

Wisdom from Wallace

As chairman and CEO of one of the South's most successful businesses, Wallace Malone is a soft-spoken giant. In a 2002 interview, he offers up insight from his thirty-year career as a leader of Birmingham-based SouthTrust Corporation, a \$48 billion financial institution with 675 offices operating in nine states.

On the economy and recovery:

We all understand the economy is definitely slowing down. We have already hit the technical definition of a recession. The bigger question is: When does the economy turn around? I don't think it turns around before the third quarter of 2002.

Personally, I'd put any "congressional stimulus" in the hands of the people who are going to spend every bit of it. When people buy something, somebody's got to manufacture it, box it, ship it—consumer purchasing creates sales, which in turn creates jobs.

On interest rates:

In the short run, using monetary policy to stimulate the economy is kind of like pushing on a rope. Rate cuts today don't do much because businesses will not produce goods they cannot sell, they won't build buildings they cannot use, they won't buy equipment they cannot put to use. That's pretty logical.

While further rate reductions don't really do much today, when things do begin to turn, a low rate will absolutely stimulate the economy. There's no doubt about that.

On the single most important financial measure of a company:

For a public company such as ours, if you don't have good earnings per share you can be sure you aren't going anywhere. In the final analysis, EPS is the only true measure.

On the effect of client satisfaction on earnings per share:

If people like you personally, if they like the quality of the product you deliver, if they think you've given them fair value for their money, they'll not only do business with you but they'll tell two or three people. That's as certain as the sunrise.

If you make people mad, well, they'll tell ten or fifteen people. You can count on that. They'll tell every cousin, every neighbor, all the people in their office, just because they are mad. In that regard, client satisfaction is extremely important and will definitely affect EPS over time.

On the most critical ingredients to success:

If you want to get ahead, always do more than you're paid to do. If someone pays you \$1,000, give him or her \$1,200 worth of work. Know your job better than anyone else does—if a job's worth doing, it's worth doing right.

If I had to choose between education and common sense, I'd take common sense. Someone with lots of "street smarts" can always make a living. Some people with lots of "book smarts" starve. Personally, I look for both. It's an absolute, proven fact a thousand times over that the more educated people are, the more productive and better paid they are.

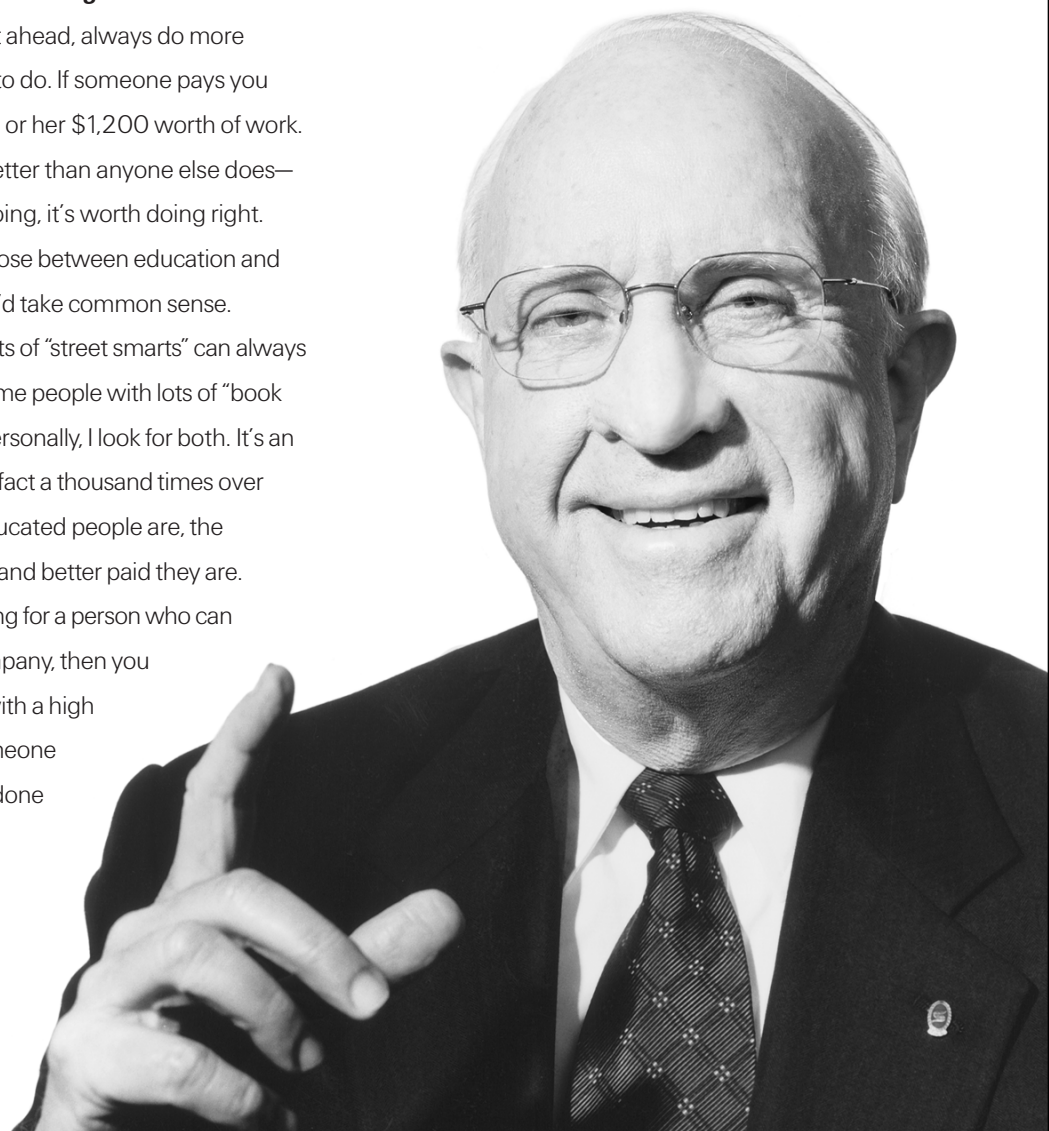
If you're looking for a person who can rise up in the company, then you want someone with a high energy level. Someone who gets things done on Monday that are supposed to be done on

Monday and not next Friday. That type of person is more rare than you might imagine.

In your career what's the most important lesson you've ever learned?

Oh, I don't know that I can answer that. I've been at this thing 40-odd years, and I've bought and paid dearly for a lot of hard-earned wisdom!

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