

Edgar Filing: EDWARDS A G INC - Form 425

EDWARDS A G INC
Form 425
September 10, 2007

Filed by Wachovia Corporation pursuant to Rule 425 under the Securities Act of 1933, as amended, and deemed filed pursuant to Rule 14a-6(b) under the Securities Exchange Act of 1934, as amended

Subject Company:

A.G. Edwards, Inc.

Commission File No.: 1-8527

Date: September 10, 2007

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

The following factors, among others, could cause Wachovia s financial performance to differ materially from that expressed in such forward-looking statements: (1) the risk that the businesses of Wachovia and A.G. Edwards in connection with the Merger or the businesses of Wachovia and Golden West in connection with the Golden West Merger will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) the risk that expected revenue

synergies and cost savings from the Merger or the Golden West Merger may not be fully realized or realized within the expected time frame; (3) the risk that revenues following the Merger or the Golden West Merger may be lower than expected; (4) deposit attrition, operating costs, customer loss and business disruption following the Merger or the Golden West Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the inability to obtain governmental approvals of the Merger on the proposed terms and schedule; (6) the failure of A.G. Edwards' shareholders to approve the Merger; (7) risk that the strength of the United States economy in general and the strength of the local economies in which Wachovia and/or A.G. Edwards conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia's loan portfolio and allowance for loan losses; (8) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (9) potential or actual litigation; (10) inflation, interest rate, market and monetary fluctuations; and (11) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on Wachovia's and A.G. Edwards' brokerage and capital markets activities. Additional factors that could cause Wachovia's and A.G. Edwards' results to differ materially from those described in the forward-looking statements can be found in Wachovia's and A.G. Edwards' Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning Wachovia or the proposed Merger or other matters and attributable to Wachovia or A.G. Edwards or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Wachovia and A.G. Edwards do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this filing.

The proposed Merger will be submitted to A.G. Edwards' shareholders for their consideration. A.G. Edwards' shareholders are urged to read the definitive proxy statement/prospectus regarding the proposed Merger, as well as any other relevant documents concerning the proposed Merger filed with the SEC (and any amendments or supplements to those documents), because they contain important information. You will be able to obtain a free copy of the definitive proxy statement/prospectus, as well as other filings containing information about Wachovia and A.G. Edwards, at the SEC's website (<http://www.sec.gov>) and at the companies' respective websites, www.wachovia.com and www.agedwards.com. Copies of the definitive proxy statement/prospectus and the SEC filings incorporated by reference in the definitive proxy statement/prospectus can also be obtained, free of charge, by directing a request to Wachovia Corporation, Investor Relations, One Wachovia Center, 301 South College Street, Charlotte, NC 28288-0206, (704)-383-0798; or to A.G. Edwards, Inc., Investor Relations, One North Jefferson Avenue, St. Louis, MO 63103, (314) 955-3000.

Wachovia Corporation
Turbulent Times Call for Strong Management
Lehman Brothers Financial Services Conference
September 10, 2007

Ken Thompson
Chairman and CEO

THE FOLLOWING PRESENTATION WAS USED IN A CONFERENCE
WITH
INVESTORS AND OTHERS AND WAS MADE
AVAILABLE
ON WACHOVIA S
WEBSITE.

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Execution excellence drives

long-term track record

Sixth straight year of No. 1 customer satisfaction

938 bps improvement in efficiency ratio from 2001*

Proactively reduced risk in loan portfolio

Average charge-off ratio improves 55 bps from 70 bps in
2001 to 15 bps in 1H07

Fifth straight year of double-digit earnings growth
in 2006

167% increase in dividend since 4Q01 to 3Q07

Top quartile shareholder return since year-end 2001**

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*Improvement from 2001 to 2007 YTD through 6/30/07.

**Total shareholder return from 12/31/01 to 8/31/07, ranking among the Top 20 U.S. Banks.

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#3 deposit market
share in the U.S.

#2 brokerage firm with 14%
market share of brokerage
revenues in Top 50 MSAs*

#5 wealth manager**

High growth/high wealth
markets

8.8% deposit-weighted average
population growth vs. 6.3% U.S.
average***

Manage over \$1 trillion
of investment assets; serve 18%
of wealth households in U.S.

