

WACHOVIA CORP NEW

Form 8-K

June 02, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K
CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of report (Date of earliest event reported) June 1, 2008
Wachovia Corporation**

(Exact Name of Registrant as Specified in Its Charter)
North Carolina

(State or Other Jurisdiction of Incorporation)

1-10000

(Commission File Number)

**One Wachovia Center
Charlotte, North Carolina**

(Address of Principal Executive Offices)

56-0898180

(IRS Employer Identification No.)

28288-0013

(Zip Code)

(704) 374-6565

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On June 2, 2008, Wachovia Corporation (Wachovia) issued a news release (the News Release) announcing that G. Kennedy Thompson, Chief Executive Officer, President and a director of Wachovia, retired from Wachovia and as a member of the Wachovia board of directors, effective June 1, 2008.

(c) Wachovia announced in the News Release that the Wachovia board of directors has appointed Lanty L. Smith, age 65, as interim Chief Executive Officer, effective June 1, 2008. Mr. Smith is Wachovia s Chairman of the Board since May 2008 and a member of Wachovia s board of directors since 1987. Mr. Smith is Chairman and Chief Executive Officer of Tippet Capital, LLC, Raleigh, North Carolina, an investment and merchant banking firm, since 2007, and is Chairman of Precision Fabrics Group, Inc., Greensboro, North Carolina, a manufacturer of high technology specification textile products. Previously, Mr. Smith was Chairman of Soles Brower Smith & Co., Greensboro, North Carolina, an investment and merchant banking firm, prior to 2007. Pursuant to New York Stock Exchange regulations, Mr. Smith will not be deemed to be an independent director of Wachovia while serving as interim Chief Executive Officer and as a result, Mr. Smith will cease to be a member of the Wachovia board s Audit Committee and Corporate Governance & Nominating Committee. Wachovia s board of directors also announced that it has formed a search committee, chaired by Mr. Smith, which will identify and evaluate chief executive officer candidates from within and outside of Wachovia.

In connection with his appointment as interim Chief Executive Officer, the Wachovia board s Management Resources & Compensation Committee (the MRCC) will grant Mr. Smith a quarterly restricted stock award retainer having a value of \$560,000 under Wachovia s 2003 Stock Incentive Plan. In addition, the MRCC agreed to provide Mr. Smith with use of corporate aircraft and a leased apartment or reimbursed lodging costs for the duration of his interim Chief Executive Officer role, plus grossed-up tax reimbursement for such expenses.

Wachovia also announced in the News Release that the Wachovia board of directors has appointed Benjamin P. Jenkins, III, age 64, as interim Chief Operating Officer, effective June 1, 2008. Mr. Jenkins, head of Wachovia s General Banking Group, has been Vice Chairman of Wachovia since December 2005 and was Senior Executive Vice President of Wachovia prior to December 2005.

A copy of the News Release is attached hereto as Exhibit (99) and incorporated into this Item 5.02 by reference.

(e) On June 1, 2008, Wachovia entered into a retirement agreement (the Agreement) with Mr. Thompson setting forth the terms of Mr. Thompson s retirement from Wachovia. Pursuant to the Agreement, Mr. Thompson retired as a director, officer and regular employee of Wachovia and its affiliated entities on June 1, 2008. The Agreement provides that Mr. Thompson will receive the benefits to which he is entitled upon termination as a retiree-eligible executive, including accelerated vesting of his outstanding stock awards as provided in Wachovia s applicable stock incentive plans, pension benefits and payment of his deferred compensation

