the acquisition of the minority interest in WFS to be a condition to the acquisition of Westcorp, to specifically indicate how such acquisition was to be structured. The final bid process letters stated that bids were to be submitted prior to the close of business on August 8, 2005.

On August 8, 2005, three bids were received (one of the previous four bidders having voluntarily withdrawn from the process), including bids from each of Wachovia and the going private bidder, along with each bidder's initial comments on the proposed merger agreement that had previously been distributed.

Wachovia's August 8 bid letter stated that, subject to satisfactory completion of confirmatory due diligence, it was willing to offer a fixed exchange ratio of 1.254 shares of Wachovia common stock for each outstanding share of Westcorp common stock (that, based on Wachovia's closing stock price on August 5, 2005, had an indicated value of \$62 per outstanding share of Westcorp common stock). Wachovia stated that it was also willing to offer a fixed exchange ratio of 1.287 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank (that, based on Wachovia's

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closing stock price on August 5, 2005, had an indicated value of \$63.61 per outstanding share of WFS common stock, excluding shares of WFS held by Western Financial Bank). Wachovia's August 8 bid letter also stated that, because it was proposing to purchase WFS shares directly as part of the overall transaction, the 2004 merger agreement should be terminated. In addition, Wachovia stated that the form of consideration would be 100% Wachovia common stock, or it would be willing to consider including a cash election component to enable shareholders to elect to receive a mix of common stock and cash, with cash not to exceed 25% of the consideration for each of the Westcorp and WFS transactions. Wachovia's August 8 bid letter also included its comments to the proposed merger agreement which indicated that Wachovia would require certain of Westcorp's shareholders to enter into a voting agreement to vote in favor of the Wachovia transaction.

The going private bidder's August 8, 2005 bid letter stated that, subject to satisfactory completion of confirmatory due diligence and reaching agreement with Mr. Rady, it was willing to offer \$61 in cash for each outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him). The August 8 bid letter also stated that the going private bidder would require the 2004 merger agreement to remain outstanding and be amended to extend the termination date and provide for cash consideration to be paid to WFS shareholders other than Western Financial Bank, as opposed to stock, depending on the timing of the merger of WFS into Western Financial Bank. The going private bidder further proposed that the 1.11 exchange ratio set forth in the 2004 merger agreement not be amended (which exchange ratio, based on the \$61 per share cash offer for each share of Westcorp common stock, resulted in an offer of \$67.71 per share in cash for each outstanding share of WFS common stock, excluding shares of WFS held by Western Financial Bank).

The third bidder submitted an all cash bid for Westcorp and its subsidiaries that, subject to satisfactory completion of confirmatory due diligence, proposed a price per share for Westcorp common stock that was lower than the respective bids of both Wachovia and the going private bidder.

On August 9, 2005, the Westcorp special committee, together with its legal and financial advisors, held a meeting to discuss the three bids that had been received the prior day. Credit Suisse First Boston reviewed the financial terms of the three bids and related matters. Representatives of Morrison & Foerster then reviewed the material legal terms and conditions presented by the comments received from each of the bidders on the proposed merger agreement. Based on, among other things, the information reviewed by the Westcorp special committee, including the amount and kind of consideration offered by the three bidders, the Westcorp special committee determined that only Wachovia and the going private bidder should be invited to conduct confirmatory due diligence at that time, but that if the third bidder were to increase its offer, the Westcorp special committee could then decide whether to invite the third bidder to conduct confirmatory due diligence.

In early August 2005, Westcorp advised the WFS board of directors, as well as the WFS special committee and its legal and financial advisors, that the Westcorp special committee had entered into discussions with a third party concerning a possible transaction in which the third party would acquire all of the outstanding shares of Westcorp and that it may be appropriate for the WFS board of directors to consider expanding the authority of the WFS special committee in light of the Westcorp sale process. At a meeting held on August 12, 2005, the WFS board of directors determined to expand the authority of the WFS special committee to authorize it, on behalf of WFS shareholders other than Westcorp and its affiliates, to enter into discussions with Westcorp and any third party involved in any potential acquisition of Westcorp and to review, evaluate, negotiate and make recommendations to the WFS board and the WFS minority shareholders with respect to any potential third party acquisition of Westcorp, including any amendment or modification of the 2004 merger agreement. In expanding the role of the WFS special committee, the WFS board of directors was aware of, and had previously evaluated, the independence of the members of the WFS special committee (through WFS Corporate Governance, Nominating and Audit Committees) as discussed above. The WFS special committee was also authorized to retain legal and financial advisors to assist it in connection with its expanded authority. The WFS special committee determined to retain Deutsche Bank as its financial advisor and Skadden Arps as its special outside legal counsel in connection with any potential acquisition of Westcorp by a third party.

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During the week of August 15, 2005, the WFS special committee was informed by the Westcorp special committee that the Westcorp special committee expected to be in a position shortly to meet with the WFS special committee to discuss the sale process in which the Westcorp special committee had been involved and to present a potential transaction to the WFS special committee for its consideration.

Between August 15, 2005 through August 19, 2005, Wachovia and the going private bidder conducted their confirmatory due diligence review of Westcorp and its subsidiaries (including WFS) and had further meetings with Westcorp's management.

On August 16, 2005, the Westcorp special committee, together with its legal and financial advisors, met to discuss the status of Wachovia's and the going private bidder's respective confirmatory diligence efforts. The Westcorp special committee also inquired of Credit Suisse First Boston if the third bidder had improved its offer. Credit Suisse First Boston stated that the third bidder had indicated that it could not increase its offer without first obtaining further internal approvals. Concerned about the potential impact of a delay in the process and the uncertainty of any increase in the third bidder's offer, the Westcorp special committee decided to continue to move forward with Wachovia and the going private bidder.

On August 18, 2005, the Westcorp special committee met again. Credit Suisse First Boston informed the Westcorp special committee that the going private bidder stated that it had essentially concluded its confirmatory due diligence, but that Wachovia stated that it needed to conduct additional due diligence that likely would not be finished until the following week before Wachovia would be in a position to submit a revised bid. The Westcorp special committee discussed its concerns about keeping both bidders actively involved in the process, and discussed the schedule for the submission of bids. The Westcorp special committee determined that Credit Suisse First Boston should communicate to the financial advisor for the going private bidder that it should submit its revised bid by the close of business on August 23, 2005, and that the Westcorp special committee intended to be in a position to present one transaction to the WFS special committee later during the week of August 22, 2005. The Westcorp special committee also directed Credit Suisse First Boston to communicate to Goldman Sachs that the Westcorp special committee intended to be in a position to present one transaction to the WFS special committee later during the week of August 22, 2005, and that Wachovia needed to inform the Westcorp special committee by Monday, August 22, 2005 whether it could conclude its due diligence and submit a revised bid in time for the Westcorp special committee to consider it before presenting to the WFS special committee.

On August 18, 2005, representatives of Morrison & Foerster distributed a revised draft of the proposed merger agreement to each of Wachovia and the going private bidder.

Between August 20, 2005 and August 22, 2005, representatives of Morrison & Foerster negotiated with legal counsel for each of Wachovia and the going private bidder regarding outstanding issues on the proposed merger agreement.

On August 22, 2005, Goldman Sachs contacted Credit Suisse First Boston and stated that Wachovia intended to complete its due diligence review by August 25, 2005. Goldman Sachs also stated that Wachovia would submit its revised bid prior to the Westcorp special committee's scheduled meeting with WFS special committee on August 26, 2005.

On August 23, 2005, an article appeared in *The Wall Street Journal* to the effect that Wachovia and WFS were in discussions regarding a potential merger, and indicating that another suitor, competing with Wachovia in the process, was also interested in WFS. Westcorp issued a press release that same day confirming that it was in discussions regarding a possible business combination and stating that no determination had been made as to whether any business combination would be in the best interests of Westcorp's shareholders. The Westcorp press release did not name any of the parties with whom it was in discussions, and reiterated that, because the approval process for the WFS reorganization was taking longer than expected, Westcorp was exploring other alternatives to the WFS reorganization.

On August 23, 2005, the going private bidder submitted its revised bid. The revised bid was not materially different from the bid that the going private bidder had submitted on August 8, 2005, and reconfirmed the same prices per share in cash for Westcorp's shares and WFS's minority shares (\$61 and

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\$67.71, respectively) included in the going private bidder's August 8, 2005 bid. The going private bidder also submitted additional revisions to the proposed merger agreement.

On the evening of August 23, 2005, the Westcorp special committee met with its legal and financial advisors. Credit Suisse First Boston stated that following Westcorp's press release earlier that day, two additional companies had indicated that they were potentially interested in participating in any process for the sale of Westcorp. The Westcorp special committee authorized Credit Suisse First Boston to follow-up on those two inquiries. Credit Suisse First Boston then reviewed with the Westcorp special committee the revised bid that the going private bidder had submitted that day, and representatives of Morrison & Foerster discussed the changes submitted by the going private bidder to the proposed merger agreement.

On August 25, 2005, Wachovia submitted its revised bid. The revised bid was not materially different from the bid that Wachovia had submitted on August 8, 2005, and provided an exchange ratio of 1.240 shares of Wachovia common stock for each outstanding share of Westcorp (that, based on Wachovia's closing stock price on August 25, 2005, had an indicated value of \$62 per share) and an exchange ratio of 1.272 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank (that, based on Wachovia's closing stock price on August 25, 2005, had an indicated value of \$63.61 per share). Wachovia also submitted additional revisions to the proposed merger agreement. However, Wachovia added a condition to its offer that it be able to meet with the Federal Reserve Board regarding the proposed transaction prior to the execution of a definitive merger agreement and that certain officers enter into employment arrangements, non-solicitation agreements, and in the case of Mr. Wolfe, a non-compete agreement.

On the evening of August 25, 2005, the Westcorp special committee met with its legal and financial advisors and discussed the Wachovia bid received earlier in the day. Credit Suisse First Boston reviewed with the Westcorp special committee the revised bid that Wachovia had submitted, and representatives of Morrison & Foerster discussed Wachovia's proposed changes to the proposed merger agreement. Credit Suisse First Boston noted that the going private bidder's financial advisors had indicated that the going private bidder intended to increase its bid by the following morning and that it would require exclusivity, among other conditions. Credit Suisse First Boston updated the Westcorp special committee on the two unsolicited inquiries that had surfaced following Westcorp's August 23, 2005 press release and informed the Westcorp special committee that only one of the companies, which we refer to as the August bidder, indicated that it was interested in submitting an indication of interest for Westcorp.

On August 26, 2005, the going private bidder orally increased its bid to \$62 in cash per outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him) and \$68.82 in cash per outstanding share of WFS common stock (other than shares of WFS common stock held by Western Financial Bank) based on the existing 1.11 exchange ratio in the 2004 merger agreement. The going private bidder also added a condition to its offer that it be able to meet with the Federal Reserve Board regarding the proposed transaction prior to the execution of a definitive merger agreement.

At the Westcorp special committee meeting on August 26, 2005, the Westcorp special committee and its legal and financial advisors discussed the respective bids of Wachovia and the going private bidder. In an effort to increase the bids from both parties, the Westcorp special committee authorized Credit Suisse First Boston to contact the financial advisors for each of Wachovia and the going private bidder, instruct them to factor into their calculations the possibility of being granted immediate exclusivity, and to submit their revised bids. In response to this request, Wachovia orally increased its proposed exchange ratio to 1.265 shares of Wachovia common stock for each outstanding share of Westcorp (that, based on Wachovia's closing stock price on August 25, 2005, had an indicated value of \$63.25 per share) and maintained its proposed exchange ratio of 1.272 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank (that, based on Wachovia's closing stock price on August 25, 2005, had an indicated value of \$63.61 per share). In addition, the going private bidder increased its bid to \$63.50 in cash per outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him) and \$70.48 in cash per

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outstanding share of WFS common stock (other than shares of WFS common stock held by Western Financial Bank) based on the existing 1.11 exchange ratio in the 2004 merger agreement. In providing its revised bid, the going private bidder stated to Credit Suisse First Boston that it might be willing to increase its bid to \$64 per share for Westcorp, but that it would not be able to obtain the authority for such increase until August 29, 2005. Based on this information, the Westcorp special committee determined to wait until then to see if the going private bidder would increase its bid as indicated before continuing negotiations with each bidder. In addition, on August 26, 2005, the August bidder indicated to Credit Suisse First Boston that it was expecting to be in a position to submit a proposal for the acquisition of Westcorp and WFS on August 29, 2005.

Prior to its meeting with the Westcorp special committee on August 26, 2005, the WFS special committee met with its legal and financial advisors. The WFS special committee reviewed its independence, including those matters described above discussed at its April 27, 2004 meeting. The WFS special committee also reviewed the independence of its legal and financial advisors, including those matters described above discussed at its April 27, 2004 meeting and additional work Deutsche Bank had performed for WFS in connection with asset-backed securitizations and warehouse facilities. The WFS special committee concluded again that none of the prior services that its legal and financial advisors had provided to Westcorp and WFS interfered with their ability to provide independent advice to the WFS special committee. Skadden Arps then reviewed the WFS special committee's duties and obligations with respect to a potential transaction involving Westcorp, WFS and a third party.

The WFS special committee then discussed procedural matters with respect to a potential third party offer to acquire Westcorp and the potential impact on the 2004 merger agreement. Deutsche Bank informed the WFS special committee that Deutsche Bank's preliminary analyses indicated that the operating performance of WFS was stronger than the operating performance of Westcorp and Western Financial Bank since the 2004 merger agreement had been executed. Deutsche Bank also discussed with the WFS special committee that the 2004 merger agreement could be terminated by WFS without penalty pursuant to its terms, which meant, among other things, that the existing 1.11 exchange ratio was not binding on the WFS special committee.

On the afternoon of August 26, 2005, the Westcorp special committee and its legal and financial advisors met with the WFS special committee and its legal and financial advisors and informed the WFS special committee that the Westcorp special committee had not yet finalized its process of selecting a potential transaction. The Westcorp special committee stated that Westcorp was in the final stages of a competitive process that had started in April 2005 and that Westcorp remained in discussion with two bidders. At the Westcorp special committee's request, Credit Suisse First Boston outlined for the WFS special committee the key terms of the going private bidder's current bid (which, at the time, was the higher of the two bids for both Westcorp and the WFS minority shares). Credit Suisse First Boston noted that the going private bidder was offering \$63.50 in cash per outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him) and \$70.48 in cash per outstanding share of WFS common stock (other than shares of WFS common stock held by Western Financial Bank) based on the existing 1.11 exchange ratio in the 2004 merger agreement. Credit Suisse First Boston further noted that, based on recent discussions with the going private bidder's financial advisor, the going private bidder indicated that its bid may be increased on August 29 to \$64 in cash per outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him) and \$71.04 in cash per outstanding share of WFS common stock (other than shares of WFS common stock held by Western Financial Bank) based on the existing 1.11 exchange ratio in the 2004 merger agreement. In addition, Credit Suisse First Boston stated that the going private bidder's proposal contemplated that the 2004 merger agreement would remain in effect (including the 1.11 exchange ratio), but would be amended to extend the termination date and provide for cash consideration to be paid to WFS shareholders other than Western Financial Bank, as opposed to stock, depending on the timing of the merger of WFS into Western Financial Bank. The Westcorp special committee stated that it was contemplating entering into exclusive negotiations with a single bidder. The WFS special committee and its legal and financial advisors asked a number of questions with respect to

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the going private bidder's proposal. The advisors to the WFS special committee informed the Westcorp special committee that the WFS special committee was of the view that the 1.11 exchange ratio in the 2004 merger agreement was no longer appropriate in light of the relative performance of WFS, Westcorp and Western Financial Bank since that agreement had been executed. The Westcorp special committee reiterated to the WFS special committee that the process was very fluid, and that it hoped to have more complete bid information on August 29, 2005. The two special committees agreed to remain in contact over the weekend regarding a follow up meeting on August 29 to discuss the final bid from the going private bidder that the Westcorp special committee would present to the WFS special committee once received.

Following the presentation from the Westcorp special committee, the WFS special committee continued its meeting with its legal and financial advisors to discuss the WFS special committee's reaction to the presentation. Skadden Arps reviewed the WFS special committee's duties and obligations with respect to a going-private transaction. The WFS special committee discussed with its advisors the absolute value of the going private bidder's proposal and the relative value between what Westcorp shareholders and WFS minority shareholders would receive in the transaction, and the fairness opinion that the WFS special committee might request from Deutsche Bank.

Between August 26, 2005 and August 28, 2005, Goldman Sachs contacted Credit Suisse First Boston and proposed that members of Wachovia's management team meet with the Westcorp special committee and Westcorp's chief executive officer for a general presentation about Wachovia. The Westcorp special committee agreed to the meeting, which was scheduled for August 29, 2005.

On August 29, 2005, the going private bidder submitted a revised bid increasing its offer to \$64 in cash per outstanding share of Westcorp common stock (other than shares of Westcorp owned by Mr. Rady or entities controlled or owned by him) and \$71.04 in cash per outstanding share of WFS common stock (other than shares of WFS common stock held by Western Financial Bank) based on the existing 1.11 exchange ratio in the 2004 merger agreement.

On August 29, 2005, the Westcorp special committee met with its legal and financial advisors to discuss the revised bid from the going private bidder. The Westcorp special committee decided that it would be helpful to meet with Mr. Rady to determine, from a due diligence perspective, if he was close to coming to agreement with the going private bidder, or if there were significant issues that still remained unresolved. The meeting then adjourned for the Wachovia presentation to the Westcorp special committee, its legal and financial advisors and Mr. Rady. Members of Wachovia's management team gave an in-person presentation regarding its business, customer service, culture, employee loyalty and capital and debt ratings, among other topics. In accordance with the Westcorp special committee's instructions, the presentation did not discuss Wachovia's proposal or any specifics relating to the bidding process.

Following the Wachovia presentation, the Westcorp special committee reconvened with Mr. Rady and Credit Suisse First Boston to discuss the status of Mr. Rady's negotiations with the going private bidder. Mr. Rady stated that he still had a number of open issues with the going private bidder that needed to be resolved. Mr. Rady also stated that Westcorp had a meeting scheduled with the Federal Reserve Board on August 31, 2005 to discuss the WFS reorganization, and he was hopeful that at that meeting the Federal Reserve Board would give a favorable sign on Westcorp's draft application to become a bank holding company.

Mr. Rady was then excused from the Westcorp special committee meeting. During the course of the meeting, a preliminary, non-binding indication of interest was received from the August bidder, which was higher than the going private bidder's proposal (the highest proposal that was currently outstanding). Credit Suisse First Boston reviewed with the Westcorp special committee the August bidder's preliminary indication of interest, which noted that the August bidder's proposal was based on public information and that the August bidder would need to conduct a due diligence review. The Westcorp special committee discussed the risks involved with pursuing a transaction with the August bidder at this point, and the concern that, because of the additional time that would be required to pursue discussions with the August bidder and the time that would be required by the August bidder to conduct due diligence, Westcorp

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could lose Wachovia's and the going private bidder's current bids. However, given that the August bidder's proposal was higher than the other current bids, the Westcorp special committee directed Credit Suisse First Boston to obtain more information to determine how firm the August bidder's offer was. In addition, the Westcorp special committee decided to postpone the meeting with the WFS special committee previously scheduled for August 29, 2005 to permit Credit Suisse First Boston to follow up with the August bidder.

On the morning of August 29, 2005, the WFS special committee held a meeting with its legal and financial advisors. Deutsche Bank presented a preliminary valuation analysis of WFS on an absolute, stand-alone basis and of the valuation of WFS implied by the going private bidder's proposal, and the WFS special committee asked a number of questions with respect to the Deutsche Bank presentation.

Later in the day on August 29, 2005, the WFS special committee held another meeting with its legal and financial advisors. Deutsche Bank presented a preliminary valuation analysis of Westcorp, less the approximately 84% interest in WFS owned by Westcorp, implied by the going private bidder's proposal, and the WFS special committee asked a number of questions with respect to the Deutsche Bank presentation. The WFS special committee reviewed the status of WFS's licensing efforts in the 50 states and the impact of the licensing requirements on WFS's operations. The WFS special committee also continued the discussion with its advisors of the presentation by the Westcorp special committee on August 26, 2005.

During the evening of August 29, 2005 and on September 1, 2005, Credit Suisse First Boston gathered additional information on the August bidder's proposal, and, following the execution of a confidentiality and standstill agreement by the August bidder, representatives from Morrison & Foerster spoke with legal counsel for the August bidder to discuss a proposed structure for the transaction. In addition, the August bidder was provided with certain non-public information concerning Westcorp and its subsidiaries (including WFS) and with access to Westcorp's and WFS management. During this period, at the direction of the Westcorp special committee, Credit Suisse First Boston communicated to each of the financial advisors for Wachovia and the going private bidder that a higher proposal had surfaced and that, in light of the new proposal, each of Wachovia and the going private bidder would need to revise its current bid, if it intended to do so, by the close of business on September 1, 2005.

On August 30, 2005, the WFS special committee held a meeting with its legal and financial advisors. Mr. Simon informed the committee that he had been informed that the Westcorp special committee did not anticipate that it would be in a position to meet with the WFS special committee again until September 2, 2005 at the earliest. Deutsche Bank then presented its preliminary analyses of the relative valuations of WFS and Westcorp, and the WFS special committee asked a number of questions with respect to the Deutsche Bank presentation.

On August 31, 2005, the going private bidder reconfirmed its August 26, 2005 bid. Wachovia increased its proposed exchange ratio to 1.290 shares of Wachovia common stock for each outstanding share of Westcorp (that, based on Wachovia's closing stock price on August 31, 2005, had an indicated value of \$64 per share) and increased its proposed exchange ratio to 1.398 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank (that, based on Wachovia's closing stock price on August 31, 2005, had an indicated value of \$69.36 per share). Wachovia's proposed transaction structure was otherwise unchanged.

On September 1, 2005, the Westcorp special committee met with its legal and financial advisors and discussed the current proposals of Wachovia and the going private bidder, and the August bidder's preliminary indication of interest. The Westcorp special committee also discussed the information that it received from Westcorp's management that, in the meeting between Mr. Rady and a representative from the Federal Reserve Board, the Federal Reserve Board had signaled that the likelihood of obtaining approval for Westcorp's draft application to become a bank holding company was low.