*Including the pending acquisition of A.G. Edwards, Inc.

**Source: Barron's magazine, based on \$324 billion assets under management as of 6/30/06.

***Source: SNL Financial. 5-year average population growth, county-weighted by deposits.

Wachovia in perspective: **A great footprint**

drives sustainable long-term growth

Wachovia financial centers

Wachovia Securities*

Wachovia Mortgage

World Savings Bank financial centers

World Savings Bank Mortgage

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Wachovia in perspective: **Well-managed,**

diversified businesses drive sustainable long-term growth

Wachovia's 4 Core Businesses Earned \$4.8 billion* in 1H07

Capital

Management

\$584

Corporate &

Investment

Bank

\$979

General Bank

\$3,112

Wealth

Management

\$137

*As reported segment earnings through June 30, 2007 excluding merger and restructuring charges of \$26 million after-tax and

losses in the parent of \$164 million.

Combined

1H06 revenues and earnings were \$16.2 billion and \$4.4 billion,

respectively. For additional information on

Combined

results see Wachovia's Current Report on Form 8-K dated January 23, 2007.

65%

20%

3%

12%

(\$ in millions)

1H07 vs. 1H06 Combined

Revenues up 5%

Continued solid credit

quality

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General Banking Group

Well positioned for growth

Strong household acquisition

Solid organic deposit and loan growth

Effective expansion programs

De novo branches

Up-tiering of acquired franchises

Mortgage business on sound footing

Growth lower than expected at GDW acquisition

2008 will produce growth in adverse housing market

Low loss content portfolio has been validated

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General Bank: **Strong track record of**
improving customer retention and acquisition

20.0%

10.9%

4Q99

2Q07

10.9%

14.1%

4Q00

2Q07

Annualized Retail, Small Business, Business Banking and Community Banking controllable attrition and acquisition rates; 4Q acquisition data unavailable prior to 2000.

*Based

on

11

million

Retail,

Small

Business,

Business

Banking

and

Community

Banking

household

and

customer

relationships

at

2Q07

quarter-end.

350,000 net new households on an annualized basis*

Approximately 3 times the growth rate for US households

Attrition

Acquisition

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General Bank:

De Novo success drives long-term growth

De Novo Program

315 de novos opened since

January 2003

In aggregate, entire de novo portfolio is exceeding initial projections and on average is tracking to an IRR in excess of 25%

78% of de novos* exceeding

expectations

Of de novos* not meeting
initial projections action
plans are expected to return
75% to original projections
De Novo Performance vs. Peers
Deposits/Branch/Month**
(\$ in thousands)

**Source: SNL Securities. July 2006 deposit balances divided by months
opened for bricks and mortar branches opened from July 2005

July

2006. Excludes branches with more than \$25MM in deposits, branches
with zero deposits, branches open less than 30 days and branches
without disclosed open dates.

\$1,493

\$1,267

\$1,111

\$989

\$807

WB

BAC

JPM

WFC

WM

*De novos opened at least 6 months.

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38%

54%

76%

25%

43%

130%

General Bank:

Strong track record of leveraging acquisitions

Merger

1 yr

post-merger

3.5 yrs

post-merger
Legacy Wachovia as a % of Legacy
FTU Branches at Merger
Merger

1 yr
post-merger
3.5 yrs

post-merger
Legacy Wachovia as a % of Legacy
FTU Branches at Merger

61%
77%
195%

.75 years
post-merger

1 yr
post-merger
2.5 yrs

post-merger
South Trust as a % of
WB Branches at Merger
Merger

1 yr
post-merger
2.5 yrs

post-merger
South Trust as a % of
WB Branches at Merger

22%
45%
83%

Deposit Production
Loan Production

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\$110

\$141

\$153

\$166

\$202

\$233

\$295

2001

2002

2003

2004

2005

2006

1H07

General Bank:

Strong track record of sales growth

579

555

535

560

413

92

1 Million

2002

2003

2004

2005

2006

2007

Net new retail checking

accounts**

(in thousands except goal)

1H07 total of 579,000 outpaced

previous full year results

*See Appendix for calculations. As reported in 2006 Annual Report on Form 10K

See Appendix for Combined Core Deposit Growth Table.