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balances, and a severance benefit under Wachovia's severance plan equal to 16 months of base salary, or \$1,453,333. Mr. Thompson will also receive reimbursement of legal expenses up to \$50,000 for negotiation of the Agreement and office space in Charlotte, North Carolina and the service of an executive assistant for three years. Mr. Thompson will continue to be indemnified under Wachovia's bylaws and eligible for directors' & officers' liability insurance coverage. Mr. Thompson will not be eligible to receive any cash incentive award in respect of the 2008 fiscal year. In addition, Mr. Thompson has agreed to release Wachovia generally from claims he may have against it and has agreed to be bound by a two-year covenant not to compete with Wachovia, a three-year covenant not to solicit employees of Wachovia and customary covenants regarding non-disparagement and protection of confidential information. Based on the closing stock price of Wachovia common stock as of May 30, 2008, the value of the 304,469 unvested restricted stock awards which will vest upon Mr. Thompson's retirement, before tax, is approximately \$7,246,362. Based on the closing stock price of Wachovia common stock on May 30, 2008, the unvested stock options which will vest upon Mr. Thompson's retirement all have an exercise price in excess of such closing stock price. The Agreement is attached hereto as Exhibit (10) and incorporated into this Item 5.02 by reference. The foregoing summary description of the Agreement is qualified in its entirety by reference to the Agreement.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

(10) Retirement Agreement, dated June 1, 2008, between Wachovia and G. Kennedy Thompson.

(99) News Release dated June 2, 2008.

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This Current Report on Form 8-K (including information included or incorporated by reference herein) may contain, among other things, certain forward-looking statements, including, without limitation, (i) statements regarding certain of Wachovia's goals and expectations with respect to earnings, earnings per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of Wachovia's credit quality trends, (ii) statements relating to the benefits of the merger between A.G. Edwards, Inc. (A.G. Edwards) and Wachovia completed on October 1, 2007 (the A.G. Edwards Merger), including future financial 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),

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including future financial and operating results, cost savings, enhanced revenues and the accretion/dilution to 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 , similar expressions. These statements are based upon the current beliefs and expectations of Wachovia s management and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond Wachovia s control). Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause Wachovia s financial performance to differ materially from that expressed in such forward-looking statements: (1) the risk that the applicable businesses in connection with the A.G. Edwards Merger or the Golden West Merger will not be integrated successfully or such integrations 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 A.G. Edwards Merger or 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, may be greater than expected; (5) the risk that the strength of the United States economy in general and the strength of the local economies in which Wachovia conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia s loan portfolio and allowance for loan losses; (6) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (7) potential or actual litigation; (8) inflation, interest rate, market and monetary fluctuations; (9) 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 brokerage and capital markets activities; (10) the timely development of competitive new products and services by Wachovia and the acceptance of these products and services by new and existing customers; (11) the willingness of customers to accept third party products marketed by Wachovia; (12) the willingness of customers to substitute competitors products and services for Wachovia s products and services and vice versa; (13) the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance); (14) technological changes; (15) changes in consumer spending and saving habits; (16) the effect of corporate restructurings, acquisitions and/or dispositions, including, without limitation, the A.G. Edwards Merger and the Golden West Merger, and the actual restructuring and other expenses related thereto, and the failure to achieve the expected revenue growth and/or expense savings from such corporate restructurings, acquisitions and/or dispositions; (17) the growth and profitability of Wachovia s noninterest or fee income being less than expected; (18) unanticipated regulatory or judicial proceedings or rulings; (19) the impact of changes in accounting principles; (20) adverse changes in financial performance and/or condition of Wachovia s borrowers which could impact repayment of such borrowers outstanding loans; (21) the impact on Wachovia s businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts; and (22) Wachovia s success at managing the risks involved in the foregoing.

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Wachovia cautions that the foregoing list of factors is not exclusive. All subsequent written and oral forward-looking statements concerning Wachovia, the A.G. Edwards Merger, 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 statements above. Wachovia does not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this Current Report on Form 8-K.

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SIGNATURES

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

WACHOVIA CORPORATION

Date: June 2, 2008

By: /s/ Mark C. Treanor

Name: Mark C. Treanor

Title: Senior Executive Vice President,
General
Counsel and Secretary

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Exhibit Index

Exhibit No.	Description
(10)	Retirement Agreement, dated June 1, 2008, between Wachovia and G. Kennedy Thompson.
(99)	News Release dated June 2, 2008.