On September 2, 2005, the August bidder contacted Credit Suisse First Boston to indicate that it was withdrawing its preliminary indication of interest for reasons unrelated to Westcorp or WFS.

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On September 5, 2005, the Westcorp special committee met with its legal and financial advisors and discussed the contingencies that remained in the bids of each of Wachovia and the going private bidder and the relative risks, including the execution risks (that is, the ability to successfully negotiate and execute a definitive merger agreement and close the transactions contemplated by such agreement), between the two proposals. In addition, the Westcorp special committee determined that it was desirable to speak with Mr. Rady again to determine, from a due diligence perspective, if he was close to coming to agreement with the going private bidder, or if there continued to be significant unresolved issues, because that would affect the Westcorp special committee's view of the relative execution risks between the two proposals. Mr. Rady joined the meeting by telephone and stated that he still had a number of open issues with the going private bidder that needed to be resolved. Mr. Rady stated that he thought such issues might be resolved in a week or so, but he was not certain. Mr. Rady then left the call and the Westcorp special committee, together with its legal and financial advisors, discussed the outstanding issues in each of the Wachovia and the going private bidder proposals and the relative anticipated benefits and risks between the two. The Westcorp special committee determined that the execution risk of the Wachovia proposal was much less significant than with the going private bidder's proposal. The Westcorp special committee then determined to present the Wachovia proposal to the WFS special committee on Wednesday, September 7, 2005.

On September 6, 2005, Credit Suisse First Boston, at the direction of the Westcorp special committee, notified Goldman Sachs that Wachovia's acquisition proposal would be submitted to the WFS special committee, and that Wachovia would be permitted to speak to the Federal Reserve Board about its proposal so long as Westcorp's special regulatory counsel was involved in such discussions.

On September 7, 2005, the Westcorp special committee and its legal and financial advisors met with the WFS special committee and its legal and financial advisors, and the Westcorp special committee presented the Wachovia proposal to the WFS special committee. At the request of the Westcorp special committee, Credit Suisse First Boston reviewed the marketing process that had occurred since April 2005. In addition, Credit Suisse First Boston outlined the key terms of the Wachovia proposal for the WFS special committee, including that Wachovia was offering an exchange ratio of 1.290 shares of Wachovia common stock for each outstanding share of Westcorp (that, based on Wachovia's closing stock price on August 31, 2005, had an indicated value of \$64 per share) and an exchange ratio of 1.398 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank (that, based on Wachovia's closing stock price on August 31, 2005, had an indicated value of \$69.36 per share). Deutsche Bank stated that the Wachovia proposal implied an exchange ratio of 1.084 between WFS and Westcorp (the result of dividing 1.398 by 1.290), down from the exchange ratio of 1.110 in the 2004 merger agreement, and was therefore, in the view of the WFS special committee, unacceptable in light of the better relative operating performance of WFS compared to Westcorp and Western Financial Bank since the 2004 merger agreement had been executed. The Westcorp special committee stated that during the process it had not attempted to directly negotiate on WFS's behalf on the basis that the WFS special committee would have the opportunity to have its own direct negotiations with Wachovia. However, the Westcorp special committee noted that the WFS minority shareholders had indirectly benefited from each increase in the bids for Westcorp given that the bids for WFS were related to the Westcorp bids. The Westcorp special committee stated that the WFS special committee should contact Wachovia and Goldman Sachs directly to discuss and negotiate any increase in the proposed consideration that may be obtained for the WFS minority shareholders. The Westcorp special committee also expressed its hope that a deal could be approved and announced by Monday, September 12, 2005.

Immediately following its meeting with the Westcorp special committee on September 7, 2005, the WFS special committee reconvened with its legal and financial advisors. The WFS special committee discussed with its advisors the Wachovia proposal and possible responses. Skadden Arps reviewed the duties and obligations of the WFS special committee in connection with the Wachovia proposal. The WFS special committee discussed various strategies and responses, and instructed Deutsche Bank to commence negotiations on behalf of the WFS special committee with Goldman Sachs.

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On September 7, 2005, Morrison & Foerster distributed a revised draft of the proposed Wachovia merger agreement to both Wachovia and the WFS special committee.

On the evening of September 7, 2005, following discussions between Deutsche Bank and Goldman Sachs, Goldman Sachs contacted Credit Suisse First Boston and stated that Wachovia increased its bid for WFS to an exchange ratio of 1.452, with an indicated value of \$73.60 for each outstanding share of WFS common stock not held by Western Financial Bank based on the closing price of Wachovia's common stock on September 7, 2005. Goldman Sachs stated that the offer for Westcorp shares would be based on an exchange ratio of 1.263, with an indicated value of \$64 based on the closing price of Wachovia's common stock on September 7, 2005. This information was then relayed to the Westcorp special committee and its legal counsel.

On September 8, 2005, the WFS special committee held a series of meetings with its legal and financial advisors. Deutsche Bank reported on the results of its call with Goldman Sachs. On behalf of Wachovia, Goldman Sachs had proposed an exchange ratio of 1.452, with an indicated value of \$73.60 per WFS share based on the closing price of Wachovia common stock on September 7, 2005 (which reflected an implied relative exchange ratio between WFS and Westcorp of 1.15). Goldman Sachs proposed basing future negotiations of the exchange ratio using a closing price for Wachovia's common stock for a single trading day, September 7, 2005, which was \$50.68. Goldman Sachs informed Deutsche Bank that this was Wachovia's best and final offer and that Wachovia desired to enter into a definitive agreement and announce the transaction by Monday, September 12, 2005.

Deutsche Bank then reviewed the revised Wachovia proposal with the WFS special committee. The WFS special committee discussed a number of strategies and responses with its legal and financial advisors. The WFS special committee instructed Deutsche Bank to call Goldman Sachs and request an exchange ratio that would result in an indicated value of \$77.50 per WFS share (based on the closing price of Wachovia common stock on September 7, 2005) and to work with Credit Suisse First Boston in negotiating with Wachovia with respect to Wachovia's request for fixing the exchange ratio based on the September 7 closing price of Wachovia common stock.

The WFS special committee reconvened its meeting with its legal and financial advisors shortly thereafter to discuss the results of Deutsche Bank's telephone call with Goldman Sachs. In response to the WFS special committee's request to increase the exchange ratio such that Wachovia's bid would have an indicated value of \$77.50 per share of WFS common stock, Goldman Sachs repeated that an indicated value of \$73.60 was Wachovia's best and final offer and that Wachovia required a response from the WFS special committee by the end of the day.

The WFS special committee then discussed various strategies and responses with its legal and financial advisors. The WFS special committee also discussed the likelihood of obtaining additional consideration from Wachovia. The WFS special committee instructed Deutsche Bank to call Credit Suisse First Boston and convey that the WFS special committee wanted additional consideration for the WFS minority shareholders and that because Wachovia had refused to provide additional consideration, the WFS special committee was asking for the Westcorp special committee to agree to reduce the consideration to be received by Westcorp shareholders from an indicated value of \$64.00 to \$63.50 per Westcorp share, with the difference to be received by the WFS minority shareholders.

The WFS special committee continued its meeting with its legal advisors. Deutsche Bank then rejoined the meeting and reported on its conversation with Credit Suisse First Boston. Deutsche Bank reported that Credit Suisse First Boston had informed Deutsche Bank that the Westcorp special committee had stated that it was unwilling to consider a reduction in the consideration to be paid to the Westcorp shareholders, particularly given the substantial premium over Westcorp shares (an indicated value of \$73.60 per share of WFS common stock versus an indicated value of \$64 per share of Westcorp common stock) that Wachovia was currently offering to the WFS minority shareholders, and that Credit Suisse First Boston suggested that further discussion regarding this topic be held directly among the Westcorp and WFS special committee members.

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The WFS special committee then discussed various strategies and responses with its legal and financial advisors. The WFS special committee instructed Mr. Simon to call Mr. Barnum, the chairman of the Westcorp special committee, to request additional consideration for the WFS minority shareholders. The WFS special committee also discussed with Deutsche Bank its ability to deliver a fairness opinion on the revised Wachovia proposal. The WFS special committee instructed Skadden Arps to call Goldman Sachs to request additional consideration for the WFS minority shareholders and to express the WFS special committee's concern that it would not be able to complete its work prior to the end of the day on September 8, 2005.

The WFS special committee reconvened its meeting with its legal and financial advisors to receive reports from Mr. Simon and Skadden Arps. Mr. Simon reported that he had spoken with Mr. Barnum and that Mr. Barnum stated that the Westcorp special committee was not prepared to provide any consideration to the WFS minority shareholders at the expense of the consideration to be paid to the Westcorp shareholders. Mr. Simon advised the WFS special committee that he did not believe that the Westcorp special committee would accept less than the consideration being offered by Wachovia to the Westcorp shareholders. Skadden Arps then reported that Goldman Sachs had stated that Wachovia reaffirmed the then-proposed WFS exchange ratio offered to WFS minority shareholders.

The WFS special committee then discussed a number of strategies and responses with its legal and financial advisors. The WFS special committee discussed whether the increase in consideration that it was considering requesting was worth the risk of losing the Wachovia proposal. The WFS special committee considered that if it could get the reference price used in determining the WFS exchange ratio with respect to the indicated value of \$73.60 moved from a closing price of a single day to an average closing price determined over a longer period, then the WFS special committee would be able to increase the consideration for WFS minority shareholders based on the differences in the trading prices. The WFS special committee instructed Deutsche Bank to call Credit Suisse First Boston and then Goldman Sachs with the WFS special committee's proposal of an exchange ratio based on an indicated value of \$73.60 per WFS share, based on an average closing price of Wachovia shares determined over a longer period, rather than the closing price of a single day. The WFS special committee also instructed Skadden Arps to call Goldman Sachs as appropriate after conferring with Deutsche Bank.

On September 8, 2005, the Westcorp special committee, together with its legal and financial advisors, discussed Wachovia's revised offer. In addition, Credit Suisse First Boston stated that it was told by Deutsche Bank that the WFS special committee had proposed to Goldman Sachs a transaction at an indicated value of \$73.60 for each outstanding share of WFS common stock not held by Western Financial Bank, using an exchange ratio determined by using an average closing price of Wachovia shares over a certain period. The Westcorp special committee then discussed matters pertaining to the form of consideration offered by Wachovia, including Wachovia's willingness to offer a cash component for up to 25% of the consideration being offered, and various options for fixing the exchange ratio based on the closing price of Wachovia common stock.

During the remainder of September 8 and on September 9, 2005, discussions continued among Deutsche Bank, Skadden Arps, Credit Suisse First Boston and Goldman Sachs with respect to various alternatives for determining the Westcorp and WFS exchange ratios. During this period, Skadden Arps had a number of discussions with Mr. Simon in order to keep the WFS special committee informed of the discussions with Deutsche Bank, Goldman Sachs and Credit Suisse First Boston, and between September 8 and September 10, 2005, Mr. Simon had a number of telephone conversations with Ms. Taubitz, the other member of the WFS special committee, in order to update her on the negotiations and obtain her input. On September 9, 2005, the parties agreed to base the respective exchange ratios on the five trading day average closing prices of Wachovia common stock for the period ending on September 9, 2005, which was \$50.20.

On September 9, 2005, the respective legal and financial advisors to the Westcorp special committee and WFS special committee participated in a conference call with members of management of Wachovia

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and its legal advisors for the purposes of discussing various due diligence matters with respect to Wachovia.

Between September 9, 2005 and September 12, 2005, the terms of the proposed merger agreement were finalized in negotiations between the legal advisors for Wachovia and the legal advisors to the two special committees. Based on the five trading day average closing stock price of Wachovia common stock as of September 9, 2005, which was \$50.20, the Westcorp exchange ratio was set at 1.2749 shares of Wachovia common stock for each outstanding share of Westcorp common stock, which had an indicated value of \$64 per share based on the five trading day average and an indicated value of \$64.23 based on the closing price for Wachovia common stock on September 9, 2005, and the WFS exchange ratio was set at 1.4661 shares of Wachovia common stock for each outstanding share of WFS common stock not held by Western Financial Bank, which had an indicated value of \$73.60 per share based on the five trading day average and an indicated value of \$73.86 based on the closing price for Wachovia common stock on September 9, 2005. The implied exchange ratio between the WFS exchange ratio and the Westcorp exchange ratio was 1.15. In addition, due to various tax, legal and other issues associated with the cash election structure, the cash election feature was eliminated from the transaction.

On the morning of September 11, 2005, the WFS special committee held a meeting with its legal advisors. At the request of the WFS special committee, Skadden Arps reviewed the process undertaken by the WFS special committee with respect to the Wachovia proposal and the duties and obligations of the WFS special committee. The WFS special committee discussed a number of matters, including provisions of the draft merger agreement about which members of the committee had questions and the situation of Western Financial Bank with the OTS.

The WFS special committee then invited Deutsche Bank to join the meeting. Skadden Arps described the changes in the transaction since the last meeting of the WFS special committee and provided a detailed summary of the structure of the transactions contemplated by the merger agreement, the proposed Westcorp exchange ratio and WFS exchange ratio, and the terms and conditions of the proposed merger agreement. Skadden Arps also discussed the voting agreement to be entered into among Mr. Rady, certain entities controlled by him and Wachovia and the employment arrangements between Wachovia and each of Mr. Rady, Mr. Wolfe and four other executives of WFS with the WFS special committee. After discussion, the WFS special committee instructed Skadden Arps to seek a number of changes in the draft merger agreement in negotiations with Wachovia and Westcorp.

Deutsche Bank reviewed a detailed written presentation that had been distributed to the WFS special committee prior to the meeting. Deutsche Bank described for the WFS special committee each of the valuation methodologies performed by it and the implied WFS exchange ratio yielded by each and then delivered its oral opinion, subsequently confirmed in writing, to the effect that, as of the date of such opinion, based upon and subject to the assumptions made, matters considered and limits of review undertaken by Deutsche Bank, the WFS exchange ratio was fair, from a financial point of view, to the WFS shareholders, other than Western Financial Bank and its affiliates. The WFS special committee determined to reconvene later in the day to receive any updates on the status of negotiations with respect to the draft merger agreement and to consider recommending the merger agreement and the WFS merger.

The WFS special committee reconvened later that afternoon with its legal advisors. Skadden Arps updated the WFS special committee on the status of negotiations and changes to the draft merger agreement and then reviewed the proposed resolutions with the WFS special committee. Upon motion duly made, the WFS special committee unanimously (a) determined that the merger agreement and the WFS merger are fair to and in the best interests of WFS and WFS shareholders, other than Western Financial Bank and its affiliates, (b) approved the merger agreement and the WFS merger and the termination of the 2004 merger agreement and (c) recommended that the WFS board of directors (i) determine that the merger agreement and the WFS merger are fair to and in the best interests of WFS and WFS shareholders, other than Western Financial Bank and its affiliates, (ii) approve the merger agreement and the WFS merger, (iii) approve the termination of the 2004 merger agreement and

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(iv) recommend that the WFS shareholders, other than Western Financial Bank and its affiliates, approve the merger agreement and the WFS merger.

On the afternoon of September 11, 2005, the Westcorp special committee met with its legal and financial advisors. At the meeting, Credit Suisse First Boston reviewed its financial analysis of the Westcorp exchange ratio and rendered to the Westcorp special committee an oral opinion, which was confirmed by delivery of a written opinion dated September 11, 2005, to the effect that, as of that date and based on and subject to various matters described in its opinion, the Westcorp exchange ratio was fair, from a financial point of view, to the holders of Westcorp common stock, other than the controlling shareholder of Westcorp and affiliates of the controlling shareholder. Morrison & Foerster then summarized the terms and conditions of the proposed merger agreement to effect the proposed transaction and also discussed the voting agreement to be entered into among Mr. Rady, certain entities controlled by him, and Wachovia and the employment arrangements between Wachovia and each of Mr. Rady, Mr. Wolfe and four other executives of Westcorp (who are also executives of WFS). Morrison & Foerster then reviewed with the Westcorp special committee the proposed resolutions to approve the Westcorp merger and the merger agreement. Upon motion duly made, the Westcorp special committee unanimously (a) determined that the Westcorp merger is fair to and in the best interests of Westcorp and Westcorp's shareholders, (b) approved the merger agreement and the Westcorp merger, and (c) resolved to recommend that the merger agreement and the Westcorp merger be approved by the full Westcorp board of directors.

Following the Westcorp special committee meeting, on September 11, 2005, Westcorp and Western Financial Bank each held special board meetings. At the meetings, the directors were updated as to the negotiations that had been conducted to date, the financial aspects of the proposed merger and the material terms and conditions of the proposed merger agreement. Credit Suisse First Boston gave the same presentation to the directors as it had to the Westcorp special committee earlier in the day. The Westcorp special committee then recommended that the merger agreement and the Westcorp merger be approved by the full board of directors of Westcorp. After careful consideration and an independent evaluation by the Westcorp board of directors, based on the recommendation of the Westcorp special committee, the members of the Westcorp board of directors unanimously (a) determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders, (b) approved the merger agreement and the Westcorp merger, and (c) recommended that Westcorp shareholders approve the merger agreement and the Westcorp merger. In addition, after similar consideration and evaluation by the Western Financial Bank board of directors, the members of the Western Financial Bank board of directors unanimously (a) determined that the WFS merger is fair to and in the best interests of Western Financial Bank and WFS and (b) approved the merger agreement and the WFS merger. The Westcorp and Western Financial Bank boards of directors also unanimously approved (a) the termination of the 2004 merger agreement, (b) conversion of Western Financial Bank's charter from a federal savings bank to a national banking association, and (c) approved the merger of Western Financial Bank and Wachovia Bank, National Association, each as called for by the terms of the merger agreement.

Following the Westcorp board meeting on September 11, 2005, the WFS board of directors held a special meeting. At the WFS board meeting, the WFS special committee made a report to the WFS board of directors and recommended that the WFS board approve the merger agreement and the WFS merger, approve the termination of the 2004 merger agreement and recommend that WFS shareholders, other than Western Financial Bank and its affiliates, approve the merger agreement and the WFS merger. Deutsche Bank made a presentation to the WFS board of directors with respect to the valuation methodologies performed by Deutsche Bank and the implied WFS exchange ratio yielded by each and delivered the oral opinion of Deutsche Bank, subsequently confirmed in writing, to the effect that, as of the date of such opinion, based upon and subject to the assumptions made, matters considered and limits of review undertaken by Deutsche Bank, the WFS exchange ratio was fair, from a financial point of view, to the WFS shareholders, other than Western Financial Bank and its affiliates. Skadden Arps was available to discuss the terms of the merger agreement with the WFS board of directors. After careful consideration and an independent evaluation, upon motion duly made, the WFS board unanimously (a) determined that

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the merger agreement and the WFS merger are fair to and in the best interests of WFS and the WFS shareholders, other than Western Financial Bank and its affiliates, (b) approved the merger agreement and the WFS merger, (c) approved the termination of the 2004 merger agreement and (d) recommended that WFS shareholders, other than Western Financial Bank and its affiliates, approve the merger agreement and the WFS merger.

After the respective board meetings, the legal advisors for Wachovia, the Westcorp special committee and the WFS special committee completed negotiations on the merger agreement. The 2004 merger agreement was terminated and the merger agreement was signed on September 12, 2005 and a joint press release announcing the transactions was issued prior to the opening of trading on the NYSE and the Nasdaq on September 12, 2005.

Following the execution of the merger agreement, in accordance with the provisions of the merger agreement, Wachovia proposed an amendment to the merger agreement to change the method of effecting the acquisition of WFS. The changes proposed by Wachovia do not alter the amount or kind of consideration to be issued to holders of Westcorp common stock or WFS common stock, do not adversely affect the intended tax-free treatment to the Westcorp shareholders or WFS shareholders as a result of receiving such consideration, or materially impede or delay the consummation of the transactions contemplated by the merger agreement. After careful consideration and independent evaluation, each of the Westcorp special committee and, upon the unanimous recommendation of the Westcorp special committee, the Westcorp board of directors, the WFS special committee and, upon the unanimous recommendation of the WFS special committee, the WFS board of directors, and the Western Financial Bank board of directors unanimously approved the amendments to the merger agreement on October 19, 2005, and the merger agreement, as amended and restated, was executed on October 21, 2005.

Recommendation of Wachovia's Board and Its Reasons for the Mergers

Wachovia believes that it is advantageous to build a financial services company capable of meeting all of the financial needs of its customers. To further such objective, Wachovia has concentrated on making selected acquisitions of companies engaged in providing financial services that complement or expand the financial services offered by Wachovia. Wachovia believes that joining with Westcorp and WFS is an excellent way to further develop Wachovia's ability to provide expanded and complementary credit products to a broader range of customers.

The acquisition of WFS will extend Wachovia's dealer finance services business into a national business covering 46 states and the District of Columbia. Following the merger, Wachovia, including its subsidiaries, is expected to be the ninth largest producer of loans in the automobile dealer finance business in the United States. The WFS merger will also provide Wachovia the opportunity to diversify its balance sheet by adding more higher-yielding assets. The acquisition of Western Financial Bank will provide Wachovia an entry into the Southern California banking market.

Wachovia is continually evaluating acquisition opportunities and frequently conducts due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations frequently take place and future acquisitions involving cash, debt or equity securities can be expected. Acquisitions typically involve the payment of a premium over book and market values, and therefore, some dilution of Wachovia's book value and net income per common share may occur in connection with any future acquisitions.