**Net new checking accounts reflect active open transaction accounts and

excludes money market and CAP accounts.

Core Deposits*

(\$ in billions)

Goal:

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General Bank:

Beginning to leverage the Golden West acquisition

8,615

3,816

13,739

26,253

36,094

46,752

54,281

2006

Jan '07

Feb '07

Mar '07

Apr '07

May '07

Jun '07

World Savings branches

checking account sales

(California Only)

(2007 Cumulative Sales)

Escrows on new mortgage

originations

\$250MM as of 8/31

Growing at approximately

\$30 million per month

Launch of new COSI index

ensures our ability to price

CDs competitively for legacy

World Savings customers

COSI

Index = average cost for

all CDs at Wachovia & World

Savings

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64%

58%

56%

55%

52%

50%

45%

2000

2001

2002

2003

2004

2005

2006

1H07

General Bank:

Strong track record of disciplined expense control

Improved efficiency ratio

2,000 bps while dramatically
expanding the business

De novo branches in high
growth markets

Western expansion

Retail credit (credit card,
mortgage, auto)

Small Business

Customer facing systems
and service improvements

Cash overhead efficiency ratio calculated as total noninterest expense as reported on a segment basis (which excludes merger-r
expense) divided by

the

sum

of

net

interest

income,

including

the

tax-equivalent

adjustment,

and

fee

and

other

income

as

reported

on

a

segment

basis.

Cash OER: Best in Class

Efficiency and Service

44%

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Wachovia Mortgage: **Well positioned to**
benefit from changing industry landscape
5 of top 40 mortgage lenders out of business*

Represents more than 9% of 2006 production
Fewer product options available

Approximately half of products previously offered by peers
no longer available
Portfolio lenders have liquidity and excess capacity

Non-portfolio lenders face wholesale funding constraints
Current trends favorable for Pick-a-Payment products

Spreads have widened

Pre-payment speeds slowing

Interest rate outlook is favorable to adjustable rate products
Sale of Pick-a-Payment products in legacy Wachovia franchise
accelerating; originations expected to exceed \$1 billion in 2007

*As of September 6, 2007. Top 40 mortgage lenders based on 2006 mortgage production.

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Wachovia's Option ARM is superior for customers, profitability and credit quality

More volatile indices and interest rate resets introduce shock at recast

Slower-moving COSI index and 7.5% maximum yearly payment increase minimizes payment change

Payment Shock:

3 party broker

Fully in-house

Where Underwritten:

Largely 3 party broker originated

Multi-channel

Origination Channels:

Originate for sale

Portfolio lender

Lending Model:

Historically higher, PMI

inconsistently required

70%

Average Loan to

Value:

Spreads locked in at origination; tied

to our own CD rates

Compliant

Wachovia in-house appraiser

Underwritten to fully indexed rate,

always collateral based

Wachovia's Pick-a-Payment

Loans funded by higher-cost

shorter duration wholesale funding

Often required significant

modification to achieve compliance

Automated model or outsourced

to market appraiser

Historically underwritten to teaser

rate, FICO score based

Competitor's Option ARM

Appraisal Process:

Type of Underwriting:

Profitability:

Regulatory

Perspective

rd

rd

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World Savings credit trends over a cycle:

NPAs rise but loss content low

1990

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

Peak Delinquency

Ratio

90+ Days

2/94: 1.61%

Peak Losses

as a % of Loans

(8/93) = 20 bps

Peak Real Estate

Owned Balances

1/97: \$119MM

% of Loans

\$ Balances in

Millions

90+ Day

Delinquency

Ratio

REO Losses (\$)

REO Inventory

at Month End

As of June 2007

90+ Day Delinquency

Ratio of 0.90%

REO Inventory of 301

properties with a

value of \$74.0 million

-

YTD REO losses of

\$3.0 million at an

average severity

of 7.2%

\$140

\$120

\$100

\$80

\$60

\$40

\$20

\$0

0.00%

0.20%

0.40%

0.60%

0.80%
1.00%
1.20%
1.40%
1.60%
1.80%

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Wachovia Mortgage: **Portfolio**

well-positioned for declining housing values

Outside financial services advisory firm recently analyzed the strengths and vulnerabilities of the Pick-a-Payment portfolio in adverse housing markets

