



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 13, 2006

Elizabeth T. Davy, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498

Dear Ms. Davy:

The Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board of Governors, has approved the notice under section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) by Wachovia Corporation (“Wachovia”), Charlotte, North Carolina, to engage on a limited basis in physical commodity trading activities. In approving the notice, the Director has determined that the proposed activities are complementary to a financial activity, do not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally, and can reasonably be expected to produce benefits to the public that outweigh any potential adverse effects.

In making this determination, the Director relied on all the information, representations, and commitments provided by Wachovia to the Board in connection with the notice. This determination is subject to all the conditions set forth in Regulation Y, including those in section 225.7 (12 CFR 225.7), and to the Board’s authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board’s regulations and orders issued thereunder.

This approval is specifically conditioned on Wachovia’s compliance with all the commitments it made to the Board in connection with the proposal, which are set forth in the attached appendix. These commitments and conditions shall be deemed to

be conditions imposed in writing by the Board in connection with the notice and this approval and, as such, may be enforced in proceedings under applicable law.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert deV. Frierson". The signature is written in a cursive style with a small dot above the 'i' in "Frierson".

Robert deV. Frierson
Deputy Secretary of the Board

Attachment

cc: Federal Reserve Bank of Richmond

Appendix

Commitments

1. Wachovia Corporation (“Wachovia”) and each of its subsidiaries engaged in physical commodity trading activities (collectively, “Notificants”) commit to the Board of Governors of the Federal Reserve System (“Board”) that they will limit the aggregate market value of physical commodities that they and any of their subsidiaries hold at any one time to 5 percent of Wachovia’s tier 1 capital. Notificants will include in this 5 percent limit the market value of any physical commodities they hold as a result of a failure of reasonable efforts to avoid taking delivery in commodities transactions conducted pursuant to section 225.28(b)(8)(ii)(B) of Regulation Y. In addition, Notificants agree to notify the Federal Reserve Bank of Richmond if the aggregate market value of commodities held by them under the approval exceeds 4 percent of Wachovia’s tier 1 capital.
2. Notificants commit to the Board that they will take and make physical delivery only of physical commodities for which derivative contracts have been authorized for trading on U.S. futures exchanges by the Commodity Futures Trading Commission or other commodities that have been specifically authorized by the Board.
3. Notificants commit to the Board that they will not own, invest in, or operate facilities for the extraction, transportation, storage, or distribution of commodities.
4. Notificants commit to the Board that they will act solely as financial intermediaries in the physical commodities market and will not process, refine, or otherwise alter a physical commodity itself. Notificants will contract with a third party for any services that they need in connection with the handling of any commodity.
5. Notificants commit to the Board that they will not store or transport physical commodities on their own but will only use storage and transportation facilities owned and operated by third parties. Notificants will enter into service agreements only with accredited, reputable independent third party facilities.

Notificants agree that the foregoing commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision on the notice filed by Wachovia to engage in physical commodity trading activities under section 225.89 of Regulation Y and, as such, may be enforced in proceedings under applicable law.