Recommendation of the Westcorp Board of Directors; Westcorp's Reasons for the Westcorp Merger

At its meeting on September 11, 2005, after careful consideration and its independent evaluation, acting upon the unanimous recommendation of the Westcorp special committee, the Westcorp board of directors unanimously determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders, approved the merger agreement and the Westcorp merger and recommended that Westcorp shareholders vote to approve the merger agreement and the Westcorp merger. During the course of its deliberations in determining its recommendation to the Westcorp board of directors, the Westcorp

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special committee considered, with the assistance of its legal and financial advisors, a number of factors, including the following:

Concerns regarding possible actions the OTS could take, such as imposing restrictions on Westcorp's, Western Financial Bank's or WFS's business, if Western Financial Bank did not take action consistent with OTS encouragement that Western Financial Bank seek a charter that would better fit with Western Financial Bank's business model;

The declining prospects for obtaining the Federal Reserve Board approval necessary to permit the conversion of Western Financial Bank's current charter to a state bank charter and remove the OTS as Western Financial Bank's primary regulator. The Westcorp special committee and the Westcorp board of directors were concerned that the only viable alternative to address the OTS's concerns if Federal Reserve Board approval was not forthcoming would be a sale of Western Financial Bank with WFS becoming a stand-alone finance company, an alternative that could be less attractive, in terms of shareholder value, than the Westcorp merger;

The belief that it was an attractive time to sell Westcorp, due, in part, to the increase in Westcorp's stock price over the past year (which Westcorp believes is attributable, in part, to the increased spread between the coupon on the loans that Western Financial Bank issued and the borrowing cost of such loans over the past year), and the fact that there are no assurances that such trends would continue in the future;

The structure of the Westcorp merger which would permit Westcorp shareholders to exchange their shares for Wachovia common stock in a transaction that is intended to be tax-free for United States federal income tax purposes, except to the extent of any cash received in lieu of a fractional Wachovia common share;

That Wachovia currently pays a quarterly dividend on its common stock of \$0.51 per share (equivalent to a quarterly dividend of approximately \$0.65 per Westcorp share, based on the Westcorp exchange ratio) which, on a pro forma basis, is \$0.50 in excess of the dividend that Westcorp paid in the third quarter of 2005;

That Wachovia has the ability to provide greater levels of capital and resources to Westcorp than Westcorp could achieve independently or from Western Financial Bank or WFS;

That Wachovia common stock has a significantly higher average daily trading volume than shares of Westcorp common stock and therefore is more liquid than Westcorp common stock;

Its knowledge of the current environment in the financial services industry, including national and regional economic conditions, continued consolidation, increased operating costs resulting from regulatory initiatives and compliance mandates, the current financial market conditions and the likely effects of these factors on Westcorp's potential growth, development, productivity and strategic options, and the historical market prices and trading information with respect to Westcorp's common stock;

Information regarding the business, prospects, financial performance and condition, operations, management and competitive position of Westcorp and Wachovia;

Receiving shares of Wachovia common stock provides an opportunity for Westcorp shareholders to continue to participate in any future growth of the Westcorp and WFS businesses, indirectly through their ownership of Wachovia common stock;

The Westcorp exchange ratio to be received by the Westcorp shareholders in the Westcorp merger, including the fact that the indicated value represented a premium of approximately:

4.7% over the closing price of Westcorp common stock on September 9, 2005, the last trading date prior to public announcement of the execution of the merger agreement with Wachovia,

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19.7% and 25.9%, respectively, over the respective average 90 and 120 day closing prices of Westcorp, each based on the average closing price of Wachovia common stock for the five trading days ended on September 9, 2005;

The provisions of the merger agreement, including representations and warranties made by Wachovia, the covenants made by the parties, and the conditions to the parties' respective obligations to complete the transactions contemplated by the merger agreement;

The merger agreement provisions regarding the right of Westcorp to consider and negotiate a superior alternative transaction;

The requirement of the merger agreement that the WFS merger is conditioned on the approval by a majority of the shares of WFS common stock represented and voting at a duly held shareholder's meeting excluding shares of WFS common stock held by Westcorp and its affiliates, and the fact that this condition can not be waived by any of the parties to the merger agreement;

The financial presentation of Credit Suisse First Boston, including its opinion, dated September 11, 2005, to the Westcorp special committee as to the fairness, from a financial point of view and as of the date of the opinion, of the Westcorp exchange ratio, as more fully described below under the caption "Opinion of the Financial Advisor to the Westcorp Special Committee" beginning on page 53; and

The complementary nature of the respective customer bases, business products and skills of Westcorp, WFS, Western Financial Bank and Wachovia, which could be expected to result in opportunities to obtain synergies as products are cross-marketed and distributed over broader customer bases and best practices are compared and applied across businesses.

The Westcorp special committee also considered a number of potentially negative factors relating to the Westcorp merger, including:

The risks associated with obtaining required regulatory approvals and consents, including obtaining the necessary approvals to effect the Westcorp merger and the WFS merger and convert Western Financial Bank's charter to a national banking charter;

The risk that Wachovia could choose not to complete the Westcorp merger and the WFS merger if the approval or consent of any governmental entity imposes any condition, restriction or requirement that Wachovia reasonably determines in good faith would have a material adverse effect on Westcorp (following the Westcorp merger) or would materially reduce the anticipated economic benefits of the mergers. See "Regulatory Approvals Required for the Mergers and the Bank Conversion" on page 75;

The fixed Westcorp exchange ratio, which will not be increased to compensate for declines, or decreased to compensate for increases, in the trading price of Wachovia's common stock price prior to the completion of the Westcorp merger, and the fact that the terms of the merger agreement do not include stock-price-based termination rights that might be triggered by a decrease in the trading value of Wachovia's common stock;

The risk that the potential benefits sought in the Westcorp merger might not be fully recognized;

The challenges of integrating the management teams, strategies, cultures and organizations of Wachovia, Westcorp, Western Financial Bank and WFS;

The potential risk of diverting management's focus and resources from other strategic opportunities and from operational matters while working to implement the Westcorp merger;

Members of Westcorp's management and board of directors may have interests in the Westcorp merger in addition to the interests of other Westcorp shareholders;

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The risk that the terms of the merger agreement (including the provisions restricting Westcorp and WFS from soliciting third party acquisition proposals) and the voting agreement entered into among Mr. Rady, certain entities controlled by him and Wachovia could have the effect of discouraging other parties who might be interested in a transaction with Westcorp and WFS from proposing such a transaction;

The risk that a majority of the shares of WFS common stock represented and voting at a duly held shareholder s meeting, excluding shares of WFS common stock held by Westcorp and its affiliates, do not vote in favor of the WFS merger;

Westcorp shareholders will only own approximately 4.1% of Wachovia common stock outstanding following completion of the Westcorp merger; and

As a shareholder of Wachovia, a former Westcorp shareholder s interest in the performance and prospects of Westcorp will be indirect and limited in proportion to such shareholder s ownership interest in Wachovia.

In determining whether to vote in favor of the merger agreement and the Westcorp merger, Westcorp shareholders should consider the factors set forth above, the factors set forth under Risk Factors beginning on page 18 and the other information contained in this joint proxy statement-prospectus.

After careful consideration, the Westcorp board of directors, after its independent evaluation and acting upon the unanimous recommendation of the Westcorp special committee, unanimously determined that the Westcorp merger is fair to and in the best interests of Westcorp and its shareholders, approved the merger agreement and the Westcorp merger and recommended that Westcorp shareholders vote to approve the merger agreement and the Westcorp merger.

The foregoing discussion of the factors considered by the Westcorp special committee and the Westcorp board of directors is not intended to be exhaustive but addresses all of the material factors considered by the Westcorp special committee and the Westcorp board of directors in their consideration of the merger agreement and the Westcorp merger. In view of the variety of factors considered, the Westcorp special committee and the Westcorp board of directors did not find it practicable, and did not attempt, to provide specific assessments of, quantify or otherwise assign any relative weights to, the specific factors considered in determining to recommend that holders of Westcorp common stock vote in favor of the merger agreement and the Westcorp merger. Rather, such determination was made based on the totality of the information presented. In addition, individual members of the Westcorp special committee and the Westcorp board of directors may have given differing weights to different factors.

Recommendation of the WFS Board of Directors; WFS Reasons for the WFS Merger

At its meeting on September 11, 2005, upon the unanimous recommendation of the WFS special committee, after careful consideration and its independent evaluation, the WFS board of directors unanimously determined that the merger agreement and the WFS merger are fair to and in the best interests of WFS and the WFS shareholders, other than Western Financial Bank and its affiliates, approved the merger agreement and the WFS merger, and recommended that the WFS shareholders, other than Western Financial Bank and its affiliates, vote to approve the merger agreement and the WFS merger. During the course of its deliberations in determining its recommendation to the WFS board of directors, the WFS special committee considered, with the assistance of its financial and legal advisors, a number of factors, including the following:

Information regarding the business, prospects, financial performance and condition, operations, management and competitive position of WFS and Wachovia;

Current financial market conditions and historical market prices and trading information with respect to WFS common stock and Wachovia common stock;

The directors knowledge and analysis of the current automobile finance industry environment;

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That Wachovia is highly diversified and the fourth largest banking company (by assets) in the United States and the fifth largest banking company (by market capitalization) in the United States;

That (a) Wachovia common stock has a significantly higher average daily trading volume than shares of WFS common stock and therefore is more liquid than WFS common stock and (b) this greater liquidity will benefit all WFS minority shareholders and provide those WFS minority shareholders who do not wish to own Wachovia common stock with the opportunity to sell Wachovia common stock received in the WFS merger;

That Wachovia currently pays a quarterly dividend on its common stock of \$.51 per share (equivalent to a quarterly dividend of approximately \$.75 per WFS share, based on the WFS exchange ratio), while WFS does not pay a dividend on its common stock;

That Wachovia has the ability to provide greater levels of capital and resources to WFS than WFS could achieve independently or from Westcorp or Western Financial Bank;

The WFS exchange ratio to be received by the WFS minority shareholders in the WFS merger, including that the indicated value represented a premium of approximately 22.9% over the closing price of WFS common stock on August 22, 2005, the last trading date prior to the public confirmation by Westcorp that it was engaged in discussions with respect to a possible business combination transaction, based on the average closing price of Wachovia common stock for the five trading days ending on September 9, 2005;

The relative operating performance of WFS as compared to Westcorp and Western Financial Bank since the 2004 merger agreement was entered into by Westcorp, Western Financial Bank and WFS;

The alternative of doing no transaction and remaining as a publicly traded, majority owned subsidiary of (a) Wachovia, if Wachovia determined to proceed with a transaction with Westcorp and completed only the Westcorp merger, or (b) Westcorp, if Wachovia determined not to proceed with a transaction with Westcorp in the event that WFS determined not to enter into the merger agreement;

The provisions of the merger agreement, including representations and warranties made by Wachovia and Westcorp, the covenants made by the parties, and the conditions to the parties' respective obligations to complete the transactions contemplated by the merger agreement;

The merger agreement provisions regarding the right of Westcorp to consider and negotiate a superior alternative transaction, the obligations of Westcorp to keep WFS and Wachovia informed of any such consideration and negotiation, and the possible effects of the provisions regarding payment of termination fees;

The structure of the WFS merger, which would permit WFS minority shareholders to exchange their shares for Wachovia common stock in a transaction that is intended to be tax-free for United States federal income tax purposes, except to the extent of any cash received in lieu of a fractional Wachovia common share;

The requirement of the merger agreement that the WFS merger is conditioned on the approval by a majority of the shares of WFS common stock represented and voting at a duly held shareholders' meeting excluding shares of WFS common stock held by Westcorp and its affiliates, and the fact that this condition can not be waived by any of the parties to the merger agreement;

The WFS merger will remove concerns regarding possible actions the OTS could take, such as imposing restrictions on Western Financial Bank's or WFS's business, if Western Financial Bank did not take action consistent with OTS's encouragement that Western Financial Bank seek a charter that would better fit with

Western Financial Bank's business model;

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The 2004 merger agreement between Westcorp and WFS was, by its terms, terminable by either Westcorp or WFS and the declining prospects that the condition to closing such merger with respect to Western Financial Bank's conversion to a California state commercial bank would be satisfied;

The presentation and oral opinion of Deutsche Bank delivered on September 11, 2005, which was later confirmed in writing, to the effect that, as of the date of such opinions and based on and subject to the matters described in its written opinion, the WFS exchange ratio was fair, from a financial point of view, to the WFS minority shareholders. See Opinion of the Financial Advisor to the WFS Special Committee beginning on page 59; and

The likelihood that the regulatory and other approvals and consents required in connection with the Westcorp merger, the WFS merger and the conversion of Western Financial Bank to a national banking association would be obtained.

The WFS special committee also considered a number of potentially negative factors relating to the WFS merger, including:

The risk that the potential benefits sought in the WFS merger might not be fully recognized;

The fact that WFS will no longer be a separate company focused solely on the automobile finance business and the risk that Wachovia may not take full advantage of the automobile finance business that WFS has built;

The challenges of integrating the management teams, strategies, cultures and organizations of Wachovia, Westcorp and WFS;

The fixed WFS exchange ratio, which will not be increased to compensate for declines or decreased to compensate for increases, in the trading price of Wachovia's common stock price prior to the completion of the WFS merger, and the fact that the terms of the merger agreement do not include stock-price-based termination rights that might be triggered by a decrease in the trading value of Wachovia's common stock;

The relative exchange ratio between the Westcorp exchange ratio and the WFS exchange ratio is 1.15, as compared to the 1.11 relative exchange ratio contained in the 2004 merger agreement among Westcorp, Western Financial Bank and WFS. This increase may not reflect all of the increased performance at WFS in comparison to the performance by Westcorp and Western Financial Bank since the 2004 merger agreement was entered into by WFS, Westcorp and Western Financial Bank;

Members of WFS management and board of directors may have interests in the WFS merger in addition to the interests of other WFS shareholders;

The risk that the terms of (a) the merger agreement, including the provisions restricting Westcorp and WFS from soliciting third party acquisition proposals and requiring WFS (and Westcorp) to hold a special meeting of its shareholders to vote on approval of the merger agreement and the WFS merger (and, with respect to the Westcorp shareholders, the Westcorp merger), and (b) the voting agreement with Mr. Rady and certain entities controlled by him, which, while such terms were required by Wachovia as a condition to its willingness to enter into the merger agreement, could have the effect of discouraging other parties who might be interested in a transaction with Westcorp and WFS from proposing such a transaction;

The risks associated with obtaining required regulatory approvals and consents, and the fact that Wachovia could choose not to complete the Westcorp merger and the WFS merger if the approval or consent of any governmental entity imposes any condition, restriction or requirement that Wachovia reasonably determines in good faith would have a material adverse effect on Westcorp or would materially reduce the anticipated

economic benefits of the mergers. See Regulatory Approvals Required for the Mergers and the Bank Conversion beginning on page 75;

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WFS minority shareholders will own approximately 0.6% of Wachovia common stock outstanding following completion of the WFS merger, compared to the approximately 16% of WFS common stock outstanding owned by WFS minority shareholders prior to the completion of the WFS merger;

As a shareholder of Wachovia, a former WFS shareholder's interest in the performance and prospects of WFS will be indirect and limited in proportion to such shareholder's ownership interest in Wachovia; and

WFS shareholders will no longer own shares in a company focused on the automobile finance business but will own shares in a highly diversified banking company following completion of the WFS merger.

In determining whether to vote in favor of the merger agreement and the WFS merger, WFS shareholders should consider the factors set forth above, the factors set forth under "Risk Factors" beginning on page 18 and the other information contained in this joint proxy statement/prospectus.

After careful consideration and its independent evaluation, the WFS board of directors, based upon the presentation of the WFS special committee and its financial and legal advisors, the factors set forth above, and the unanimous recommendation of the WFS special committee, unanimously determined that the merger agreement and the WFS merger are fair to and in the best interests of WFS and the WFS shareholders other than Western Financial Bank and its affiliates, approved the merger agreement and the WFS merger and recommended that the WFS shareholders, other than Western Financial Bank and its affiliates, vote to approve the merger agreement and the WFS merger.

The foregoing discussion of the factors considered by the WFS special committee and the WFS board of directors is not intended to be exhaustive but addresses all of the material factors considered by the WFS special committee and the WFS board of directors in their consideration of the merger agreement and the WFS merger. In view of the variety of factors considered, the WFS special committee and the WFS board of directors did not find it practicable, and did not attempt, to provide specific assessments of, quantify or otherwise assign any relative weights to, the specific factors considered in determining to recommend that holders of WFS common stock vote in favor of the merger agreement and the WFS merger. Rather, such determination was made based on the totality of the information presented. In addition, individual members of the WFS special committee and the WFS board of directors may have given differing weights to different factors.

Opinion of the Financial Advisor to the Westcorp Special Committee

The Westcorp special committee retained Credit Suisse First Boston to act as its financial advisor in connection with the Westcorp merger. In connection with Credit Suisse First Boston's engagement, the Westcorp special committee requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, of the Westcorp exchange ratio. On September 11, 2005, the Westcorp special committee met to review the Westcorp merger and the terms of the merger agreement. During this meeting, Credit Suisse First Boston reviewed with the Westcorp special committee certain financial analyses as described below and rendered to the Westcorp special committee an oral opinion, which opinion was confirmed by delivery of a written opinion dated September 11, 2005, to the effect that, as of that date and based on and subject to the considerations described in its opinion, the Westcorp exchange ratio was fair, from a financial point of view, to the holders of Westcorp common stock, other than the controlling shareholder of Westcorp and affiliates of the controlling shareholder.

The full text of Credit Suisse First Boston's written opinion, dated September 11, 2005, to the Westcorp special committee, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken by Credit Suisse First Boston in rendering its opinion, is attached as Appendix C and is incorporated into this joint proxy statement-prospectus by reference in its entirety. Holders of Westcorp common stock are encouraged to read this opinion carefully in its entirety. Credit Suisse First Boston's opinion was provided to the

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Westcorp special committee in connection with its evaluation of the Westcorp exchange ratio and relates only to the fairness, from a financial point of view, of the Westcorp exchange ratio to the holders of Westcorp common stock, other than the controlling shareholder of Westcorp and affiliates of the controlling shareholder. Credit Suisse First Boston's opinion does not address any other aspect of the proposed mergers or related transactions and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to any matters relating to the mergers. The summary of Credit Suisse First Boston's opinion in this joint proxy statement-prospectus is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Credit Suisse First Boston reviewed a draft dated September 11, 2005 of the merger agreement and certain related documents as well as certain publicly available business and financial information relating to Westcorp and Wachovia. Credit Suisse First Boston also reviewed certain other information, including internal financial forecasts of Westcorp (and adjustments thereto) and publicly available financial forecasts relating to Wachovia, provided to or discussed with Credit Suisse First Boston by Westcorp and Wachovia, and met with the managements of Westcorp and Wachovia to discuss the businesses and prospects of Westcorp and Wachovia. Credit Suisse First Boston also considered certain financial and stock market data of Westcorp and Wachovia and compared that data with similar data for other publicly held companies in businesses Credit Suisse First Boston deemed similar to those of Westcorp and Wachovia, and considered, to the extent publicly available, the financial terms of certain other business combinations and transactions which have been effected or announced. Credit Suisse First Boston also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the foregoing information and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts for Westcorp (including adjustments thereto) that Credit Suisse First Boston reviewed, Westcorp's management advised Credit Suisse First Boston, and Credit Suisse First Boston assumed, that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of Westcorp's management as to the future financial performance of Westcorp. With respect to the publicly available financial forecasts for Wachovia which Credit Suisse First Boston reviewed, Wachovia's management advised Credit Suisse First Boston, and Credit Suisse First Boston assumed, that such forecasts represented reasonable estimates as to the future financial performance of Wachovia. Credit Suisse First Boston also assumed, with Westcorp's consent, that the Westcorp merger would constitute a reorganization under Section 368 of the Internal Revenue Code of 1986, as amended. Credit Suisse First Boston further assumed, with Westcorp's consent, that in the course of obtaining any necessary regulatory or third party consents, approvals or agreements for the Westcorp merger and related transactions (including the bank conversion, the bank merger and the WFS merger, each as contemplated by the merger agreement), no modification, delay, limitation, restriction or condition would be imposed that would have an adverse effect on Westcorp, Wachovia or the Westcorp merger and that the Westcorp merger and related transactions would be completed in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement therein.

Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Westcorp or Wachovia, nor was Credit Suisse First Boston furnished with any such evaluations or appraisals. In addition, Credit Suisse First Boston is not an expert in the evaluation of loan portfolios or allowances for losses with respect thereto and was not requested to conduct, and it did not conduct, a review of individual credit files. Credit Suisse First Boston was advised, and it therefore assumed, that Westcorp's and Wachovia's allowances for loan portfolio losses were, and on a pro forma basis will be, in the aggregate, adequate to cover such losses. Representatives of Westcorp advised Credit Suisse First Boston, and Credit Suisse First Boston assumed, that the merger agreement and related documents, when executed, would conform to the drafts dated September 11, 2005 of such documents in all respects material to Credit Suisse First Boston's analyses. Credit Suisse First Boston's opinion addressed only the fairness, from a financial point of view, to the

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holders of Westcorp common stock, other than the controlling shareholder of Westcorp and affiliates of the controlling shareholder, of the Westcorp exchange ratio and did not address any other aspect or implication of the Westcorp merger or related transactions or any other agreement, arrangement or understanding entered into in connection with the Westcorp merger or related transactions or otherwise (including, without limitation, the bank conversion, the bank merger and the WFS merger). Credit Suisse First Boston's opinion was necessarily based upon information made available to it as of the date of the opinion, and financial, economic, market and other conditions as they existed and could be evaluated on the date of the opinion. Credit Suisse First Boston did not express any opinion as to what the actual value of Wachovia common stock would be when issued to holders of Westcorp common stock pursuant to the Westcorp merger or the prices at which Westcorp common stock will trade at any time. In connection with Credit Suisse First Boston's engagement, Credit Suisse First Boston was instructed to solicit indications of interest from, and Credit Suisse First Boston held preliminary discussions with, selected third parties regarding the possible acquisition of Westcorp. Credit Suisse First Boston's opinion did not address the relative merits of the Westcorp merger as compared to other business strategies or transactions that might be available to Westcorp, nor did it address the underlying business decision of Westcorp to proceed with the Westcorp merger. Except as described above, the Westcorp special committee imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the Westcorp special committee, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying Credit Suisse First Boston's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments with respect to the analyses and factors that it considered. Credit Suisse First Boston arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Westcorp and Wachovia. No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is identical to Westcorp, Wachovia or the Westcorp merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Credit Suisse First Boston's analyses are inherently subject to substantial uncertainty.

Credit Suisse First Boston was not requested to, and it did not, recommend the specific form or amount of consideration payable in the Westcorp merger, which consideration was determined through negotiation between Westcorp and Wachovia. Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the Westcorp special committee in its evaluation of the Westcorp merger and should not be viewed as determinative of the views of the Westcorp special committee, the Westcorp board of directors or Westcorp management with respect to the Westcorp merger.

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or Westcorp exchange ratio. Credit Suisse First Boston assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date thereof.