Confirmed that legacy GDW processes were being consistently applied and followed in

Product design and marketing

Appraisals

Underwriting

Customer retention

Collection and foreclosure

Real estate disposition

Used base case for declining house prices from Moody's
Economy.com of 5.5% in 2007 and 6.5% in 2008

Expected losses in 2008 less than 10 bps; credit costs more than
offset by benefit of lower prepayments

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Wachovia Securities: Retail Brokerage

A leading franchise with outstanding performance

Solid execution on revenue initiatives

Excellent expense control

Top-tier profitability

Strong synergies with retail and investment banking

businesses

Well positioned to leverage A.G. Edwards acquisition

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31%

51%

60%

2Q01

2Q04

2Q07

11%

12%

26%

2Q01

2Q04

2Q07

\$249

\$619

\$796

2Q01

2Q04

2Q07

Total Broker Client Assets

(\$ in billions)

Wachovia Securities: **Strong track**

record of consistent focus on key strategies

\$423

\$514

\$686

2Q01

2Q04

2Q07

Annualized Revenue per

Series 7 Reg Rep

(\$ in thousands)

Recurring Revenue as a % of

Total Revenue

Pre-Tax Margin*

*Pre-Tax Margin excluding merger-related and restructuring expense.

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\$0.9

\$1.3

\$2.1

\$2.0

\$1.9

\$2.7

\$3.9

\$4.9

2004

2005

2006

TTM*

Wachovia Securities:

Strong track record
of leveraging cross-enterprise opportunities

CMG Deposit and Loan

Production

(\$ in millions)

CMG/CIB Cross-Business

Partnership Revenues

(\$ in millions)

\$307

\$326

\$388

\$449

\$395

2003

2004

2005

2006

1H07

Deposits 38% CAGR

Loans 46% CAGR

Deposits

Loans

*TTM = Trailing Twelve Months through 6/30/07.

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12%

19%

A.G. Edwards

WB Securities

16%

26%

A.G. Edwards

WB Securities

Wachovia Securities:

Extraordinary

oportunity to leverage AGE acquisition

Annualized Revenue/Series 7

Registered Rep**

(\$ in thousands)

Fee Based Assets/Client Assets

Client Assets*/Series 7 Reg. Rep.

(\$ in millions)

Pre-Tax Margin***

\$509

\$686

A.G. Edwards

WB Securities

\$60

\$81

A.G. Edwards

WB Securities

A.G. Edwards data as of 5/28/07 while WB Securities as of 6/30/07.

*Client assets excluding CCG (clearing assets).

**Last reported quarter s annualized revenues divided by average Series 7 registered representatives.

***Wachovia s Retail Brokerage pre-tax margin excludes merger-related and restructuring expenses.

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Corporate and Investment Bank

Proven ability to grow organically

Sound risk management practices

Important businesses will likely remain subdued

Well positioned strategically for an environment
where capital, liquidity and good risk management
have enhanced value

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7%

13%

34%

29%

21%

25%

29%

2001

2002

2003

2004

2005

2006

1H07

Return on Capital*

(\$ in millions)

*Risk adjusted return on capital.

\$292

\$567

\$1,671

\$1,719

\$1,183

\$979

\$1,982

2001

2002

2003

2004

2005

2006

1H07

Earnings

(\$ in millions)

Corporate and Investment Bank:

Ongoing, disciplined growth

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Source: Dealogic data as of June 30, 2007. Includes DCM, ECM, M&A, LS (DCM Includes ABS/MBS).

Cumulative Fee Based U.S. Market Share Growth

2001-2Q07

2.1%

1.6%

1.0%

0.8%

0.5%

0.4%

(0.4%)

(0.6%)

(1.3%)

(1.6%)

(2.8%)

(3.5%)

Corporate and Investment Bank:

Strong track record of gaining market share

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Corporate and Investment Bank:

Focused on proactively managing risk

Modest leveraged loan and high yield bond bridge positions

Began dialing back leveraged loan exposure in 1Q07

>

In 2006, lead book runner on 5 of Top 10 deals; YTD 2007, book runner on no Top 10 deals

Strategic and financial sponsor pipeline

>

\$10.9 billion commitments

Less than 20% of all commitments are bond bridges

>

Diversified pipeline with high credit quality

Minimal bridge equity exposure

Not a prime broker; little hedge fund exposure

Historically not a major participant in subprime mortgage fixed income market

Exited HomEq and Equibanc; Vertice ceased subprime originations in 1Q06

CDO/CLO and other structured product warehouses at manageable levels

Warehouses reduced substantially from 2Q07 levels

WB participated in only 4 of 185 mezzanine ABS CDO deals

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Strong risk culture, expense control and
capital management discipline

Superior credit performance resulting from low risk
business model

Solid efficiency improvements despite ongoing
investments for growth

Well positioned with excess capital

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Period-end balance sheet as of 6/30/2007. Net charge-offs are 2Q07 charge-offs as a % of respective loan portfolio, annualized

Low risk business model drives low

loss-content loan portfolio

Total Loan Portfolio

89% Secured/Guaranteed

Consumer

Mortgage

Other

Consumer

Real Estate

Secured

Student

Auto, Other

Secured

Commercial,

Financial &

Agricultural

Commercial

Real Estate

Commercial

Leasing

Commercial

Foreign

\$254 billion consumer loan portfolio

96% secured (additional 3% guaranteed)

—

87% secured by Real Estate

>

87% secured by a first lien

>

70% average loan-to-value

>

699 average FICO score

Net charge-offs: 0.19%

\$175 billion commercial loan portfolio

76% secured

No industry > 5% (3-digit SIC)

\$1.7 million average size

Net charge-offs: 0.07%

38%

5%

3%

9%

24%

6%

13%

2%

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0.14%

WB

0.14%

BAC

0.81%

JPM

0.85%

WFC

0.87%

C

1.14%

Net Charge-off Ratio

0.99%

Low risk business model
provides flexibility

0.37%

0.70%

2001

2Q07

Wachovia

Median: Top 20 U.S. Banks

0.60%

1.04%

0.48%

NPA/Loans Ratio

1.05%

2001

2Q07

Source: Company reports.

BAC

0.32%

WB

0.48%

JPM

0.57%

WFC

0.79%

C

0.89%

25.8x

4.96x

5.82x

10.0x

2Q07

2001

WB

25.8x

JPM

8.0x

BAC

7.3x

WFC

5.8x

C

5.8x

PTPP Earnings*/

Charge-offs

*Pre-tax, pre-provision earnings.

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\$12

\$16

\$20

\$24

\$28

\$32

\$36

\$40

\$44

4Q01

2Q02

4Q02

2Q03

4Q03

2Q04

4Q04

2Q05

4Q05

2Q06

4Q06

2Q07

Economic

Tangible

Tier 1

Low risk business model produces
significant capital cushion

Tangible common equity vs. economic capital
(\$ in billions)

-\$1.9B

\$7.4B

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0.35

0.64

0.56

0.26

0.51

0.46

0.72

0.88

1.23

1.21

1.11

0.99

\$0.24

\$0.36

\$0.48

\$0.60

4Q01

4Q02

4Q03

4Q04

4Q05

4Q06

\$0.58

\$0.78

\$0.98

\$1.18

\$1.38

Dividends

EPS*

Strong growth in EPS and focus on low risk model has permitted strong dividend growth

EPS CAGR*

Dividends CAGR

Since 4Q01

15%

19%

*Represents net income available to common shareholders excluding after-tax merger-related and restructuring expenses; com
exclude merger-related and restructuring expenses of \$20 million (\$0.01) in 2Q07 and \$63 million (\$0.04) in 4Q01.

\$

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Priorities for excess capital usage

Reinvestment in the business

Western expansion

Retail credit products

International expansion for select product sets and
distribution channels

Dividend payouts

Target cash dividend payout ratio* of 40 -

50%

Increased dividend 14% in August 2007

Share buybacks

*Represents net income available to common shareholders before merger-related and restructuring expenses, intangible amortization, and preferred dividends.