The following is a summary of the material financial analyses reviewed with the Westcorp special committee in connection with Credit Suisse First Boston's opinion dated September 11, 2005. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses.**

Westcorp Analyses

Selected Companies Analysis. Using publicly available information, Credit Suisse First Boston reviewed trading multiples of Westcorp and the following six selected publicly held companies, one of which is in the automobile finance industry, two of which are in the diversified consumer finance industry and three of which are in the mortgage finance industry:

Automobile Finance Companies	Diversified Consumer Finance Companies	Mortgage Finance Companies
AmeriCredit Corp.	Capital One Financial Corporation CompuCredit Corporation	Countrywide Financial Corporation IndyMac Bancorp, Inc. Downey Financial Corp.

Credit Suisse First Boston compared, among other things, closing stock prices on September 9, 2005 as multiples of estimated earnings per share, commonly referred to as EPS, for calendar years 2005 and 2006 and book value per share and tangible book value per share as of June 30, 2005. Credit Suisse First Boston then applied ranges of selected multiples of estimated EPS for calendar years 2005 and 2006 and book value per share and tangible book value per share as of June 30, 2005 derived from the selected companies to corresponding financial data of Westcorp. Financial data for the selected companies were based on Institutional Brokerage Estimate System, referred to as I/B/E/S (a data service that compiles estimates issued by securities analysts), and First Call consensus estimates, public filings and other publicly available information. Financial data for Westcorp were based on internal estimates of Westcorp's management and public filings. This analysis and the per share closing price of Wachovia common stock on September 9, 2005 resulted in the following implied exchange ratio reference range, as compared to the Westcorp exchange ratio:

Implied Exchange Ratio Reference Range	Westcorp Exchange Ratio
1.011x 1.253x	1.2749x

Selected Transactions Analysis. Using publicly available information, Credit Suisse First Boston reviewed implied purchase price multiples in the following six selected transactions in the diversified consumer finance industry for which public information was available:

Acquiror	Target
HSBC Holdings plc	Metris Companies Inc.

Bank of America Corporation
Washington Mutual, Inc.
Citigroup Inc.
Citigroup Inc.

HSBC Holdings plc

MBNA Corporation
Providian Financial Corporation
Washington Mutual Finance Corporation
Sears, Roebuck and Co. (credit card operations
division)
Household International, Inc.

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Credit Suisse First Boston reviewed, among other things, per share purchase prices in the selected transactions as multiples of latest 12 months and estimated next 12 months EPS and tangible book value per share as of the most recent completed accounting period prior to public announcement of the relevant transaction. Credit Suisse First Boston also reviewed the premiums paid over tangible book value as a percentage of managed receivables as of the most recent completed accounting period prior to public announcement of the relevant transaction. Credit Suisse First Boston then applied ranges of selected multiples of latest 12 months and estimated next 12 months EPS and tangible book value per share and selected premium percentages to managed receivables derived from the selected transactions to corresponding financial data of Westcorp. Multiples for selected transactions were based on publicly available information at the time of announcement of the relevant transactions. Financial data for Westcorp were based on internal estimates of Westcorp's management and public filings. This analysis and the per share closing price of Wachovia common stock on September 9, 2005 resulted in the following implied exchange ratio reference range, as compared to the Westcorp exchange ratio:

Implied Exchange Ratio Reference Range	Westcorp Exchange Ratio
1.089x - 1.491x	1.2749x

Discounted Cash Flow Analysis. Credit Suisse First Boston performed a dividend discount analysis to calculate the estimated future dividend stream that Westcorp could generate, on a stand-alone basis, for calendar years 2005 through 2008, based on internal estimates of Westcorp's management. Credit Suisse First Boston also derived the estimated terminal value of Westcorp common stock as of the end of calendar year 2008 by applying a range of terminal value forward multiples of 10.5x to 12.5x to Westcorp's calendar year 2009 estimated net income. The present values of the estimated future dividend stream and terminal values were calculated as of June 30, 2005 using discount rates of 11.0% to 13.0%. A discounted cash flow value per share was then derived by adding the present value of the estimated future dividend stream per share and terminal value per share at the applicable discount rate and terminal value multiples. For purposes of this analysis, Credit Suisse First Boston utilized the following assumptions based on internal financial information and estimates of Westcorp's management:

a targeted tangible common equity to assets ratio of 9.0%; and

a pre-tax opportunity cost on dividends of 3.87%.

This analysis and the per share closing price of Wachovia common stock on September 9, 2005 resulted in the following implied exchange ratio reference range, as compared to the Westcorp exchange ratio:

Implied Exchange Ratio Reference Range	Westcorp Exchange Ratio
0.958x - 1.191x	1.2749x

Credit Suisse First Boston also performed certain sensitivities to the discounted cash flow analysis described above assuming, based on discussions with Westcorp management, cumulative increases of approximately 0.75% and 1.50% in loan yields from calendar years 2005 through 2009, which resulted in implied exchange ratio reference ranges of 0.999x - 1.239x and 1.041x - 1.287x, respectively.

Contribution Analysis. Credit Suisse First Boston compared, among other things, the relative contributions of Westcorp and Wachovia to the combined company's estimated net income for calendar years 2005 and 2006. Estimated financial data for Westcorp were based both on internal estimates of Westcorp's management, referred to as the management case, and publicly available research analysts' consensus estimates, referred to as the street case. Estimated financial data for Wachovia were based on First Call consensus estimates. Based on the implied equity

ownership percentages of Westcorp's shareholders in the combined company immediately upon completion of the Westcorp merger derived from the relative contributions of Westcorp under both the management case and the street case to the

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combined company's estimated net income for calendar years 2005 and 2006, this analysis indicated the following implied exchange ratio reference range, as compared to the Westcorp exchange ratio:

Implied Exchange Ratio Reference Range	Westcorp Exchange Ratio
1.071x 1.150x	1.2749x

Wachovia Analysis

Selected Companies Multiples Analysis. Using publicly available information, Credit Suisse First Boston reviewed trading multiples of Wachovia and the following selected publicly held companies in the financial services industry: Citigroup Inc.

Bank of America Corporation

JPMorgan Chase & Co.

Wells Fargo & Company

U.S. Bancorp

SunTrust Banks, Inc.

Credit Suisse First Boston reviewed closing stock prices on September 9, 2005 as multiples of estimated EPS for calendar years 2005 and 2006 and book value per share and tangible book value per share as of June 30, 2005. Credit Suisse First Boston then compared the low, mean, median and high multiples of estimated EPS for calendar years 2005 and 2006 and book value per share and tangible book value per share as of June 30, 2005 for the selected companies to corresponding multiples implied for Wachovia. Financial data for Wachovia and the selected companies were based on First Call consensus estimates, public filings and other publicly available information. This analysis indicated the following low, mean, median and high multiples for the selected companies, as compared to corresponding multiples of Wachovia:

Closing Stock Price as Multiples of:	Implied Multiples for Selected Companies				Implied Multiples of Wachovia
	Low	Mean	Median	High	
EPS					
Calendar year 2005	10.0x	11.9x	12.2x	13.2x	11.8x
Calendar year 2006	9.7x	10.9x	10.8x	11.9x	10.6x
Book Value	1.16x	1.97x	1.89x	2.75x	1.66x
Tangible Book Value	2.17x	3.27x	3.24x	4.57x	3.22x

Other Factors

In rendering its opinion, Credit Suisse First Boston also reviewed and considered other factors, including: historical trading prices of Westcorp during the period beginning on April 4, 2005, the date on which third party indications of interest regarding a possible acquisition of Westcorp were first solicited on behalf of Westcorp, and ending on September 9, 2005, the last trading day prior to public announcement of the mergers;

the implied premiums paid in the Westcorp merger based on the Westcorp exchange ratio relative to Westcorp's closing stock price on September 9, 2005 and average closing stock prices over various periods ended September 9, 2005;

EPS, book value per share and tangible book value per share multiples of Westcorp and premium to Westcorp's managed receivables implied in the Westcorp merger based on the Westcorp exchange ratio (i) as compared to corresponding trading multiples of Westcorp and Wachovia based on closing stock prices on September 9, 2005 and (ii) as a percentage of corresponding median trading multiples for the selected companies referred to under Westcorp Analyses

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Selected Companies Analysis and corresponding median purchase price multiples for the selected transactions referred to under Westcorp Analyses Selected Transactions Analysis;

forward 12 months estimated EPS and tangible book value per share multiples of Westcorp and Wachovia over the two-year period ended September 9, 2005, and corresponding historical median trading multiples for the selected companies referred to under Westcorp Analyses Selected Companies Analysis as compared to corresponding multiples of Westcorp implied in the Westcorp merger based on the Westcorp exchange ratio and the per share price of Wachovia common stock as of September 9, 2005; and

the daily ratio of the closing price of Westcorp common stock to the closing price of Wachovia common stock on September 9, 2005 and over various periods ended September 9, 2005.

Miscellaneous

The Westcorp special committee selected Credit Suisse First Boston as its financial advisor based on Credit Suisse First Boston's qualifications, experience and reputation, and its familiarity with Westcorp and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Credit Suisse First Boston and its affiliates in the past have provided, currently are providing and in the future may provide, investment banking and other financial services to Westcorp and Wachovia unrelated to the mergers, for which services Credit Suisse First Boston and its affiliates have received, and would expect to receive, compensation. Credit Suisse First Boston is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse First Boston and its affiliates may acquire, hold or sell, for its and its affiliates' accounts and for the account of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations of Westcorp and Wachovia) and, accordingly, may at any time hold a long or short position in such securities, as well as provide investment banking and other financial services to such companies.

Westcorp has agreed to pay Credit Suisse First Boston customary fees for its financial advisory services in connection with the Westcorp merger, a significant portion of which is contingent upon completion of the Westcorp merger. A fee also was payable upon the rendering of Credit Suisse First Boston's opinion. In addition, Westcorp has agreed to reimburse Credit Suisse First Boston for expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Opinion of the Financial Advisor to the WFS Special Committee

Deutsche Bank has acted as financial advisor to the WFS special committee in connection with the WFS merger. On September 11, 2005, Deutsche Bank delivered its oral opinion to each of the WFS special committee and the WFS board of directors, subsequently confirmed in writing on September 12, 2005, to the effect that, as of such dates, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the WFS exchange ratio of 1.4661 shares of Wachovia common stock for 1 share of WFS common stock was fair, from a financial point of view, to the shareholders of WFS other than Western Financial Bank and its affiliates.

The full text of Deutsche Bank's written opinion dated September 12, 2005, which discusses, among other things, the assumptions made, matters considered and limits on the review undertaken by Deutsche Bank in connection with the opinion, is attached as Appendix D to this joint proxy statement-prospectus and is incorporated herein by reference. WFS' minority shareholders are urged to read this opinion in its

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entirety. The following summary of the Deutsche Bank opinion is qualified in its entirety by reference to the full text of the opinion.

In connection with Deutsche Bank's role as financial advisor to the WFS special committee, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning WFS, Westcorp and Wachovia and certain internal analyses and other information furnished to it by WFS and by Westcorp. Deutsche Bank also held discussions with members of the senior managements of WFS, Westcorp and Wachovia regarding the businesses and prospects of their respective companies. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for WFS common stock, Westcorp common stock and Wachovia common stock,

compared certain financial and stock market information for WFS, Westcorp and Wachovia with similar information for certain companies which it deemed comparable to WFS, Westcorp and/or Wachovia and whose securities are publicly traded,

reviewed the financial terms of certain recent business combinations, which it deemed comparable in whole or in part,

reviewed the terms of the merger agreement as of the date of its written opinion, and

performed such other studies and analyses and considered such other factors as it deemed appropriate.

In preparing its opinion, Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning WFS, Western Financial Bank, Westcorp or Wachovia, including, without limitation, any financial information, forecasts or projections considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank assumed and relied upon the accuracy and completeness of all such information and Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities, of WFS, Western Financial Bank, Westcorp or Wachovia. With respect to the financial forecasts and projections of WFS and Westcorp made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of WFS or Westcorp, as the case may be, as to the matters covered thereby. In addition, Deutsche Bank assumed that Wachovia will perform in the future in accordance with the expectations of Wall Street analysts as reflected in consensus estimates. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections or the assumptions on which they are based. Deutsche Bank's opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. In rendering its opinion, Deutsche Bank was not asked or authorized by WFS, the WFS board of directors or the WFS special committee to solicit, and Deutsche Bank has not solicited, interest from any party with respect to the acquisition of all or any portion of WFS or any of its assets, nor did Deutsche Bank negotiate with any such party in connection with any such transaction other than Wachovia and Westcorp.

For purposes of rendering its opinion, Deutsche Bank assumed that, in all respects material to its analysis: the representations and warranties of Westcorp and Wachovia contained in the merger agreement as of the date of its written opinion are true and correct,

Westcorp, Wachovia, WFS and Western Financial Bank will each perform all of the covenants and agreements to be performed by it under the merger agreement as of the date of its written opinion,

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all conditions to the obligations of each of Westcorp, Wachovia, WFS and Western Financial Bank to complete the WFS merger will be satisfied without any waiver or modification thereof,

all material governmental, regulatory or other approvals and consents required in connection with the completion of the WFS merger will be obtained, and

in connection with obtaining any necessary governmental, regulatory or other approvals and consents, or any amendments, modifications or waivers to any agreements, instruments or orders to which any of WFS, Western Financial Bank, Westcorp or Wachovia is a party or is subject or by which it is bound, no limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have an adverse effect on WFS, Western Financial Bank, Westcorp or Wachovia or materially reduce the contemplated benefits of the WFS merger to WFS.

Deutsche Bank's Financial Analysis

Set forth below is a summary of the material financial analyses performed by Deutsche Bank in connection with its opinion and reviewed with the WFS special committee and the WFS board of directors at their respective meetings on September 11, 2005.

Dividend Discount Analysis. Deutsche Bank performed a dividend discount analysis for WFS and Wachovia. Deutsche Bank calculated the equity value of WFS as the sum of the net present values of the estimated dividends that WFS will generate for the years 2006 through 2008, after it meets a target tier II capital ratio of 13.50%, and

the terminal value of WFS at the end of such period.

Deutsche Bank calculated the equity value of Wachovia as the sum of the net present values of the estimated dividends that Wachovia will generate for the years 2006 through 2008, after it meets a target equity to assets ratio of 8.97%, and

the terminal value of Wachovia at the end of such period.

The estimated dividends for WFS were derived using the financial projections for WFS for the years 2005 through 2008 prepared by the management of WFS. The projections provided by WFS management assume that (a) Western Financial Bank will continue to be regulated under the charter of the OTS, (b) the then pending minority buy-in of WFS by Western Financial Bank does not happen and (c) WFS does not raise additional capital through a rights offering. The estimated dividends for Wachovia were derived using Wall Street estimates. The terminal value for WFS was calculated based on projected net income for 2009 and a range of multiples of net income ranging from 8.0x to 12.0x. The terminal value for Wachovia was calculated based on projected net income for 2009 and a range of multiples of net income ranging from 9.0x to 13.0x. Deutsche Bank used a discount rate for WFS of 10.5% and for Wachovia of 10.4%. Deutsche Bank used these discount rates based on its judgment of the estimated cost of equity for WFS and Wachovia and used the net income multiples based on its review of the trading characteristics of WFS and Wachovia and certain companies which Deutsche Bank deemed comparable to WFS or Wachovia, as appropriate.

Deutsche Bank observed that the dividend discount analysis yielded implied exchange ratios ranging from 1.200x to 1.400x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

Comparable Public Company Analysis. Deutsche Bank reviewed certain financial information and calculated commonly used valuation measurements for each of WFS and Wachovia, as applicable, to corresponding information and measurements for groups of publicly traded companies in the auto finance business and money center banks, respectively.

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The publicly traded companies selected in the automobile finance business to which WFS was compared consisted of:

AmeriCredit Corp.

United PanAm Financial Corporation

Credit Acceptance Corp.

The publicly traded money center banks to which Wachovia was compared consisted of:

Citigroup Inc.

Bank of America Corporation

JPMorgan Chase & Co.

Wells Fargo & Company

U.S. Bancorp

Bank of New York Company, Inc.

SunTrust Banks, Inc.

PNC Financial Services Group, Inc.

The financial information and valuation measurements reviewed by Deutsche Bank included:
ratio of premium to receivables

ratio of market capitalization to book value

ratio of share price to 2006 estimated net earnings per share

To calculate the trading multiples, Deutsche Bank used publicly available information concerning historical and projected financial performance, including analyst reports and published historical financial information and earnings estimates reported by FactSet. FactSet is a data service that monitors and publishes compilations of earnings estimates by selected research analysts and other financial information regarding companies of interest to institutional investors.

Deutsche Bank observed that the comparable public company analysis yielded implied exchange ratios ranging from 0.925x to 1.450x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

None of the companies utilized in the comparable public company analysis is identical to Wachovia or WFS. Accordingly, Deutsche Bank believes the analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's final opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

Contribution Analysis. Deutsche Bank compared the relative contributions of Wachovia and WFS to selected components of the pro forma income statement and balance sheet of the combined company. In this analysis, the contribution of WFS represented the approximately 16% of WFS owned by the WFS minority shareholders. The financial data used in this analysis was provided by (a) with respect to Wachovia, the Form 10-Q for the quarter ended June 30, 2005 and earnings estimates based on consensus Wall Street projections and (b) with respect to WFS, the Form 10-Q for the quarter ended June 30, 2005 and financial projections prepared by WFS management.

This analysis demonstrated that on a pro forma combined basis (a) as of June 30, 2005, Wachovia and WFS would account for (1) 96.87% and 0.31%, respectively, of the combined company's pro forma total assets (with the balance

accounted for by Westcorp), and (2) 96.68% and 0.37%, respectively, of the combined company's pro forma book value (with the balance accounted for by Westcorp), (b) as of

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September 9, 2005, Wachovia and WFS would account for 95.66% and 0.51%, respectively, of the combined company's pro forma market capitalization (with the balance accounted for by Westcorp), (c) for the year ending December 31, 2005, Wachovia and WFS would account for 95.90 and 0.53%, respectively, of the combined company's projected pro forma net income (with the balance accounted for by Westcorp), and (d) for the year ending December 31, 2006, Wachovia and WFS would account for 96.08% and 0.55%, respectively, of the combined company's projected pro forma net income (with the balance accounted for by Westcorp).

Deutsche Bank observed that the contribution analysis yielded implied exchange ratios ranging from 0.775x to 1.400x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

Historical Premia Paid Analysis. Deutsche Bank identified 33 transactions announced since January 2002 in which the value of the transaction was between \$2 billion and \$5 billion and for which public information was available. We refer to these 33 transactions as the selected transactions. For each of the selected transactions, Deutsche Bank reviewed the premium to the acquired company's per share market price 1 day, 1 week, 1 month, 60 days, 90 days and 120 days prior to the announcement of the transaction, in each case represented by the acquisition price in the transaction. The following table summarizes the results of this review.

	1 day prior	1 week prior	1 month prior	60 days prior	90 days prior	120 days prior
Mean premium paid:	21.2%	23.6%	28.1%	35.7%	42.8%	44.7%
Median premium paid:	16.0%	16.8%	25.1%	31.1%	37.2%	43.4%

Deutsche Bank applied these premia to WFS's respective share prices, assuming an announcement date, of August 23, 2005, the date Westcorp publicly confirmed that it was in discussions regarding a possible business combination, and compared these values to Wachovia's five day trailing share price average as of September 11, 2005. Deutsche Bank observed that the historical premia paid analysis yielded implied exchange ratios ranging from 1.150x to 1.500x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

The historical premia paid analysis was based on public information available, without taking into account differing market and other conditions during the period in which the selected transactions were announced. Because the reasons for, and circumstances surrounding, each of the selected transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of WFS and the companies involved in the selected transactions, Deutsche Bank believes that a historical premia paid analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences between the characteristics of the selected transactions and the WFS merger that could affect the value of the subject companies and businesses and WFS.

Comparable Transaction Analysis. Deutsche Bank reviewed nineteen closed mergers and acquisitions transactions with public targets announced since January 1999 in the specialty finance industry with purchase prices greater than \$100 million, and for which public information was available, including three

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transactions in the automobile finance sector. The transactions reviewed, which are referred to as the selected specialty finance transactions, are:

Target	Acquirer
Associates First Capital Corporation	Citigroup Inc.
Household International, Inc.	HSBC Holdings plc
Washington Mutual Finance Corporation	Citigroup Inc.
Trendwest Resorts, Inc.	Cendant Corporation
Fleet Mortgage Corp.	Washington Mutual, Inc.
Residential Mortgage Operations	Washington Mutual, Inc.
Education Lending Group, Inc.	CIT Group Inc.
Rock Financial Corporation	Intuit Inc.
Long Beach Financial Corporation	Washington Mutual, Inc.
Arcadia Financial Ltd.	Associates First Capital Corporation
Onyx Acceptance Corporation	Capital One Financial Corporation
Litchfield Financial Corporation	Textron Inc.
Apex Mortgage Capital, Inc.	American Home Mortgage Holdings, Inc.
Resource Bancshares Mortgage Group, Inc.	NetBank, Inc.
Source One Mortgage Services Corporation	Citigroup Inc.
Wilmington Finance Inc.	American International Group, Inc.
Prism Financial Corporation	Royal Bank of Canada
MFN Financial Corporation	Consumer Portfolio Services, Inc.
Sterling Capital Mortgage Company	Royal Bank of Canada

The financial information and valuation measurements reviewed by Deutsche Bank with respect to the selected specialty finance transactions included:

ratios of purchase price to book value

ratios of purchase price to last twelve months net earnings at the time of announcement of the respective transactions

ratios of premium to receivables

The following table summarizes the results of this review:

	price/book	price/LTM earnings	premium to receivables
Median	2.0x	12.2x	7.0%

For purposes of determining implied exchange ratios, Deutsche Bank used Wachovia's five day trailing share price average as of September 11, 2005. Deutsche Bank observed that the comparable transaction analysis yielded implied exchange ratios ranging from 0.925x to 1.150x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

The comparable transaction analysis was based on public information available, without taking into account differing market and other conditions during the period in which the selected specialty finance transactions were announced. Because the reasons for, and circumstances surrounding, each of the selected specialty finance transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of WFS and the companies involved in the selected specialty finance transactions, Deutsche Bank believes

that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion,

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concerning differences between the characteristics of the selected specialty finance transactions and the WFS merger that could affect the value of the subject companies and businesses and WFS.