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Appendix

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General Bank:

Strong track record of sales growth

*For comparative and illustrative purposes. Average core deposits include additions of (\$ billions): legacy Wachovia in 2001:

2001: \$22.0; 2002: \$23.9; 2003: \$25.6; 2004: \$23.0; legacy Golden West in 2001: \$35.4; 2002: \$40.9; 2003: \$46.7; 2004: \$52.

\$181

\$206

\$225

\$242

\$262

\$278

\$295

2001

2002
2003
2004
2005
2006
1H07
 Combined
Core Deposits*
(\$ billions)

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Consumer real estate portfolio

Consumer real estate loans with FICO score < 620 and LTV > 80% total
only \$1.1 billion

As of 6/30/2007.

Consumer Real Estate Portfolio -

On-Balance Sheet (Net of Unearned Income)

Loan

Average

Average

% of Loans

(dollars in millions)

Balances

FICO
 LTV
 (1)
 LTV > 90%
 Home equity loans and lines
 First lien
 \$
 28,445
 729
 71%
 13%
 Second lien
 29,284
 725
 75%
 14%
 Total home equity loans and lines
 57,729
 727
 73%
 14%
 Mortgage loans
 162,564
 689
 70%
 2%
 Total consumer real estate portolio
 220,293
 699
 70%
 5%
 Nonaccrual
 loans
 Total first lien
 1,289
 648
 76%
 4%
 Total second lien
 47
 682
 82%
 27%
 Total consumer real estate nonaccrual
 loans
 \$
 1,336
 649
 76%
 5%

(1)

Second lien LTVs

reflect the total borrowings, including first lien positions held by third parties.

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\$46 million in profit

from deferred

interest since 3Q05

\$335K in losses

Currently 1.9%

of portfolio

For every \$1.2B

of growth, LTV

increases by an

estimated 1%

Average LTV of

deferred interest

portfolio is 72%

Deferred interest:

Incremental asset growth with low loss content

(\$ in millions)

0

2

4

6

8

10

12

14

3Q05

4Q05

1Q06

2Q06

3Q06

4Q06

1Q07

2Q07

Losses on Deferred Interest

NII on Deferred Interest

\$13 million

in 2Q07

\$0.2 million

in 2Q07

The banks behind the biggest buyouts

4.9

CDW

23.6

Clear Channel

\$37.4

TXU

2.4

APN News and Media

3.2

Kerzner International

3.2
Station Casinos
3.6
Trizec Canada
3.7
Ceridian
4.0
United Rentals
4.0
Advanced Semiconductor
4.1
Affiliated Computer
4.2
CarrAmerica Realty
4.4
Alliance Data Systems
4.5
ServiceMaster
\$2 billion to \$5 billion
5.1
Intelsat
7.3
CSC Holdings
7.3
Corus Group
9.0
Harrah's Entertainment
9.2
Cablevision
\$5 billion to \$10 billion
12.0
Chrysler
15.9
BCE
16.0
First Data
16.5
Sallie Mae
17.1
Archstone-Smith
17.8
Alliance Boots
\$10 billion to \$20 billion
21.0
Hilton Hotels
23.2
Alltel
\$20 billion to \$30 billion
Deals over \$30 billion
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Major Lenders
Deal
Value*
Being Acquired
Current leveraged buyout
deals over \$2 billion
Source: New York Times 9/4/2007. *Excludes debt.

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Cautionary statement

This investor presentation may contain, among other things, certain forward-looking statements with respect to Wachovia, as well as its objectives, intentions, expectations, financial condition, results of operations, future performance and business of Wachovia, including (i) statements regarding certain of Wachovia's goals and expectations with respect to earnings, earnings per share, revenue, expense ratio in such items, as well as other measures of economic performance, including statements relating to estimates of Wachovia's financial statements relating to the benefits of the proposed merger between Wachovia and A.G. Edwards, Inc. (the "A.G. Edwards Merger") and operating results, cost savings,

enhanced
revenues
and
the
accretion/dilution

to
reported
earnings
that

may
be
realized
from
the

A.G.
Edwards
Merger,
(iii)
statements

relating
to
the
benefits

of
the
merger
between

Wachovia
and
Golden
West
Financial

Corporation
completed
on
October

1, 2006 (the Golden West Merger), including future financial and operating results, cost savings, enhanced revenues and the reported earnings

that
may
be
realized

from
the
Golden
West

Merger,
and
(iv)

statements
preceded
by,
followed
by
or
that
include
the
words

may ,
could ,
should ,
would ,
believe ,
anticipate ,
estimate ,
expect ,
intend ,
plan ,
projects ,
outlook

or
similar
expressions.