Combination At Market Analysis. Deutsche Bank determined the implied exchange ratio based on the share prices of Wachovia and WFS for the 1 day and average 7 day, 30 day, 60 day, 90 day, 1 year, 2 year, 3 year and 5 year periods, assuming an announcement date of August 23, 2005, the date Westcorp publicly confirmed that it in was discussions regarding a possible business combination. Deutsche Bank observed that the at market combination analysis yielded implied exchange ratios ranging from 0.800x to 1.175x and compared that range of implied exchange ratios to the WFS exchange ratio of 1.4661x.

General. The foregoing summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to the WFS special committee, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinions, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the WFS special committee and WFS board of directors as to the fairness to the WFS minority shareholders of the WFS exchange ratio and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by WFS and Westcorp's management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of WFS, Westcorp, or their respective advisors. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of WFS or Westcorp or their respective advisors, none of WFS, Westcorp, Deutsche Bank nor any other person assumes responsibility if future results or actual values are different from these forecasts or assumptions.

The terms of the WFS merger, including the consideration to be paid to WFS minority shareholders, were determined through negotiations among WFS, Westcorp and Wachovia and were approved by the WFS board of directors upon the unanimous recommendation of the WFS special committee. Although Deutsche Bank provided advice to the WFS special committee during the course of these negotiations, the decision to enter into the WFS merger was solely that of the WFS board of directors, upon the unanimous recommendation of the WFS special committee. As described above, the opinion and presentation of Deutsche Bank to the WFS special committee were only one of a number of factors taken into consideration by the WFS special committee in making its determination to recommend the WFS merger. Deutsche Bank's opinion was provided to the WFS board of directors and the WFS special committee to assist them in connection with their consideration of the WFS merger and does not constitute a recommendation to any shareholder as to how to vote or take any other action with respect to the WFS merger.

Deutsche Bank's opinion does not in any manner address the prices or the range of prices at which shares of WFS common stock, Westcorp common stock or Wachovia common stock will trade at any time following the announcement of the WFS merger or as to the price or range of prices at which Wachovia common stock may trade subsequent to the completion of the WFS merger. Deutsche Bank assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date thereof.

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The WFS special committee selected Deutsche Bank as financial advisor in connection with the WFS merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions, including the services Deutsche Bank provided as financial advisor to the WFS special committee in connection with the 2004 transactions described in the next paragraph and Deutsche Bank's resultant familiarity with WFS, Westcorp and the 2004 transactions. The WFS special committee has retained Deutsche Bank pursuant to a letter agreement dated September 6, 2005 which we refer to as the "engagement letter". WFS will pay Deutsche Bank a reasonable and customary fee for its services as financial advisor to the WFS special committee in connection with the WFS merger, a portion of which was paid to Deutsche Bank in connection with the delivery of its opinion, and a substantial portion of which is contingent upon completion of the WFS merger.

Deutsche Bank is an affiliate of Deutsche Bank AG, which together with its affiliates we refer to as the "DB Group". Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. One or more members of the DB Group have, from time to time, provided investment banking services to WFS for which it has received compensation. One or more members of the DB Group (i) has served as underwriter for WFS in several securitization transactions, (ii) has extended letters of credit to WFS, and (iii) has provided warehouse facilities to WFS. In the foregoing capacities, during the past two years, members of the DB Group have received an aggregate of approximately \$5.5 million in compensation from WFS (which amount does not include the \$500,000 opinion fee described below). Deutsche Bank previously served as financial advisor to the WFS special committee in connection with the proposed merger of WFS into Western Financial Bank pursuant to an Agreement and Plan of Merger and Reorganization, entered into as of May 23, 2004 among Westcorp, WFS and Western Financial Bank. On May 23, 2004, Deutsche Bank delivered its opinion to the WFS special committee and the WFS board of directors to the effect that, as of such date, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the exchange ratio in that proposed merger was fair, from a financial point of view, to the WFS minority shareholders. Deutsche Bank received a fee of \$500,000 from WFS in connection with its opinion dated May 23, 2004. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of WFS, Wachovia and Westcorp for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

Material United States Federal Income Tax Consequences

The following is a summary of the material anticipated United States federal income tax consequences of the Westcorp merger and the WFS merger, generally applicable to holders of Westcorp common stock or WFS common stock who hold such stock as a capital asset. This summary is based on and subject to the Internal Revenue Code of 1986, as amended, the regulations of the United States Treasury Department, Internal Revenue Service rulings, and judicial and administrative rulings and decisions in effect on the date of this joint proxy statement-prospectus. These authorities may change at any time, possibly retroactively, and any change could affect the continuing validity of this discussion.

This discussion does not address any tax consequences arising under the laws of any state, locality or foreign jurisdiction and is not a comprehensive description of all of the tax consequences that may be relevant to any given holder of Westcorp common stock or WFS common stock. Moreover, this discussion does not address the tax consequences that may be relevant to a particular shareholder receiving special treatment under certain United States federal income tax laws. Shareholders receiving this special treatment include but are not limited to:

foreign persons;

financial institutions;

tax-exempt organizations;

insurance companies;

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mutual funds;

traders in securities that elect mark-to-market;

dealers in securities or foreign currencies;

persons who received their Westcorp common stock or WFS common stock through the exercise of employee stock options or otherwise as compensation;

persons who have a functional currency other than the U.S. dollar; and

persons who hold shares of Westcorp common stock or WFS common stock as part of a hedge, straddle or conversion transaction.

If an entity treated as a partnership for United States federal income tax purposes holds Westcorp common stock or WFS common stock, the United States federal income tax treatment of a partner therein will generally depend on the status of the partner and upon the activities of the partnership. Partners in partnerships holding Westcorp common stock or WFS common stock should consult their tax advisors.

It is a condition to completion of the mergers that (i) Wachovia receive a written opinion from its special counsel, Alston & Bird LLP, and that Westcorp receive a written opinion from its special counsel, Morrison & Foerster LLP, substantially to the effect that the Westcorp merger will qualify as a reorganization within the meaning of Section 368(a) the Internal Revenue Code and that (ii) Wachovia receive a written opinion from its special counsel, Alston & Bird LLP, and that WFS receive a written opinion from its special counsel, Skadden, Arps, Slate, Meagher & Flom LLP, substantially to the effect that the WFS merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The opinions will rely on certain assumptions as well as representations and covenants made by Wachovia, Westcorp, WFS and others. If any of those assumptions, representations or covenants are inaccurate, counsel may not be able to render the required opinions and tax consequences of the mergers could differ from those discussed here. An opinion of counsel is not binding on the Internal Revenue Service or any court, nor does it preclude the Internal Revenue Service from adopting a contrary position. No ruling has been or will be sought from the Internal Revenue Service on the United States federal income tax consequences of the mergers. If each of the Westcorp merger and the WFS merger is treated as a reorganization within the meaning of Section 368(a) of the Code, then, for United States federal income tax purposes:

No gain or loss will be recognized by Wachovia, Westcorp or WFS as a result of the mergers;

No gain or loss will be recognized by a shareholder of Westcorp who exchanges all of his or her shares of Westcorp common stock solely for shares of Wachovia common stock, except for any gain recognized with respect to cash received instead of a fractional share of Wachovia common stock;

No gain or loss will be recognized by a shareholder of WFS who exchanges all of his or her shares of WFS common stock solely for shares of Wachovia common stock, except for any gain recognized with respect to cash received instead of a fractional share of Wachovia common stock;

The aggregate tax basis of the shares of Wachovia common stock received by holders of Westcorp common stock or WFS common stock, as the case may be, who exchange all of their Westcorp common stock or WFS common stock for shares of Wachovia common stock generally will be the same as the aggregate tax basis of the shares of Westcorp common stock or WFS common stock surrendered in exchange therefor reduced by any amount allocable to a fractional share of Wachovia common stock for which cash is received; and

The holding period of the shares of Wachovia common stock received by holders of Westcorp common stock or WFS common stock, as the case may be, generally will include the holding period of shares of Westcorp

common stock or WFS common stock surrendered in exchange therefor.

Table of Contents*Cash in Lieu of Fractional Shares*

For United States federal income tax purposes, a Westcorp shareholder or WFS shareholder who receives cash instead of a fractional share of Wachovia common stock should recognize capital gain or loss equal to the difference between the cash amount received and the portion of the shareholder's adjusted tax basis in the shares of Wachovia common stock allocable to the fractional share for which cash was received. This gain or loss will be long-term capital gain or loss for United States federal income tax purposes if the shareholder's holding period in the shares of Westcorp common stock or WFS common stock exchanged for the cash in lieu of a fractional share of Wachovia common stock is greater than one year.

Tax matters are very complicated, and the tax consequences of the mergers to each Westcorp shareholder or WFS shareholder will depend on the facts of that shareholder's situation. Westcorp shareholders and WFS shareholders are encouraged to consult their own tax advisors regarding the specific tax consequences of the mergers, including the applicability and effect of any federal, state, local and foreign income and other tax laws.

Accounting Treatment

Wachovia will treat the mergers as a purchase by Wachovia of Westcorp and WFS under GAAP. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of completion of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after completion of the merger reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

All unaudited pro forma financial information contained in this joint proxy statement-prospectus has been prepared using the purchase method to account for the mergers. The final allocation of the purchase price will be determined after the mergers are completed and after completion of a thorough analysis to determine the fair values of Westcorp's and WFS' tangible and identifiable intangible assets and liabilities. In addition, estimates related to restructuring and merger-related charges are subject to final decisions related to combining the companies. Accordingly, the final purchase accounting adjustments, restructuring and merger-related charges may be materially different from the unaudited pro forma adjustments presented in this document. Any decrease in the net fair value of the assets and liabilities of Westcorp as compared to the information shown in this document will have the effect of increasing the amount of the purchase price allocable to goodwill.

Interests of Certain Persons in the Mergers

Some of Westcorp's and WFS' executive officers and directors have interests in the mergers that are in addition to and may be different from the interests as Westcorp and WFS shareholders they may share with you. The Westcorp, WFS and Wachovia boards were aware of these different interests and considered them, among other matters, in adopting the merger agreement and the transactions it contemplates.

Executive Employment Arrangements

Wachovia and Ernest S. Rady signed an offer letter at the time of the merger agreement to be effective upon completion of the Westcorp merger regarding Mr. Rady's proposed role in the combined company. As Chairman of Wachovia's dealer finance business and Chairman of Wachovia's California banking business, Mr. Rady will receive a base salary of \$500,000 and minimum incentive compensation of \$275,000 in 2006 and 2007 and will be eligible for additional compensation under the Wachovia Corporation Senior Management Incentive Plan. Mr. Rady will also be eligible to participate in Wachovia's employee benefits plans, including stock incentive plans. If Mr. Rady's employment is terminated without cause prior to January 1, 2008, he will receive two years of severance pay based on his salary and incentive compensation. Mr. Rady's offer letter indicated that Wachovia's management would be willing to propose to Wachovia's board of directors that Mr. Rady be elected as a director by

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Wachovia's board of directors, if Mr. Rady so desired, subject to completion of the mergers and the receipt of the applicable legal or regulatory approvals. Mr. Rady has advised Wachovia's management that he desires to be so nominated.

Offer letters entered into at the time of the merger agreement and to be effective upon the completion of the Westcorp merger between Wachovia and each of:

Thomas A. Wolfe, President of Westcorp, President and Vice Chairman of Western Financial Bank, and President and Chief Executive Officer of WFS,

William Katafias, Executive Vice President of WFS,

Dawn Martin, Senior Vice President and Chief Information Officer of Westcorp and Executive Vice President and Chief Information Officer of Western Financial Bank and WFS,

J. Keith Palmer, Vice President and Treasurer of Westcorp and Senior Vice President and Treasurer of Western Financial Bank and WFS, and

Ronald Terry, Vice President and Chief Credit Officer of Westcorp and Senior Vice President and Chief Credit Officer of WFS,

provide these Westcorp executive officers with cash termination payments and other payments and benefits if their employment with Wachovia terminates without cause or if they terminate for good reason before December 31, 2007. We currently estimate that cash termination payments of up to \$8,220,800 in the aggregate could be triggered if all such Westcorp executive officers, including Mr. Rady, were to terminate their employment within the time frames covered under the offer letters, which we do not expect to occur.

The following table sets forth the annual salary, target annual bonus incentive award, expected restricted share award and expected title for each such executive following completion of the mergers, together with the estimated aggregate termination payments that would be payable to each executive under the offer letters if the executive's employment is terminated within the applicable time frames, based upon the compensation levels set forth in the offer letters. The salary, bonus and incentive awards for an executive may be increased from time to time following the completion of the mergers, which would in turn increase the aggregate termination payments.

Executive Officer	Expected Title	Annual Salary	Minimum 2006 Cash Incentive Award	Expected Restricted Share Award (reflected in terms of expected economic value)	Aggregate Termination Payments
Thomas A. Wolfe	President and CEO	\$ 500,000	\$ 700,000	\$ 1,000,000	\$ 3,400,000
William Katafias	Executive Vice President, National Retail Sales Executive, West Coast Operations Manager	\$ 260,000	\$ 136,500	\$ 260,000	\$ 916,500
Dawn Martin		\$ 268,000	\$ 107,200	\$ 268,000	\$ 911,200

	Senior Vice President, Chief Information Officer					
Ronald Terry	Senior Vice President, Chief Credit Officer	\$ 250,000	\$ 100,000	\$ 250,000	\$ 850,000	
J. Keith Palmer	Senior Vice President, Treasurer	\$ 223,000	\$ 66,900	\$ 223,000	\$ 735,900	

Each of the executives named in the table above also agreed, for a period commencing on the effective date of their employment with Wachovia and continuing until twelve months following their last day of employment, to abide by certain restrictive covenants including restrictions on disclosure and use of confidential information and trade secrets, interference with protected employees and relationships with protected customers. Each of the executives named in the table above, except for Mr. Wolfe, also agreed,

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as Westcorp shareholders, to abide by these restrictive covenants for a period of up to two years following completion of the Westcorp merger. Mr. Wolfe, as a Westcorp shareholder, agreed to abide by these restrictive covenants and also agreed not to compete with the surviving company for a period of up to three years following completion of the Westcorp merger.

Stock Options

Employees, including executive officers, and directors of Westcorp, Western Financial Bank and WFS have received, from time to time, grants of stock options under Westcorp's stock option plans. In the Westcorp merger, Wachovia will assume all Westcorp employee stock options and those options will become options to purchase Wachovia common stock. The vesting schedule, duration and other terms of each converted option will be substantially the same as the original option. The number of shares issuable under those options and the exercise prices will be adjusted to take into account the Westcorp exchange ratio. As of the record date, Westcorp, Western Financial Bank and WFS executive officers held options to acquire an aggregate of 965,640 shares of Westcorp common stock at a weighted average exercise price of \$28.15.

All non-employee director stock options will vest at the time of the Westcorp merger and will be canceled. In consideration for such cancellation, each non-employee director holding an option will be entitled to receive Wachovia common stock in an amount equal to the Westcorp exchange ratio times the difference (if positive) between the number of shares of Westcorp common stock that the option represented minus the number of shares of Westcorp common stock with an aggregate fair market value equal to the exercise price of such options, as based on the closing price of Westcorp common stock on the NYSE the day before the completion of the Westcorp merger. As of the record date, non-employee Westcorp, Western Financial Bank and WFS directors held options to acquire an aggregate of 127,168 shares of Westcorp common stock at a weighted average exercise price of \$33.01. As of the record date, members of the Westcorp special committee and the WFS special committee, respectively, held options to acquire an aggregate of 45,000 and 15,000 shares of Westcorp common stock at weighted average exercise prices of \$26.74 and \$39.30, respectively.

Severance Benefits

Pursuant to the merger agreement, Westcorp and Wachovia have agreed that any employees of Westcorp or its subsidiaries who continue to be employed at Wachovia following the applicable effective date with the title of senior vice president or higher, as of the date of the merger agreement, will be entitled, in the event of a qualifying termination that occurs between the Westcorp merger effective date and December 31, 2007, to receive, in addition to any severance benefits to which they are entitled under Wachovia's severance plan, a lump sum payment equal to the difference between the severance pay available under the Westcorp severance plan at the Westcorp merger effective date and the severance pay received pursuant to the Wachovia severance plan.

Executive Deferral Plans

Westcorp has maintained Executive Deferral Plans, which we refer to as the EDPs, for several years. Participants in the EDPs elect to defer salary and/or incentive compensation, which is then invested in certain investment media pursuant to the terms of the EDPs. The terms of the EDPs provide that the plans will fully accelerate in the event of a change of control, such as the Westcorp merger. The EDPs include provisions that require the payment of plan benefits in a lump sum if the EDPs are terminated after a change of control. In addition, pursuant to the terms of the EDPs, if a participant is terminated within 24 months following a change of control, the participant is deemed to have retired and will become eligible for a retirement benefit (i.e., a distribution of such participant's plan accounts). Following the Westcorp merger, in the event that the EDPs are terminated, approximately \$17 million will be paid out to plan participants, which includes an aggregate of approximately \$5.69 million that will be paid out to Westcorp's, WFS and Western Financial Bank's executive officers who are plan participants (pursuant to the amount of the executive's prior deferral elections).

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Indemnification and Insurance

The merger agreement provides that, upon completion of the mergers, Wachovia will, to the fullest extent permitted by law, indemnify, defend and hold harmless all then present directors and officers of Westcorp and WFS against all costs and liabilities arising out of actions or omissions occurring at or before the completion of the mergers.

The merger agreement also provides that, for a period of six years after the mergers are completed, Wachovia will use all reasonable best efforts to provide directors and officers liability insurance for the individuals that were officers and directors of Westcorp and WFS at the time the mergers are completed with respect to claims arising from facts or events occurring before the mergers are completed. This director's and officer's liability insurance will contain coverage comparable to Westcorp's and WFS's existing coverage. However, if Wachovia is required to expend more than an amount annually equal to 200% of then current annual premiums paid by Westcorp and WFS and Wachovia is unable to maintain or obtain such levels of insurance, it will use all reasonable best efforts to obtain as much comparable insurance as is reasonably available.

Voting Agreement

As an inducement to and a condition of Wachovia's willingness to enter into the merger agreement, Mr. Rady, solely in his capacity as a shareholder of Westcorp, and certain entities that Mr. Rady controls entered into the voting agreement. The voting agreement provides, among other things, that Mr. Rady and certain entities Mr. Rady controls, as Westcorp shareholders, will vote 20,890,258 shares, or approximately 40% of the shares outstanding as of the record date, of Westcorp common stock that they have beneficial ownership of in favor of the merger agreement and the Westcorp merger at the Westcorp special meeting. If Mr. Rady and the entities controlled by him determine to vote the remaining shares of Westcorp common stock beneficially owned by them, representing approximately 13% of the outstanding shares of Westcorp common stock as of the record date, in favor of the merger agreement and the Westcorp merger, the proposal at the Westcorp special meeting to approve the merger agreement and the Westcorp merger will be approved.

In the voting agreement, Mr. Rady and the entities also agreed that they would not vote the shares subject to the voting agreement in favor of any other merger or acquisition transaction other than the Westcorp merger and that they would not sell or transfer the shares subject to the voting agreement unless such transferee also agrees to be bound by the terms of the voting agreement. They also agreed not to directly or indirectly solicit any proposals or inquiries for an acquisition transaction with Westcorp or its subsidiaries other than the Westcorp merger.

A copy of the voting agreement is set forth in Appendix B of this joint proxy statement-prospectus. Shareholders are urged to read the voting agreement in its entirety.

Section 16

Prior to the effective time of the applicable merger, Wachovia, Westcorp and WFS will each take all steps reasonably necessary to cause any acquisition of shares of Wachovia common stock (including pursuant to assumed stock options) and all dispositions of WFS or Westcorp common stock in connection with the applicable merger by any individual who is, or at the effective time of the applicable merger will become, subject to the reporting requirements of Section 16(a) of the Exchange Act, to be exempt under Rule 16b-3 promulgated under the Exchange Act, which requires reporting persons to disgorge to the issuer profits received by the reporting person as a result of the purchase and sale of securities within a six-month period.

Restrictions on Resales by Affiliates

The shares of Wachovia common stock that Westcorp and WFS shareholders will own following the mergers have been registered under the Securities Act of 1933. They may be traded freely and without restriction by you if you are not deemed to be an affiliate of Wachovia, Westcorp, or WFS under the Securities Act. An affiliate of Wachovia, Westcorp, or WFS, as defined by the rules under the Securities Act, is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by,

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or is under common control with, Wachovia, Westcorp, or WFS, as the case may be. Affiliates generally include directors, executive officers and beneficial owners of 10% or more of any class of capital stock. Persons that are affiliates of Wachovia, Westcorp, or WFS at the time the mergers are submitted for vote of the Westcorp and WFS shareholders or of Wachovia following completion of the respective mergers may not sell their shares of Wachovia common stock acquired in the mergers except pursuant to an effective registration statement under the Securities Act or an applicable exemption from the registration requirements of the Securities Act, including Rules 144 and 145 under the Securities Act.

This joint proxy statement-prospectus does not cover any resale of Wachovia common stock received in the mergers by any person that may be deemed to be an affiliate of Westcorp, WFS, or Wachovia.

Dissenters Rights

The rights of Westcorp and WFS shareholders who wish to dissent in connection with the respective merger are governed by specific legal provisions contained in Chapter 13 (Sections 1300-1313) of the California Corporations Code, the text of which is attached as Appendix E to this joint proxy statement-prospectus. The description of dissenters rights contained in this joint proxy statement-prospectus is qualified in its entirety by reference to Chapter 13 of the California Corporations Code. The references to Westcorp shareholders in this section shall be deemed to include participants in Westcorp's Employee Stock Ownership and Salary Savings Plan with respect to the shares of Westcorp common stock allocated to their accounts. **Failure to follow the steps required by Chapter 13 of the California Corporations Code for perfecting dissenters rights may result in the loss of such rights.**

If the mergers are completed, Westcorp and WFS shareholders who object to the merger agreement and the respective merger and who have fully complied with all applicable provisions of Chapter 13 of the California Corporations Code, may have the right to require Westcorp or WFS, respectively, to purchase the dissenting shares of Westcorp or WFS common stock held by them for cash at the fair market value of those shares on the day before the terms of the mergers were first announced, excluding any appreciation or depreciation resulting from the proposed transaction. Persons who are beneficial owners of shares of Westcorp or WFS common stock but whose shares are held by another person, such as a broker or nominee, should instruct the record holder to follow the procedures outlined below if such persons wish to dissent with respect to any or all of their shares.

Subject to the provisions of the California Corporations Code, Westcorp shareholders and WFS shareholders who have exercised their dissenters rights, will not have the right at law or in equity to attack the validity of the mergers or to have the mergers set aside or rescinded, except in an action to test whether the number of shares required to authorize or approve the merger agreement and the respective merger had been legally voted in favor of the merger agreement and the respective merger. In addition, if a WFS shareholder initiates any action to attack the validity of a merger or to have them set aside or rescinded, the shareholder thereafter shall have no right to demand payment for his or her shares as a dissenting shareholder.

Shares of Westcorp or WFS common stock must be purchased by Westcorp or WFS, respectively, upon demand from a dissenting shareholder if all applicable requirements of Chapter 13 of the California Corporation Code are complied with, but only if (a) demands for payment are filed with respect to 5% or more of the outstanding shares of Westcorp or WFS common stock, respectively, entitled to vote, or (b) the shares are subject to a restriction on transfer imposed by Westcorp or WFS or by any law or regulation.

Neither Westcorp nor WFS is aware of any restriction on transfer of any of the shares of Westcorp or WFS common stock except restrictions that may be imposed upon shareholders who are deemed to be affiliates of Westcorp or WFS as that term is defined in Rule 144 promulgated under the Securities Act. Those shareholders who believe there is some such restriction affecting their shares should consult with their own legal counsel as to the nature and extent of any dissenters rights they may have.

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For a shareholder to exercise his or her dissenters' rights to have Westcorp or WFS, as applicable, purchase his or her shares of common stock, the procedure to be followed under Chapter 13 of the California Corporations Code includes the following requirements:

(i) The shareholder of record must have voted the dissenting shares against approval of the merger agreement and the Westcorp or WFS merger, as applicable. It is not sufficient to abstain from voting. However, the shareholder may abstain as to part of his or her shares or vote part of his or her shares for the merger agreement and the Westcorp or WFS merger, as applicable, without losing the right to have purchased those shares that were voted against the merger agreement and the Westcorp or WFS merger, as applicable.

(ii) Any shareholder who voted against approval of the merger agreement and the Westcorp or WFS merger, as applicable, and who wishes to have purchased his or her shares that were voted against the merger agreement and the Westcorp or WFS merger, as applicable, must make a written demand to have Westcorp or WFS, as applicable, purchase those shares for cash at their fair market value. The demand must include the information specified below and must be received by Westcorp or WFS, as applicable, or their respective transfer agents not later than the date of the respective special meeting.

Within ten days after the approval of the Westcorp or WFS merger, as applicable, by Westcorp and WFS shareholders, the respective holders of shares of Westcorp or WFS common stock who voted against the merger agreement and the Westcorp or WFS merger, as applicable, and made a timely and proper demand for purchase (and who are entitled to require Westcorp or WFS, as applicable, to purchase their shares because either (i) holders of 5% or more of the outstanding shares of Westcorp or WFS, as applicable, filed demands for dissenters' rights on or before the date of the special meetings, or (ii) the shares are restricted as to transfer) must be notified of the approval by shareholders of Westcorp or WFS, as applicable, who must offer all such shareholders a cash price for their shares that Westcorp or WFS, as applicable, considers to be the fair market value of the shares on the day before the terms of the mergers were first announced, excluding any appreciation or depreciation resulting from the proposed transaction. The notice also must contain a brief description of the procedures to be followed under Chapter 13 of the California Corporations Code in order for a shareholder to exercise the right to have Westcorp or WFS, as applicable, purchase his or her shares, including the 30-day time period for submitting certificates representing shares as to which dissenters' rights are being exercised, and attach a copy of the relevant provisions of the California Corporations Code.

Demand for Purchase

Merely voting or delivering a proxy directing a vote against the approval of the merger agreement and the Westcorp or WFS merger, as applicable, does not constitute a demand for purchase. A written demand meeting all applicable requirements of Chapter 13 of the California Corporations Code is essential to perfect a shareholder's dissenters' rights.

In all cases, the written demand that the dissenting shareholder must deliver to Westcorp or WFS must:

(i) be made by the person who was the shareholder of record, including a transferee of record, on the Westcorp or WFS record date, as applicable, set for voting on the merger agreement and the Westcorp or WFS merger, as applicable, (or his or her daily authorized representative), and not by someone who is merely a beneficial owner of the shares;

(ii) state the number and class of dissenting shares;

(iii) include a demand that Westcorp or WFS, as applicable, purchase the dissenting shares; and

(iv) include a statement of what the shareholder claims to be the fair market value of the dissenting shares on September 9, 2005 (the day before the mergers were announced), which will

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constitute an offer by such dissenting shareholder to sell the shares to Westcorp or WFS, as applicable, at that price.

In addition, it is recommended that the following be observed to ensure that the written demand is properly executed and delivered:

(i) The written demand should be sent by registered or certified mail, return receipt requested.

(ii) The written demand should be signed by the shareholder of record (or his or her duly authorized representative) exactly as his or her name appears on the stock certificates evidencing the shares.

(iii) A written demand for the purchase of shares owned jointly by more than one person should identify and be signed by all such holders.

(iv) Any person signing a written demand for purchase in any representative capacity (such as attorney-in-fact, executor, administrator, trustee or guardian) should indicate his or her title and, if Westcorp or WFS, as applicable, so requests, furnish written proof of this or her capacity and authority to sign the demand.

A shareholder may not withdraw a written demand for payment without the consent of Westcorp or WFS, as applicable. Under the terms of the California Corporations Code, a demand by a shareholder is not effective for any purpose unless it is received by Westcorp or WFS, as applicable, (or any transfer agent thereof) on or before the date of its special meeting.

Other Requirements

Within 30 days after the date on which the notice of the approval of the merger is mailed by Westcorp or WFS, as applicable, to its respective shareholders, a dissenting shareholder must submit to Westcorp or WFS, as applicable, at its principal office or at the office of its transfer agent, the shareholder certificates representing any shares which the shareholder demands in writing be purchased, to be stamped or endorsed with a statement that the shares are dissenting shares, or if the dissenting shares are uncertificated shares, written notice of the number of shares which the shareholder demands in writing be purchased. Upon subsequent transfer of the dissenting shares, the new certificates initial transaction statement, and other written statements issued therefor will bear a similar statement, together with the name of the original dissenting shareholder.

If the respective company and a dissenting shareholder agree that the shares held by such shareholder are eligible for dissenters' rights and agree upon the price of such shares, the dissenting shareholder is entitled to receive from the company the agreed price with interest thereon at the legal rate on judgments from the date of such agreement. Any agreement fixing the fair market value of dissenting shares as between Westcorp or WFS, as applicable, and the holders thereof must be filed with the Corporate Secretary of Westcorp or WFS, as applicable, at the address set forth at the end of this section. Subject to the provisions of Section 1306 of the California Corporations Code, payment of the fair market value of the dissenting shares must be made within 30 days after the amount thereof has been agreed upon or within 30 days after the statutory or contractual conditions to the Westcorp merger or WFS merger, as applicable, are satisfied, whichever is later, and in the case of certificated shares, subject to surrender of the certificates, unless otherwise provided in the agreement. Cash dividends declared and paid by Westcorp or WFS, as applicable, upon the dissenting shares after the date of approval of the mergers by their shareholders and prior to payment for the shares will be credited against the total amount to be paid by Westcorp or WFS, as applicable. Except as expressly limited in Chapter 13 of the California Corporations Code, holders of dissenting shares continue to have all the rights and privileges incident to their shares, until the fair market value of their shares is agreed upon or determined.

If Westcorp or WFS, as applicable, and a dissenting shareholder fail to agree on either the fair market value of the shares or on the eligibility of the shares to be purchased, then either the shareholder or Westcorp or WFS, as applicable, may file a complaint for judicial resolution of the dispute in the

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California superior court located in the proper county. The complaint must be filed within six months after the date on which the respective notice of approval of the mergers is mailed to the shareholders of Westcorp or WFS, as applicable. If a complaint is not filed within such six month period, the shares will lose their status as dissenting shares. Two or more dissenting shareholders may join as plaintiffs or be joined as defendants in such an action. If the eligibility of the shares as dissenting shares is at issue, the court will first decide this issue. If the fair market value of the shares is at issue, the court will determine, or will appoint one or more impartial appraisers to assist in its determination of, the fair market value of the shares. The costs of the action will be assessed or apportioned as the court considers equitable, but if the fair market value determined by the court exceeds the price offered by Westcorp or WFS, as applicable, the relevant company will pay those costs (including, in the discretion of the court, attorneys and other fees, as well as interest thereon) if the value awarded by the court is more than 125% of the price offered to the shareholder.

Any demands, notices, certificates or other documents required to be delivered to Westcorp or WFS, as applicable, may be sent as follows:

If you are a Westcorp shareholder:
Westcorp
Attention: Guy Du Bose, Esq.
23 Pasteur
Irvine, California 92618
(949) 727-1002

If you are a WFS shareholder:
WFS Financial, Inc.
Attention: Guy Du Bose, Esq.
23 Pasteur
Irvine, California 92618
(949) 727-1002

Regulatory Approvals Required for the Mergers and the Bank Conversion

We have agreed to use all reasonable best efforts to obtain the regulatory approvals required for the mergers. We refer to these approvals, along with the expiration of any statutory waiting periods related to these approvals, as the requisite regulatory approvals. These include primarily approval from the OCC and approval or a waiver of the requirement to receive this approval from the Federal Reserve Board. We are in the process of completing the applications, notifications and requests to obtain the requisite regulatory approvals or a waiver therefrom. The mergers cannot proceed in the absence of the requisite regulatory approvals. We cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any litigation challenging them. Likewise, we cannot assure you that the DOJ or a state attorney general will not attempt to challenge the mergers on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

We are not aware of any other material governmental approvals or actions that are required prior to the parties completion of the mergers other than those described below. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these additional approvals or actions will be obtained.

Federal Reserve Board. The Westcorp merger is subject to receipt of the prior approval by the Federal Reserve Board under the Bank Holding Company Act, or a waiver of such requirement in accordance with regulations adopted by the Federal Reserve Board under the Bank Holding Company Act, 12 C.F.R. § 225.12(d). In the event we do not receive a waiver of the required approval and approval of the Westcorp merger is required under the Bank Holding Company Act by the Federal Reserve Board, the Federal Reserve Board will consider whether the proposed transaction can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. Wachovia intends to request a waiver of the required Federal Reserve Board approval pursuant to the Federal Reserve Board regulations described above.

Office of the Comptroller of the Currency. The bank conversion and bank merger are subject to approval by the OCC under the Bank Merger Act, 12 U.S.C. § 1828(c). Completion of the bank

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conversion requires prior approval of the OCC under Section 5 of the Home Owners Loan Act, 12 U.S.C. § 1464(i)(5). Assuming the OCC approves the transactions, the mergers may not be completed for 30 days, during which time the DOJ may challenge the mergers on antitrust grounds and seek divestiture of certain assets and liabilities. With agreement of the OCC and the DOJ, this waiting period may be reduced to no fewer than 15 days.

The OCC is prohibited from approving any transaction under the applicable statutes that would result in a monopoly, or that would be in furtherance of any combination or conspiracy to monopolize, or to attempt to monopolize, the business of banking in any part of the United States, or that may have the effect in any section of the United States of substantially lessening competition, or tending to create a monopoly, or resulting in a restraint of trade, unless the OCC finds that the anti-competitive effects of the transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served.

Also, in reviewing a transaction under the Bank Merger Act, the OCC will consider the financial and managerial resources of our companies and their subsidiary banks and the convenience and needs of the communities to be served. As part of its consideration of these factors, we expect that the OCC will review the overall capital and safety and soundness standards established by the Federal Deposit Insurance Corporation Improvement Act of 1991, as amended, and the regulations issued under that statute, as well as legal and regulatory compliance matters and Community Reinvestment Act matters. The review of these factors relates to both the decision on the application and the timing of that decision, as well as any conditions that might be imposed.

In considering whether to approve the bank conversion, the OCC will consider the financial and managerial condition of Western Financial Bank, including compliance with regulatory capital requirements, and will deny conversion if significant weaknesses exist. The OCC will also consider the adequacy of Western Financial Bank's policies, practices and procedures, its record of performance under the Community Reinvestment Act of 1977, as well as many of the same factors considered in chartering a *de novo* national bank.

Under the Community Reinvestment Act of 1977, as amended, the OCC will take into account our records of performance in meeting the credit needs of the communities, including low- and moderate-income neighborhoods, served by our companies. Each of our banking subsidiaries has received either an outstanding or a satisfactory rating in its most recent Community Reinvestment Act examinations from its federal regulator with respect to this criterion.

The OCC will furnish notice and a copy of the application for approval of the mergers to the Federal Reserve Board, the OTS, the Federal Deposit Insurance Corporation and any appropriate state regulatory authorities. These agencies have 30 days to submit their views and recommendations to the OCC. The OCC is required to hold a public hearing in the event it receives a written recommendation of disapproval of the application from any of these agencies within this 30-day period. Furthermore, the Bank Merger Act and OCC regulations require published notice of, and the opportunity for public comment on, the application submitted by Wachovia for approval of the bank conversion and the bank merger, and authorize the OCC to hold a public hearing or meeting if the OCC determines that a hearing or meeting would be appropriate. Any hearing or meeting or comments provided by third parties could prolong the period during which the application is under review by the OCC.

If the DOJ were to commence an antitrust action, that action would stay the effectiveness of OCC approval of the bank merger unless a court specifically orders otherwise. In reviewing the merger, the DOJ could analyze the merger's effect on competition differently than the OCC, and thus it is possible that the DOJ could reach a different conclusion than the OCC regarding the merger's effect on competition. In particular, the DOJ may focus on the impact of the merger on competition for loans and other financial services to small and middle market businesses. A determination by the DOJ not to object to the merger may not prevent the filing of antitrust actions by private persons or state attorneys general.

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Antitrust. Because the Westcorp merger involves activities that are subject to review by the Federal Reserve Board under Section 4 of the Bank Holding Company Act, the Westcorp merger is partially subject to the HSR Act. The HSR Act prohibits the completion of transactions such as the Westcorp merger unless the parties notify the Federal Trade Commission, which we refer to as the FTC, and the DOJ in advance and a specified waiting period expires. Wachovia, Westcorp and WFS will file pre-merger notification and report forms with the FTC and the Antitrust Division of the DOJ. A transaction or portion of a transaction that is notifiable under the HSR Act may not be completed until the expiration of a 30 calendar-day waiting period, or the early termination of that waiting period, following the filing of pre-merger notification and report forms by the parties with the FTC and DOJ.

Other Regulatory Authorities. In connection with the bank conversion, we must file an application with the OTS. In determining whether to approve the application, the OTS will consider whether there are any current, pending or potential supervisory concerns or enforcement actions involving Western Financial Bank, whether Western Financial Bank has complied with stockholder approval requirements, and whether Western Financial Bank has confirmed that any liquidation accounts will be assumed by the converted institution. Other applications or notifications have been or are being filed with various state regulatory authorities in connection with acquisitions or changes in control of subsidiaries of Westcorp and WFS, including insurance subsidiaries, that may be deemed to result from the mergers.

Table of Contents**THE MERGER AGREEMENT**

The following discussion describes the material provisions of the merger agreement. We urge you to read the merger agreement, which is attached as Appendix A and incorporated by reference in this document.

Structure

Subject to the terms and conditions of the merger agreement, and in accordance with North Carolina, California and federal law, Westcorp will merge with and into Wachovia, with Wachovia as the surviving corporation. Contemporaneously with the Westcorp merger, Western Financial Bank will be converted into a national banking association. Immediately following the bank conversion, Wachovia Bank, National Association, a wholly-owned subsidiary of Wachovia, will merge with and into Western Financial Bank, and the name of the surviving bank will be changed to Wachovia Bank, National Association. Not more than one business day prior to the Westcorp merger, Wachovia will form a new, wholly-owned direct subsidiary. Immediately following the bank merger, Wachovia will contribute to the new subsidiary the shares of Wachovia common stock to be paid to WFS shareholders in the WFS merger. Immediately following this contribution of shares of Wachovia common stock to the new subsidiary, Wachovia will contribute the new subsidiary to the surviving bank in the bank merger, and the new subsidiary will become a wholly-owned direct subsidiary of the surviving bank. Immediately following the contribution of the new subsidiary to the surviving bank, the new subsidiary will merge with and into WFS, with WFS as the surviving corporation. Wachovia will be the surviving corporation in the Westcorp merger and will continue its corporate existence under the laws of North Carolina. Following the Westcorp merger, Wachovia's articles of incorporation and bylaws will continue in existence and Wachovia's board of directors and officers will continue to serve their terms. See *Comparison of Shareholder Rights* beginning on page 98. Following the WFS merger, the articles of incorporation of WFS will continue in existence, the bylaws of the new subsidiary will be the bylaws of WFS, the directors of the new subsidiary will be the directors of WFS and the officers of WFS will be the officers of WFS. After completion of the mergers, former Westcorp shareholders will own approximately 4.1% of Wachovia's outstanding common stock, former WFS shareholders will own approximately 0.6% of Wachovia's outstanding common stock and current Wachovia shareholders will own approximately 95.3% of Wachovia's outstanding common stock.

Conversion of Stock; Treatment of Options

Wachovia Common Stock. Each share of Wachovia common and preferred stock outstanding at the time of the mergers will remain outstanding and those shares will be unaffected by the mergers.

Westcorp Common Stock. Upon completion of the Westcorp merger, each share of Westcorp common stock outstanding (other than shares held by Westcorp's subsidiaries or Wachovia or any of its subsidiaries (other than certain shares held on behalf of third parties), which will be canceled with no payment being made with respect thereto, and by shareholders of Westcorp who properly exercise and perfect their dissenters' rights under California law if available, as applicable) will be converted into the right to receive 1.2749 shares of Wachovia common stock, with the appropriate number of attached stock purchase rights under Wachovia's shareholder rights plan. See

Description of Wachovia Capital Stock - Shareholder Protection Rights Plan beginning on page 96. The Westcorp exchange ratio is subject to customary and proportionate adjustments in the event of stock splits, reverse stock splits or similar events before the Westcorp merger is completed.

WFS Common Stock. Upon completion of the WFS merger, each share of WFS common stock outstanding (other than shares held by Westcorp, Western Financial Bank, or Wachovia or any of their respective subsidiaries (other than certain shares held on behalf of third parties), which will be canceled with no payment being made with respect thereto, and by shareholders of WFS who properly exercise and perfect their dissenters' rights under California law if available, as applicable) will be converted into the right to receive 1.4661 shares of Wachovia common stock, with the appropriate number of attached stock

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purchase rights under Wachovia's shareholder rights plan. The WFS exchange ratio is subject to customary and proportionate adjustments in the event of stock splits, reverse stock splits or similar events before the WFS merger is completed.

Westcorp Stock Options. Each employee option to acquire Westcorp common stock outstanding and unexercised immediately prior to completion of the Westcorp merger will be converted into an option to purchase Wachovia common stock, with the following adjustments:

the number of shares of Wachovia common stock subject to the new option will equal the product of the number of shares of Westcorp common stock subject to the original option and the Westcorp exchange ratio (rounded down to the nearest whole share); and

the exercise price per share of Wachovia common stock subject to the new option will equal the exercise price under the original option divided by the Westcorp exchange ratio (rounded up to the nearest cent).

The vesting schedule, duration and terms of each new option will be substantially the same as the original Westcorp option. Options that are incentive stock options under the Internal Revenue Code will be adjusted in the manner prescribed by the Internal Revenue Code.

Wachovia will take the corporate actions that are necessary to reserve a sufficient number of shares of its common stock for issuance upon exercise of the new options. In addition, it will file appropriate registration statements with the SEC to register the shares of its common stock underlying the new options.

All Westcorp stock options that are held by non-employee directors of Westcorp, Western Financial Bank or WFS will vest at the time of the Westcorp merger and will be canceled. In consideration for such cancellation, each non-employee director holding an option will be entitled to receive Wachovia common stock in an amount equal to the Westcorp exchange ratio times the difference (if positive) between the number of shares of Westcorp common stock that the option represented minus the number of shares of Westcorp common stock with an aggregate fair market value equal to the exercise price of such shares, as based on the closing price of Westcorp common stock on the NYSE the day before the completion of the Westcorp merger.

There are no outstanding options to purchase shares of WFS common stock.

Exchange of Certificates; Fractional Shares

Exchange Procedures. At completion of the mergers, Wachovia will deposit with an exchange agent, which will be Wachovia Bank, National Association, or another bank or trust company designated by Wachovia and reasonably acceptable to Westcorp and WFS, (1) certificates or, at Wachovia's option, evidence of shares in book entry form, representing the shares of Wachovia common stock to be issued under the merger agreement in the Westcorp merger, and (2) sufficient cash to be paid instead of any fractional shares of Wachovia common stock to be issued under the merger agreement in the Westcorp merger. In addition, WFS will deposit with the exchange agent (1) certificates or, at WFS' option, evidence of shares in book entry form, representing shares of Wachovia common stock to be issued under the merger agreement in the WFS merger and (2) sufficient cash to be paid instead of any fractional shares of Wachovia common stock to be issued under the merger agreement in the WFS merger.

The exchange agent will then mail transmittal letters to Westcorp and WFS shareholders. Each transmittal letter will contain instructions about the surrender of Westcorp or WFS common stock certificates, respectively, for statements indicating book entry ownership of Wachovia common stock and any cash to be paid instead of fractional shares of common stock. Westcorp and WFS shareholders may request in the transmittal letter to receive a Wachovia stock certificate instead of a statement indicating book entry ownership of Wachovia common stock.

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Westcorp and WFS common stock certificates should not be returned with the enclosed proxy card. They should not be forwarded to the exchange agent unless and until you receive a transmittal letter following completion of the mergers.

Westcorp and WFS common stock certificates presented for transfer after completion of the mergers will be canceled and exchanged for statements indicating book entry ownership of Wachovia common stock. Any Westcorp or WFS shareholder requesting that shares of Wachovia common stock be issued in a name other than that in which the certificate being surrendered is registered will have to pay to the exchange agent in advance any transfer taxes that may be owed.