These
forward-looking

statements are based on the current beliefs and expectations of Wachovia's management and are subject to significant risks and subject to change based on various factors (many of which are beyond Wachovia's control). Actual results may differ from the looking statements.

The
following
factors,
among
others,
could
cause
Wachovia's
financial
performance
to
differ
materially
from
that
expressed
in
such
forward-looking

statements:

(1)
the
risk
that
the
businesses
of
Wachovia
and/or
A.G.
Edwards
in
connection
with
the
A.G.
Edwards
Merger
or
the
businesses
of
Wachovia
and/or
Golden
West
in
connection
with
the
Golden
West
Merger
will
not
be
integrated
successfully
or
such
integration
may
be
more
difficult,
time-consuming
or
costly
than

expected;

(2)

the

risk

that

expected

revenue

synergies

and

cost

savings

from

the

A.G.

Edwards

Merger

or

the

Golden West Merger may not be fully realized or realized within the expected time frame; (3) the risk that revenues following

the

Golden

West

Merger

may

be

lower

than

expected;

(4)

deposit

attrition,

operating

costs,

customer

loss

and

business

disruption

following

the

A.G.

Edwards Merger or the Golden West Merger, including, without limitation, difficulties in maintaining relationships with employees

expected; (5) the inability to obtain governmental approvals of the A.G. Edwards Merger on the proposed terms and schedule;

Edwards

shareholders

to

approve

the

A.G.

Edwards

Merger;

(7)

the

risk

that

the

strength

of

the

United

States

economy

in

general

and

the

strength

of

the

local economies in which Wachovia and/or A.G. Edwards conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia's loan portfolio and a reduction in the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (9) potential or actual litigation; (10) inflation, interest rate, market and monetary fluctuations; (11) adverse changes in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such changes on Wachovia and A.G. Edwards

brokerage and capital markets activities; (12) unanticipated regulatory or judicial proceedings or rulings; (13) the impact of changes in accounting principles; (14) adverse changes in financial performance and/or condition of Wachovia's borrowers which could result in such

borrowers

outstanding

loans;

and

(15)

the

impact

on

Wachovia's

and/or

A.G.

Edwards

businesses,

as

well

as

on

the

risks

set

forth

above,

of

various domestic or international military or terrorist activities or conflicts. Wachovia cautions that the foregoing list of factors

subsequent

written

and

oral

forward

looking

statements

concerning

Wachovia,

the

A.G.

Edwards

Merger

or

the

Golden

West

Merger

or

other

matters

and attributable to Wachovia or any person acting on its behalf are expressly qualified in their entirety by the cautionary statement

not undertake any obligation to update any forward-looking statement, whether written or oral.

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Additional information

The proposed

A.G.

Edwards

Merger

will

be

submitted

to

A.G.

Edwards

shareholders

for
their
consideration.

A.G.
Edwards
shareholders
are
urged
to

read the definitive proxy statement/prospectus regarding the proposed A.G. Edwards Merger, as well as any other relevant documents regarding the proposed A.G. Edwards Merger filed with the SEC (and any amendments or supplements to those documents), because they contain important information.

You may obtain a free copy of the definitive proxy statement/prospectus, as well as other filings containing information about A.G. Edwards, at the SEC's website (<http://www.sec.gov>) and at the companies' respective websites, www.wachovia.com and www.agedwards.com.

Copies of the definitive proxy statement/prospectus and the SEC filings incorporated by reference in the definitive proxy statement can be obtained, free of charge, by directing a request to Wachovia Corporation, Investor Relations, One Wachovia Center, 301 South Tryon Street, Charlotte, NC 28288-0206, (704)-383-0798; or to A.G. Edwards, Inc., Investor Relations, One North Jefferson Avenue, St. Louis, MO 63102, (314)-433-3300.