After the mergers, there will be no transfers of shares of Westcorp or WFS common stock on the stock transfer books of Westcorp, WFS or the surviving corporation.

All shares of Wachovia common stock into which shares of Westcorp common stock and WFS common stock are converted on the merger completion date will be deemed issued as of that date. After that date, former Westcorp and WFS shareholders of record will be entitled to vote, at any meeting of Wachovia shareholders having a record date on or after the merger completion date, the number of whole shares of Wachovia common stock into which their shares of Westcorp or WFS common stock have been converted, regardless of whether they have surrendered their Westcorp or WFS stock certificates. Wachovia dividends payable to holders of record in respect to a record date on or after the merger completion date will include dividends payable on Wachovia common stock issued to Westcorp and WFS shareholders in the mergers. However, no dividend or other distribution payable to the holders of record of Wachovia common stock after the merger completion date will be distributed to the holder of any Westcorp or WFS common stock certificates until that holder physically surrenders all of his or her Westcorp or WFS common stock certificates as described above. Promptly after surrender, statements indicating book entry ownership of Wachovia common stock, all undelivered dividends and other distributions, and payment for any fractional share interests, if applicable, will be delivered to that holder, in each case without interest.

No Fractional Shares Will Be Issued. Wachovia will not issue fractional shares of Wachovia common stock in the mergers. There will be no dividends or voting rights with respect to any fractional common shares. For each fractional share of common stock that would otherwise be issued, cash will be paid in an amount equal to the fraction of a whole share that would otherwise have been issued, multiplied by the closing sale price of Wachovia common stock on the NYSE for the last NYSE trading day immediately preceding the date the mergers are completed. No interest will be paid or accrued on the cash.

None of Wachovia, Westcorp, WFS or any other person will be liable to any former holder of Westcorp or WFS common stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

Lost, Stolen or Destroyed Westcorp and WFS Common Stock Certificates. If you have lost a certificate representing Westcorp or WFS common stock, or it has been stolen or destroyed, Wachovia will issue to you the common stock payable under the merger agreement if you make an affidavit concerning such lost, stolen or destroyed certificate and post bond in a customary amount to protect against any claim that may be made against Wachovia about ownership of the lost, stolen or destroyed certificate.

For a description of Wachovia common stock and a description of the differences between the rights of Westcorp shareholders, WFS shareholders and Wachovia shareholders, see *Description of Wachovia Capital Stock* beginning on page 94 and *Comparison of Shareholder Rights* beginning on page 98.

Effective Time

The effective time of the Westcorp merger will be the time set forth in the legal documents that we will file with the Secretaries of State of the States of North Carolina and California on the date the Westcorp merger is completed. We plan to complete the Westcorp merger on the third business day after the satisfaction or waiver, where waiver is legally permissible, of the last remaining condition to the mergers unless Wachovia, Westcorp and WFS agree to another date or time. The WFS merger will be

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completed immediately following the Westcorp merger, the bank conversion and the bank merger. See Conditions to Completion of the Mergers beginning on page 85.

We anticipate that we will complete the mergers during the fiscal quarter ending March 31, 2006. However, completion could be delayed if there is a delay in obtaining the necessary regulatory approvals or for other reasons. There can be no assurances as to if or when these approvals will be obtained or as to whether or when the mergers will be completed. If we do not complete the mergers by June 30, 2006, Wachovia, Westcorp, or WFS may terminate the merger agreement without penalty unless the failure to complete the mergers by this date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations under the merger agreement. See Conditions to Completion of the Mergers beginning on page 85 and The Mergers Regulatory Approvals Required for the Mergers and the Bank Conversion beginning on page 75.

Representations and Warranties

The merger agreement contains representations and warranties of Wachovia and Westcorp, to each other, as to, among other things:

the corporate organization and existence of each party and its subsidiaries and the valid ownership of its significant subsidiaries;

the capitalization of each party;

the authority of each party to enter into the merger agreement and make it valid and binding;

the fact that the merger agreement does not breach:
the articles of incorporation and bylaws of each party,

applicable law, and

material agreements, instruments or obligations of each party;
governmental approvals and consents of third parties;

regulatory investigations and orders;

broker's fees;
each party's relationships with financial advisors;
each party's financial statements and filings with the SEC;

the absence of material changes in each party's business since December 31, 2004;
the absence of undisclosed material legal proceedings and injunctions;

the filing and accuracy of each party's tax returns; and

each party's compliance with applicable law.

In addition, the merger agreement contains representations and warranties of Westcorp to Wachovia as to, among other things:

Westcorp's employee benefit plans and related matters;

the status of Western Financial Bank as an insured depository institution with the FDIC;

the accuracy of Westcorp's books and records;

Westcorp s labor law matters;

Westcorp s intellectual property matters;

Westcorp s environmental law matters;

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the validity of, and the absence of material defaults under, Westcorp's material contracts;

Westcorp's leases and real property and the absence of material defaults under such leases; and

the absence of anti-takeover or other similar statutes under California law.

Conduct of Business Pending the Mergers

Westcorp, Western Financial Bank and WFS each has agreed, except as expressly contemplated by the merger agreement or as disclosed prior to the signing of the merger agreement, that it will not, and will not agree to, without Wachovia's consent:

conduct its business other than in the ordinary and usual course;

fail to use commercially reasonable efforts to preserve intact its business organizations, assets and other rights, and its existing relations with customers, and other parties;

terminate any named executive officer (as defined in Item 402 of Regulation S-K under the Securities Act of 1933, as amended) of Westcorp or WFS without cause;

knowingly take, or knowingly omit to take, any action that would, or is reasonably likely to result in any of the conditions to the mergers not being satisfied in a timely manner, except as may be required by applicable laws or regulations;

enter into any new material line of business or change its material banking and operating policies;

split, combine, redeem, reclassify, purchase or otherwise acquire any of its own stock;

declare or pay any dividend or distribution on any shares of its stock, other than dividends declared prior to the date of the merger agreement and regular quarterly dividends on its common stock at the same rate paid by it in the fiscal quarter immediately preceding signing of the merger agreement;

with limited exceptions, permit any additional shares of stock to become subject to new grants of rights to acquire stock;

commence or settle any material claims, actions or proceedings;

make any material loans, advances or investments other than in the ordinary course of business consistent with past practice;

incur, assume or prepay any material indebtedness, liability or obligation or issue any debt securities other than in the ordinary course of business;

guarantee, assume, endorse or otherwise become liable for any obligation of another in a material amount other than in the ordinary course of business consistent with past practice;

issue, sell, or dispose of or encumber, or authorize or propose the creation of, any additional shares of capital stock other than shares issued upon exercise of stock options;

acquire, sell, transfer, license, lease, mortgage, encumber or otherwise dispose of any material assets, deposits, business or properties, other than in the ordinary course of business consistent with past practice;

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acquire the assets, business, deposits or properties of any other entity other than in various specified transactions in the ordinary course of business consistent with past practice;

fail to maintain insurance, other than in the ordinary course of business consistent with past practice;

amend its articles of incorporation or bylaws;

change its accounting principles, practices or methods, except as required by GAAP;

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enter into, amend, modify or renew any employment agreements or grant salary increases or employee benefit increases except as required by applicable law, to satisfy previously existing and disclosed contractual obligations or for certain changes that are in the ordinary course of business;

enter into, establish, adopt or amend any employee benefit plans, except as required by applicable law, to satisfy previously existing and disclosed contractual obligations or for any amendments that do not increase benefits or administrative costs; or

enter into any agreement to do any of the foregoing.

Westcorp and WFS are expressly permitted to continue with their respective securitization programs, in size, amount, frequency and with terms that are not materially inconsistent with the size, amount, frequency and terms of Westcorp's or WFS' securitization transactions, as applicable, completed prior to the date of the merger agreement.

Wachovia has agreed that it will not knowingly take, or knowingly omit to take, any action that would, or is reasonably likely to, result in any of the conditions to the mergers not being satisfied in a timely manner, except as may be required by applicable law or regulation.

In addition, each of the parties has agreed not to, directly or indirectly, knowingly take or agree to take any action, or fail to take any action, at any time which action or failure to act would prevent the mergers from qualifying as reorganizations under Section 368(a) of the Internal Revenue Code, would prevent the parties from providing representations required of them by tax counsel in rendering an opinion that a merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code, or would prevent such opinion from being rendered.

Acquisition Proposals by Third Parties

Each of Westcorp, WFS and Western Financial Bank has agreed that it will not initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal.

However, if Westcorp receives an unsolicited acquisition proposal, Westcorp may furnish nonpublic information and participate in negotiations or discussions to the extent that its board and special committee concludes in good faith (after consultation with outside counsel) that such actions would be necessary for the board to comply with its fiduciary duties to the Westcorp shareholders and if such proposal may be reasonably expected to lead to a superior proposal. Before providing any nonpublic information, Westcorp must enter into a confidentiality agreement with the third party no less favorable to it than the confidentiality agreement with Wachovia. If Westcorp's board concludes in good faith (after consultation with outside counsel), after negotiations that the acquisition proposal is a superior proposal it may terminate the merger agreement any time prior to the Westcorp special meeting after providing notice to Wachovia and allowing Wachovia 5 business days to respond with a superior proposal or a proposal that is no less favorable to Westcorp shareholders.

For purposes of the merger agreement, the terms "acquisition proposal" and "superior proposal" have the following meanings:

The term "acquisition proposal" means, other than the transactions contemplated by the merger agreement:
a proposal to acquire more than 15% of the voting power in Westcorp or any of its subsidiaries;

a proposal for a merger, consolidation or other business combination involving Westcorp or any of its subsidiaries pursuant to which any third party acquires more than 15% of the outstanding equity securities of Westcorp, its subsidiaries or the entity surviving such merger; or

any other proposal to acquire control of all or substantially all of the assets of, Westcorp or any of its subsidiaries.

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The term superior proposal means a written acquisition proposal (substituting 50% or more for more than 15% in the first and second bullet points above) which the Westcorp board concludes in good faith to be more favorable from a financial point of view to its shareholders than the Wachovia merger after:

receiving the advice of its financial advisors;

taking into account the likelihood of completion of the proposed transaction; and

taking into account legal, financial, regulatory and other aspects of such proposal.

Westcorp has agreed to cease immediately any activities, negotiations or discussions conducted before the date of the merger agreement with any other persons with respect to acquisition proposals and to use reasonable best efforts to enforce any confidentiality or similar agreement relating to such acquisition proposals. Westcorp has also agreed to notify Wachovia and the WFS special committee within one business day of receiving any acquisition proposal and the substance of the proposal.

In addition, both Westcorp and WFS have agreed to submit the merger agreement to their respective shareholders with the recommendation of their respective boards of directors. However, if either Westcorp's or WFS' board determines in good faith that to continue to recommend the merger agreement to its shareholders would result in a violation of its fiduciary duties, it may submit the merger agreement without recommendation.

Other Agreements

In addition to the agreements we have described above, Wachovia, Westcorp and WFS have also agreed in the merger agreement to take several other actions, such as:

subject to applicable law, to cooperate with each other and to prepare promptly and file all necessary documentation to obtain all required permits, consents, approvals and authorizations of third parties and governmental entities, including this joint proxy statement-prospectus and the registration statement for the Wachovia common stock to be issued in the mergers;

Westcorp and WFS will use their commercially reasonable efforts to obtain from each of their affiliate shareholders a written agreement restricting the ability of such person to sell or otherwise dispose of any Wachovia common stock, Westcorp common stock or WFS common stock held by that person;

to provide each other with information concerning our business and to give each other access to our books, records, properties and personnel and to cause our subsidiaries to do the same;

to keep any non-public information confidential;

to cooperate on public announcements and press releases;

to convene meetings of Westcorp and WFS shareholders as soon as reasonably practicable to consider and vote on the merger agreement and the mergers;

to give notice to the other party of any fact, event or circumstance that is reasonably likely to result in any material adverse effect or that would be reasonably likely to cause or constitute a breach of any of our respective representations, warranties, covenants or agreements in the merger agreement;

upon completion of the mergers, Wachovia will indemnify and hold harmless all then present officers and directors of Westcorp and WFS to the fullest extent permitted by law;

Wachovia will use reasonable best efforts to provide directors' and officers' liability insurance for a period of six years after completion of the mergers to the then present directors and officers of Westcorp and WFS;

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Wachovia will continue providing benefits coverage to employees of Westcorp and WFS that is substantially similar, in the aggregate, to the benefits coverage currently provided by Westcorp and WFS until a date that is no later than December 31, 2006, the benefits transition date, when such employees become participants in replacement benefit arrangements sponsored by Wachovia;

following the benefits transition date, Wachovia will provide employees from Westcorp and WFS who become employees of Wachovia with employee benefit coverage substantially identical to those provided to similarly situated Wachovia employees; and

Westcorp and WFS will make modifications to its loan, litigation and real estate valuation policies that we may mutually agree upon.

Conditions to Completion of the Mergers

The obligations of Wachovia, Westcorp and WFS to complete the Westcorp merger, the bank conversion, the bank merger and the WFS merger depend on the satisfaction or written waiver, where permissible, of a number of conditions being met. These include:

the merger agreement and the Westcorp merger and the WFS merger, respectively, must be approved by a majority of the holders of the outstanding shares of Westcorp common stock and WFS common stock, as applicable. In addition, the merger agreement and the WFS merger must be approved by holders of a majority of the shares of WFS common stock represented and voting at the WFS special meeting, excluding shares held by Westcorp and its affiliates;

the Wachovia common stock that is to be issued in the mergers must be approved for listing on the NYSE (including shares to be issued following exercise of the Westcorp employee and director stock options assumed by Wachovia) and the registration statement filed with the SEC with this document must be effective;

the required regulatory approvals must be obtained without any conditions that Wachovia in good faith reasonably determines could have a material adverse effect on Westcorp or would materially reduce the reasonably anticipated economic benefits of the mergers and any waiting periods required by law must expire;

there must be no government action or other legal restraint or prohibition preventing completion of the mergers, the bank conversion or the bank merger;

the necessary consents, waivers and approvals required in connection with the completion of the mergers, the bank conversion and the bank merger shall have been obtained;

Wachovia must receive an opinion of Alston & Bird LLP in form reasonably satisfactory to it, and Westcorp must receive an opinion of Morrison & Foerster LLP in form reasonably satisfactory to it, each dated as of the date the Westcorp merger is completed, substantially to the effect that, on the basis of facts, representations and assumptions set forth in the opinion, the Westcorp merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

Wachovia must receive an opinion of Alston & Bird LLP in form reasonably satisfactory to it, and WFS must receive an opinion of Skadden, Arps, Slate, Meagher & Flom LLP in form reasonably satisfactory to it, each dated as of the date the WFS merger is completed, substantially to the effect that, on the basis of facts, representations and assumptions set forth in the opinion, the WFS merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

the representations and warranties of Wachovia, on the one hand, or Westcorp, on the other hand, must be true and correct, except as would not or would not reasonably be expected to have a material adverse effect, as

defined in the merger agreement, and Wachovia, on the one hand, and

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Westcorp, Western Financial Bank and WFS, on the other hand, must have performed in all material respects all obligations required to be performed by it under the merger agreement.

No assurance can be provided as to if, or when, the required regulatory approvals necessary to complete the mergers will be obtained, or whether all of the other conditions to the mergers will be satisfied or waived by the party permitted to do so. As discussed below, if the mergers are not completed on or before June 30, 2006, Wachovia, Westcorp or WFS may terminate the merger agreement, unless the failure to complete the mergers by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements set forth in the merger agreement.

Termination of the Merger Agreement

The merger agreement may be terminated at any time before or after the merger agreement is approved by Westcorp and/or WFS shareholders:

by the mutual consent of Wachovia, Westcorp and WFS;

by Westcorp, WFS or Wachovia if any governmental entity that must grant a regulatory approval has denied approval of the mergers by final and nonappealable action or if a governmental agency enjoins or otherwise prohibits the mergers, but a party whose action or inaction caused such denial cannot terminate the merger agreement;

by Westcorp, WFS or Wachovia if the mergers are not completed on or before June 30, 2006, but not by a party whose action or inaction caused such delay;

by Westcorp, WFS or Wachovia if the requisite shareholder approval is not obtained at the special meeting of Westcorp shareholders or the special meeting of WFS shareholders;

by Westcorp or Wachovia if the other party is in a continuing breach of a representation, warranty or covenant contained in the merger agreement, after 45 days' written notice to the breaching party, as long as that breach would also allow the non-breaching party not to complete the mergers;

by Wachovia if Westcorp's or WFS' board of directors submits the merger agreement to its shareholders without a recommendation for approval or otherwise withdraws or modifies or changes its recommendation for approval in a manner adverse to Wachovia or discloses an intention to do so or if Westcorp or WFS violates its covenant to call shareholder meetings and not to solicit acquisition proposals;

by Wachovia if Westcorp's board or WFS' board recommends an acquisition proposal other than the respective mergers or if Westcorp or WFS encourages, solicits, participates in or initiates or knowingly facilitates inquiries or proposals of acquisition from another person, other than as permitted under the merger agreement; or

by Westcorp if Westcorp's board and the Westcorp special committee determine in good faith (after consultation with financial advisors and counsel) that an acquisition proposal received from a third party is a superior proposal and it pays a \$125 million termination fee to Wachovia.

Termination Fee

There are certain circumstances in which Westcorp will be required to pay Wachovia a termination fee of \$125 million, which we refer to as a termination fee .

(1) If the merger agreement is terminated:

(A) (i) by Westcorp or Wachovia if the merger agreement and the Westcorp merger are not approved by the requisite vote of the Westcorp shareholders; or

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(ii) by Wachovia if:

the Westcorp special committee or board of directors of Westcorp withdraws, modifies or changes its recommendation (or decides to take such action) of the merger agreement and the Westcorp merger,

Westcorp is in material breach of its agreement not to initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any negotiations concerning, or provide confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal,

Westcorp is in material breach of its agreement to call and hold a special meeting of Westcorp shareholders to vote on the merger agreement and the Westcorp merger or to include in this document and not withdraw the recommendation of the Westcorp special committee and the board of directors to the Westcorp shareholders to approve the merger agreement and the Westcorp merger, or

(iii) Westcorp is in material breach of any of its representations, warranties, covenants or agreements made or required under the merger agreement and any applicable cure period has expired, and

(B) at any time after the date of the merger agreement and prior to termination of the merger agreement, an acquisition proposal is publicly announced (other than an acquisition proposal solely for WFS) that has not been formally withdrawn or abandoned prior to the termination of the merger agreement, then

Westcorp will be required to pay Wachovia a termination fee if, within 12 months following the termination of the merger agreement, an acquisition proposal (other than an acquisition proposal solely for WFS) is completed or a definitive agreement or letter of intent is entered into by Westcorp or any of its affiliates with respect to an acquisition proposal (other than an acquisition proposal solely for WFS). Westcorp is required to pay the termination fee within two business days after the first to occur of the execution of an acquisition agreement or completion of an acquisition proposal.

(2) If Westcorp seeks to terminate the merger agreement because the Westcorp board of directors and the Westcorp special committee determine in good faith (after consultation with a financial advisor and outside counsel) that an unsolicited acquisition proposal received from a third party is a superior proposal, then Westcorp will be required to pay Wachovia a termination fee on the date of such termination.

(3) If the merger agreement is terminated by Wachovia after the Westcorp board of directors recommends an alternative transaction to the Westcorp shareholders, then Westcorp will be required to pay Wachovia a termination fee within two business days following such termination.

For the purposes of the merger agreement, the term alternative transaction means, other than the transactions contemplated by the merger and subject to certain exceptions:

a transaction by which a third party seeks to acquire more than 15% of the outstanding shares of Westcorp common stock or the capital stock of any of Westcorp's subsidiaries whether from Westcorp or pursuant to a tender offer, exchange offer or other means;

a merger, share exchange, consolidation or other business combination involving Westcorp or any of its subsidiaries pursuant to which any third party acquires more than 15% of the outstanding equity securities of Westcorp, its subsidiaries or the entity surviving such merger or business combination; or

any other transaction pursuant to which any third party acquires control of all or substantially all of the assets of Westcorp or any of its subsidiaries.

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provided, however, that the term alternative transaction shall not include any acquisition of (x) securities by a broker dealer in connection with a bona fide public offering of such securities, or (y) securities or assets of Westcorp or any of its subsidiaries by a third party in connection with a divestiture required by applicable governmental authorities or required in order to comply with applicable law.

Proportionate Termination Fee

There are certain circumstances in which Westcorp and WFS will be required to pay Wachovia a termination fee of \$111 million and \$14 million, respectively, which we refer to as a proportionate termination fee .

(1) If the merger agreement is terminated by Wachovia:

- (A)(i) if the WFS special committee or board of directors of WFS withdraws, modifies or changes its recommendation (or decides to take such action) of the merger agreement and the WFS merger,
- (ii) WFS is in material breach of its agreement not to initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any negotiations concerning, or provide confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal, or
- (iii) WFS is in material breach of its agreement to call and hold a special meeting of WFS shareholders to vote on the merger agreement and the WFS merger or to include in this document and not withdraw the recommendation of the WFS special committee and the board of directors to the WFS shareholders to approve the merger agreement and the WFS merger, and
- (B) at any time after the date of the merger agreement and prior to termination of the merger agreement, an acquisition proposal for WFS is publicly announced that has not been formally withdrawn or abandoned prior to the termination of the merger agreement, then

Westcorp and WFS will be required to pay Wachovia the respective proportionate termination fee if, within 12 months following the termination of the merger agreement an acquisition proposal for WFS is completed or a definitive agreement or letter of intent is entered into by WFS or any of its affiliates (other than Westcorp) concerning an acquisition proposal for WFS. Westcorp and WFS are required to pay the proportionate termination fee within two business days after the first to occur of the execution of an acquisition agreement or completion of an acquisition proposal.

(2) If the merger agreement is terminated by Wachovia after the WFS board of directors recommends an alternative transaction to the WFS shareholders, then Westcorp and WFS will be required to pay Wachovia a proportionate termination fee within two business days following such termination.

However, a proportionate termination fee will not be payable if a termination fee is payable by Westcorp for a reason listed under Termination Fee .

Westcorp has unconditionally and irrevocably guaranteed the payment of WFS portion of the proportionate termination fee, if any.

Waiver and Amendment of the Merger Agreement

At any time before completion of the mergers, Westcorp, WFS, Western Financial Bank or Wachovia may, to the extent legally allowed, waive in writing compliance by another party with any provision contained in the merger agreement. Subject to compliance with applicable law, we may amend the merger agreement by a written agreement at any time before or after Westcorp shareholders or WFS shareholders approve the merger agreement and the respective merger, except that after the Westcorp shareholders or WFS shareholders have given their approval, there may not be any amendment of the merger agreement

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that would require approval of the Westcorp shareholders or WFS shareholders without the Westcorp shareholders or WFS shareholders, respectively, approving such amendment. All amendments and waivers of the merger agreement must be approved by the special committees of Westcorp and WFS.

Wachovia may also change the structure of the mergers, as long as any change does not change the amount or type of consideration to be received by Westcorp or WFS shareholders, does not materially impede or delay completion of the mergers, does not adversely affect the tax consequences of the mergers to Westcorp or WFS shareholders and does not prevent the delivery of the tax opinions mentioned in **Conditions to Completion of the Mergers** .

Stock Exchange Listing

Wachovia has agreed to use its commercially reasonable efforts to list the Wachovia common stock to be issued in the mergers on the NYSE (including shares to be issued following exercise of the Westcorp employee and director stock options assumed by Wachovia). It is a condition to the completion of the mergers that those shares be approved for listing on the NYSE, subject to official notice of issuance. Following the mergers, Wachovia's common stock will continue to trade on the NYSE under the symbol **WB** .

Expenses

The merger agreement provides that each party will pay its own expenses in connection with the mergers and the transactions contemplated by the merger agreement. However, Wachovia and Westcorp will divide equally the costs (excluding the fees of counsel, financial advisors and accountants) incurred in connection with the preparation of this document, including printing and distribution costs, filing fees and registration fees paid to the SEC in connection with the filing of this document.

Dividends

Before the mergers, we will coordinate the declaration and payment of regular quarterly cash dividends on Wachovia common stock and Westcorp common stock with the intent that Westcorp shareholders will not receive more than one dividend, or fail to receive one dividend, for any single quarter. WFS does not currently pay cash dividends on its shares.

For further information, please see **Price Range of Common Stock and Dividends** beginning on page 90.

Table of Contents**PRICE RANGE OF COMMON STOCK AND DIVIDENDS****Wachovia**

Wachovia common stock is listed on the NYSE and traded under the symbol **WB**. The following table shows the high and low reported closing sales prices per share of Wachovia common stock on the NYSE composite transactions reporting system, and the quarterly cash dividends declared per share of Wachovia common stock for the periods indicated.

	Price Range of Common Stock		Dividends Declared
	High	Low	
2003			
First Quarter	\$ 38.69	32.72	0.26
Second Quarter	43.15	34.47	0.29
Third Quarter	44.71	40.60	0.35
Fourth Quarter	46.59	42.07	0.35
2004			
First Quarter	48.90	45.91	0.40
Second Quarter	47.66	44.16	0.40
Third Quarter	47.50	43.56	0.40
Fourth Quarter	54.52	46.84	0.46
2005			
First Quarter	56.01	49.91	0.46
Second Quarter	53.07	49.52	0.46
Third Quarter	51.34	47.23	0.51
Fourth Quarter (through November 21)	53.16	46.49	0.51

Past price performance is not necessarily indicative of likely future performance. Because market prices of Wachovia common stock will fluctuate, you are urged to obtain current market prices for shares of Wachovia common stock.

Wachovia may repurchase shares of its common stock and may purchase shares of Westcorp common stock and WFS common stock, in accordance with applicable legal guidelines. The actual amount of shares repurchased will depend on various factors, including: market conditions; legal limitations and considerations affecting the amount and timing of repurchase activity; the company's capital position; internal capital generation; and alternative potential investment opportunities. Federal law prohibits Wachovia, Westcorp and WFS from purchasing shares of Wachovia common stock from the date this joint proxy statement-prospectus is first mailed to shareholders until completion of both special meetings of shareholders. From January 1, 2005 to November 21, 2005, Wachovia repurchased approximately 52 million shares of Wachovia common stock, and approximately 3.4 million of such shares have been repurchased since September 12, 2005, the day we announced our mergers. All such repurchases were conducted in accordance with applicable laws, including Rule 10b-18 of the Exchange Act. From January 1, 2005 to November 21, 2005, Westcorp made no repurchases of shares of Westcorp common stock, and WFS made no repurchases of shares of WFS common stock.

Table of Contents**Westcorp**

Westcorp common stock is listed on the NYSE and traded under the symbol **WES** . The following table shows the high and low reported sales prices per share of Westcorp common stock on the NYSE, and the quarterly cash dividends declared per share of Westcorp common stock for the periods indicated.

	Price Range of Common Stock		Dividends Declared
	High	Low	
2003			
First Quarter	\$ 23.25	\$ 18.30	\$ 0.13
Second Quarter	29.80	18.60	0.13
Third Quarter	36.86	27.30	0.13
Fourth Quarter	39.25	34.13	0.13
2004			
First Quarter	44.72	35.07	0.14
Second Quarter	46.80	41.42	0.14
Third Quarter	46.10	39.51	0.14
Fourth Quarter	46.35	37.25	0.14
2005			
First Quarter	47.59	41.60	0.15
Second Quarter	52.54	39.98	0.15
Third Quarter	65.00	52.21	0.15
Fourth Quarter (through November 21)	66.36	57.50	

Past price performance is not necessarily indicative of likely future performance. Because market prices of Westcorp common stock will fluctuate, you are urged to obtain current market prices for shares of Westcorp common stock.

WFS

WFS common stock is quoted on Nasdaq and traded under the symbol **WFSI** . The following table shows the high and low reported sales prices per share of WFSI common stock on Nasdaq. WFS does not currently pay dividends on shares of WFS common stock.

	Price Range of Common Stock	
	High	Low
2003		
First Quarter	\$ 25.25	\$ 16.54
Second Quarter	33.99	18.90
Third Quarter	40.89	31.76
Fourth Quarter	45.40	36.79
2004		
First Quarter	45.23	37.90
Second Quarter	50.89	40.03
Third Quarter	50.98	43.82
Fourth Quarter	50.95	41.05

2005

First Quarter	52.34	41.77
Second Quarter	50.90	40.31
Third Quarter	71.30	50.34
Fourth Quarter (through November 21)	76.15	65.46

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Past price performance is not necessarily indicative of likely future performance. Because market prices of WFS common stock will fluctuate, you are urged to obtain current market prices for shares of WFS common stock.

Wachovia Dividend Policy

After the mergers, Wachovia currently expects to pay (when, as and if declared by Wachovia's board of directors out of funds legally available) regular quarterly cash dividends of \$0.51 per share, in accordance with Wachovia's current practice. The timing and amount of future dividends paid by corporations, including Wachovia and Westcorp, is subject to determination by the applicable board of directors in its discretion and will depend upon earnings, cash requirements and the financial condition of the respective companies and their subsidiaries, applicable government regulations and other factors deemed relevant by the applicable company's board of directors. Various United States federal and state laws limit the ability of affiliate banks to pay dividends to their parent companies, including Wachovia and Westcorp. The merger agreement restricts the cash dividends that may be paid on Westcorp common stock or WFS common stock pending completion of the mergers. See "The Merger Agreement - Conduct of Business Pending the Mergers" beginning on page 82. The merger agreement also provides that Wachovia and Westcorp will coordinate the declaration and payment of dividends pending the mergers. See "The Merger Agreement - Dividends" beginning on page 89.

In the fourth quarter of 2005, Wachovia declared a dividend of \$0.51 per share of Wachovia common stock. On a pro forma basis and taking into account the respective exchange ratios, Wachovia's third quarter dividend of \$0.51 per Wachovia share would have equaled approximately \$0.65 per share of Westcorp common stock and approximately \$0.75 per share of WFS common stock. All dividends on Wachovia common stock will be payable when, as and if declared by the board of directors out of funds legally available for the payment of dividends by a North Carolina corporation.

Moreover, following the mergers, Wachovia will continue to be subject to limitations on dividend capacity arising out of federal banking laws, other laws and debt instruments. See "Description of Wachovia Capital Stock" beginning on page 94.

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INFORMATION ABOUT WACHOVIA, WESTCORP AND WFS

Wachovia

Wachovia was incorporated under the laws of North Carolina in 1967 and is registered as a financial holding company and a bank holding company under the Bank Holding Company Act. Prior to the merger in September 2001 with the former Wachovia Corporation, Wachovia's name was First Union Corporation. Wachovia provides a wide range of commercial and retail banking and trust services through full-service banking offices in Alabama, Connecticut, Delaware, Florida, Georgia, Maryland, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and Washington, D.C. Wachovia also provides various other financial services, including asset and wealth management, mortgage banking, credit card, investment banking, investment advisory, home equity lending, asset-based lending, leasing, insurance, international and securities brokerage services through its subsidiaries.

Wachovia's principal executive offices are located at One Wachovia Center, Charlotte, North Carolina 28288-0013, and our telephone number is (704) 374-6565.

Since the 1985 Supreme Court decision upholding regional interstate banking legislation, Wachovia has concentrated its efforts on building a large, diversified financial services organization, primarily doing business in the eastern region of the United States. Since November 1985, Wachovia has completed approximately 100 banking-related acquisitions.

Wachovia continually evaluates its operations and organizational structures to ensure they are closely aligned with its goal of maximizing performance in core business lines. When consistent with overall business strategy, Wachovia may consider the disposition of certain assets, branches, subsidiaries or lines of business. While acquisitions are no longer a primary business activity, Wachovia continues to explore routinely acquisition opportunities, particularly in areas that would complement core business lines, and frequently conducts due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations frequently take place and future acquisitions involving cash, debt or equity securities can be expected.

Additional information concerning Wachovia is included in the reports that Wachovia periodically files with the SEC. See *Where You Can Find More Information* on page 106.

Westcorp

Westcorp is a financial services holding company whose principal subsidiaries are WFS and Western Financial Bank. Westcorp, through its subsidiary, Western Financial Bank, operates 19 retail bank branches and provides commercial banking services in Southern California.

The principal executive office of Westcorp is located at 23 Pasteur, Irvine, California 92618, and its telephone number is (949) 727-1002.

Additional information concerning Westcorp is included in the reports that Westcorp periodically files with the SEC. See *Where You Can Find More Information* on page 106.

WFS

WFS is one of the nation's largest independent automobile finance companies. WFS specializes in originating, securitizing, and servicing new and pre-owned prime and non-prime credit quality automobile contracts through its nationwide relationships with automobile dealers.

The principal executive office of WFS is located at 23 Pasteur, Irvine, California 92618, and its telephone number is (949) 727-1002.

Additional information concerning WFS is included in the reports that WFS periodically files with the SEC. See *Where You Can Find More Information* on page 106.

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DESCRIPTION OF WACHOVIA CAPITAL STOCK

As a result of the mergers, Westcorp and WFS shareholders will become shareholders of Wachovia. Your rights as shareholders of Wachovia will be governed by North Carolina law and the articles of incorporation and bylaws of Wachovia. The following description of the material terms of Wachovia's capital stock, including the common stock to be issued in the mergers, reflects the anticipated state of affairs upon completion of the mergers. We urge you to read the applicable provisions of North Carolina law, Wachovia's articles of incorporation and bylaws and federal law governing bank holding companies carefully and in their entirety.

Common Stock

Wachovia is authorized to issue up to 3 billion shares of common stock, par value \$3.33¹/₃ per share.

Voting and Other Rights. Subject to the rights of any holders of any class of preferred stock outstanding, holders of Wachovia common stock will be entitled to one vote per share, and, in general, a majority of votes cast with respect to a matter will be sufficient to authorize action upon routine matters. Directors are to be elected by a plurality of the votes cast, and shareholders do not have the right to cumulate their votes in the election of directors.

No Preemptive or Conversion Rights. Holders of Wachovia common stock are not entitled to any preemptive rights, subscription rights or conversion rights.

Assets upon Dissolution. In the event of liquidation, holders of Wachovia common stock would be entitled to receive proportionately any assets legally available for distribution to Wachovia shareholders with respect to shares held by them, subject to any prior rights of any Wachovia preferred stock then outstanding.

Distributions. Subject to the rights of holders of any class of preferred stock outstanding, holders of Wachovia common stock will be entitled to receive the dividends or distributions that the Wachovia board of directors may declare out of funds legally available for these payments. The payment of distributions will be subject to the restrictions of North Carolina law applicable to the declaration of distributions by a corporation. Under North Carolina law, a corporation may not make a distribution if as a result of the distribution the company would not be able to pay its debts, or would not be able to satisfy any preferential rights preferred shareholders would have if the company were to be dissolved at the time of the distribution.

Pursuant to an indenture between Wachovia and Wilmington Trust Company, as trustee, under which some Wachovia junior subordinated debt securities were issued, Wachovia agreed that it generally will not pay any dividends on, or acquire or make a liquidation payment with respect to, any of Wachovia's capital stock, including Wachovia common stock, Wachovia preferred stock and Wachovia class A preferred stock if, at any time, there is a default under the indenture or a related Wachovia guarantee or Wachovia has deferred interest payments on the securities issued under the indenture. In connection with a corporate reorganization of a Wachovia subsidiary, The Money Store LLC, Wachovia agreed that it could declare or pay a dividend on Wachovia common stock only after quarterly distributions of an estimated \$1.8 million have been paid in full on The Money Store LLC preferred units for each quarterly period occurring prior to the proposed common stock cash dividend.

As a bank holding company, the ability of Wachovia to pay distributions will be affected by the ability of its banking subsidiaries to pay dividends. The ability of Wachovia and these banking subsidiaries to pay dividends in the future currently is, and could be further, influenced by bank regulatory requirements and capital guidelines.

Restrictions on Ownership. The Bank Holding Company Act generally prohibits any company that is not engaged in banking activities and activities that are permissible for a bank holding company or a financial holding company from acquiring control of Wachovia. Control is generally defined as ownership of 25% or more of the voting stock or other exercise of a controlling influence. In addition, any existing

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bank holding company would require the prior approval of the Federal Reserve Board before acquiring 5% or more of the voting stock of Wachovia. In addition, the Change in Bank Control Act of 1978, as amended, prohibits a person or group of persons from acquiring control of a bank holding company unless the Federal Reserve Board has been notified and has not objected to the transaction. Under a rebuttable presumption established by the Federal Reserve Board, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as Wachovia, would, under the circumstances set forth in the presumption, constitute acquisition of control of the bank holding company.

Antitakeover Provisions. Wachovia's articles and bylaws contain various provisions that may discourage or delay attempts to gain control of Wachovia. Wachovia's articles include provisions:

classifying the board of directors into three classes, each class to serve for three years, with one class elected annually;

authorizing the board of directors to fix the size of the board between nine and 30 directors;

authorizing directors to fill vacancies on the board occurring between annual shareholder meetings, except that vacancies resulting from a director's removal by a shareholder vote may only be filled by a shareholder vote;

providing that directors may be removed only for a valid reason and only by majority vote of shares entitled to vote in electing directors, voting as a single class;

authorizing only the board of directors, Wachovia's Chairman or President to call a special meeting of shareholders, except for special meetings called under special circumstances for classes or series of stock ranking superior to common stock; and

requiring an 80% shareholder vote by holders entitled to vote in electing directors, voting as a single class, to alter any of the above provisions.

Wachovia's bylaws include specific conditions governing the conduct of business at annual shareholders' meetings and the nominations of persons for election as Wachovia directors at annual shareholders' meetings.

Preferred Stock

General. Wachovia is authorized to issue up to 10 million shares of preferred stock, no par value, and 40 million shares of class A preferred stock, no par value. The Wachovia board of directors is authorized to issue preferred stock and class A preferred stock in one or more series, to fix the number of shares in each series, and to determine dividend rates, liquidation prices, liquidation rights of holders, redemption, conversion and voting rights and other series terms. All shares of each series of Wachovia preferred stock must be of equal rank and have the same powers, preferences and rights and are subject to the same qualifications, limitations and restrictions, except with respect to dividend rights, redemption prices, liquidation amounts, terms of conversion or exchange and voting rights. Shares of Wachovia class A preferred stock rank prior to Wachovia common stock and on a parity with or junior to (but not prior to) Wachovia preferred stock or any series thereof, in respect of the right to receive dividends and/or the right to receive payments out of the net assets of Wachovia upon any involuntary or voluntary liquidation, dissolution or winding up of Wachovia. Subject to the foregoing, the terms of any particular series of Wachovia class A preferred stock may vary as to priority.

Dividend Equalization Preferred Shares (DEPs)

In connection with Wachovia's merger in 2001 with the former Wachovia Corporation, it issued approximately 97 million shares of Dividend Equalization Preferred Shares, or DEPs, out of an authorized 500,000,000 DEPs, no par value. The DEPs were authorized to be issued solely in connection with that merger and are not available for future issuance.

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Ranking Upon Dividend Declaration and Upon Liquidation or Dissolution. With regard to the receipt of dividends, the DEPs rank junior to any class or series of preferred stock established by Wachovia's board of directors and rank equally with Wachovia's common stock. With regard to distributions upon liquidation or dissolution of Wachovia, the DEPs rank junior to any class or series of preferred stock established by Wachovia's board of directors after September 1, 2001 and rank senior to the common stock for the \$0.01 liquidation preference described below.

Cancellation. DEPs that are redeemed, purchased or otherwise acquired by Wachovia or any of its subsidiaries will be canceled and may not be reissued.

Dividends. Following payment of Wachovia's fourth quarter dividend in December 2003, holders of the DEPs are no longer entitled to receive future dividend payments. This is because Wachovia paid in excess of \$1.20 per share in dividends in the aggregate over the preceding four quarters.

Assets Upon Dissolution. In the event of liquidation, holders of DEPs will be entitled to receive, before any distribution is made to the holders of common stock or any other junior stock, but after any distribution to any class or series of preferred stock established by Wachovia's board of directors after September 1, 2001, an amount equal to \$0.01 per DEP, together with any accrued and unpaid dividends (whether or not earned or declared). The holders of DEPs will have no other right or claim to any of the remaining assets of Wachovia.

Redemption, Conversion and Exchange. The DEPs are not convertible or exchangeable. The DEPs may be redeemed, at Wachovia's option and with 30 to 60 days prior notice, after December 31, 2021, for an amount equal to \$0.01 per DEP, together with any accrued and unpaid dividends.

Voting Rights. Holders of DEPs will not have voting rights, except those required by applicable law.

Shareholder Protection Rights Plan

Wachovia has a shareholder protection rights plan that could discourage unwanted or hostile takeover attempts that are not approved by Wachovia's board. The rights plan allows holders of Wachovia common stock to purchase shares in either Wachovia or an acquiror at a discount to market value in response to specified takeover events that are not approved in advance by Wachovia's board. The rights plan is expected to continue in effect after the mergers.

The Rights. On December 19, 2000, Wachovia's board declared a dividend of one preferred share purchase right for each Wachovia common share outstanding. The rights currently trade with, and are inseparable from, the common stock.

Exercise Price. Each right allows its holder to purchase from Wachovia one one-hundredth of a Wachovia participating class A preferred share for \$105. This portion of a preferred share will give the shareholder approximately the same dividend, voting, and liquidation rights as would one share of common stock.

Exercisability. The rights will not be exercisable until:

10 days after a public announcement by Wachovia that a person or group has obtained beneficial ownership of 10% or more of Wachovia's outstanding common stock; or

10 business days after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming the beneficial owner of 10% or more of Wachovia's outstanding common stock.

The date when the rights become exercisable is referred to in the rights plan as the separation time. After that date, the rights will be evidenced by rights certificates that Wachovia will mail to all eligible holders of common stock. A person or member of a group that has obtained beneficial ownership of 10% or more of Wachovia's outstanding common stock may not exercise any rights even after the separation time.

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Consequences of a Person or Group Becoming an Acquiring Person. A person or group that acquires beneficial ownership of 10% or more of Wachovia's outstanding common stock is called an acquiring person.

Flip In. Once Wachovia publicly announces that a person has acquired 10% or more of its outstanding common stock, Wachovia can allow for rights holders, other than the acquiring person, to buy \$210 worth of its common stock for \$105. This is called a flip-in. Alternatively, Wachovia's board may elect to exchange 2 shares of Wachovia common stock for each right, other than rights owned by the acquiring person, thus terminating the rights.

Flip Over. If, after a person or group becomes an acquiring person, Wachovia merges or consolidates with another entity, or if 50% or more of Wachovia's consolidated assets or earning power are sold, all holders of rights, other than the acquiring person, may purchase shares of the acquiring company at half their market value.

Wachovia's board may elect to terminate the rights at any time before a flip-in occurs. Otherwise, the rights are currently scheduled to terminate in 2010.

The rights will not prevent a takeover of Wachovia. However, the rights may cause a substantial dilution to a person or group that acquires 10% or more of our common stock unless Wachovia's board first terminates the rights. Nevertheless, the rights should not interfere with a transaction that is in Wachovia's and its shareholders' best interests because the rights can be terminated by the board before that transaction is completed.

The complete terms of the rights are contained in the Shareholder Protection Rights Agreement. The foregoing description of the rights and the rights agreement is qualified in its entirety by reference to the agreement. A copy of the rights agreement can be obtained upon written request to Wachovia Bank, National Association, 1525 West W.T. Harris Blvd., Charlotte, North Carolina 28288-1153.

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COMPARISON OF SHAREHOLDER RIGHTS

The rights of Wachovia shareholders are governed by the North Carolina Business Corporation Act, which we refer to as the NCBCA , and Wachovia s articles of incorporation and bylaws. The rights of Westcorp shareholders are governed by the California Corporations Code, which we refer to as the CCC , and Westcorp s articles of incorporation and by-laws. The rights of WFS shareholders are governed by the CCC, and WFS articles of incorporation and bylaws. After the mergers, the rights of Westcorp s, WFS and Wachovia s shareholders will be governed by the NCBCA and Wachovia s articles of incorporation and bylaws. The following discussion summarizes the material differences between the rights of Westcorp shareholders, the rights of WFS shareholders and the rights of Wachovia shareholders. We urge you to read Wachovia s articles of incorporation and by-laws, Westcorp s articles of incorporation and bylaws, WFS articles of incorporation and bylaws, and the relevant provisions of the NCBCA and the CCC carefully and in their entirety.