FIRST UNION CORP
Form S-4/A
June 01, 2001

As filed with the Securities and Exchange Commission on June 1, 2001

Registration Statement No. 333-59616-1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-4
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

First Union Corporation
(Exact Name of Registrant as Specified in its Charter)

North Carolina	6711	56-0898180
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

One First Union 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.
Executive Vice President,
Secretary and General Counsel
First Union Corporation
One First Union Center
Charlotte, North Carolina 28288-0013
(704) 374-6565
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Mitchell S. Eitel, Esq.	Ross E. Jeffries, Jr., Esq.	Kenneth W. McAllister, Esq.
Sullivan & Cromwell	Senior Vice President and	Senior Executive Vice President
125 Broad Street	Assistant General Counsel	and General Counsel
New York, New York 10004	First Union Corporation	Wachovia Corporation
(212) 558-4000	One First Union Center	100 North Main Street
	Charlotte, North Carolina 28288-0630	Winston-Salem, North Carolina 271
	(704) 374-6611	(336) 732-5141

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(4)
Common Stock, $3.33 1/3 par value (and associated stock purchase rights)(3)..	461,169,000	N/A	$14,344,661,745	$3,586,165.44
Dividend Equalization Preferred Shares, no par value...........	461,169,000(5)	N/A	N/A	N/A

(1) Based upon an estimate of the maximum number of shares of common stock, $3.33 1/3 par value, of First Union Corporation issuable upon consummation of the merger of Wachovia Corporation into First Union and multiplied by the exchange ratio of 2 shares of First Union common stock (including the associated stock purchase rights) for one share of Wachovia common stock (including shares in employee benefit plans and outstanding options to purchase shares of Wachovia common stock) issued and outstanding or reserved for issuance.

(2) Calculated in accordance with Rule 457(f)(1) under the Securities Act based on the average of the high and low sales prices for Wachovia common stock, as reported on the New York Stock Exchange on April 24, 2001 ($62.21) multiplied by the estimated maximum number of shares of Wachovia common stock that may be cancelled in the merger (230,584,500).

(3) Each share of First Union common stock is accompanied by a participating Class A preferred stock purchase right that trades with the First Union common stock. The value attributable to such rights, if any, is reflected in the market price of the First Union common stock. Prior to the occurrence of certain events, none of which has occurred as of this date, the rights will not be exercisable or evidenced separately from the common stock.

(4) Registration fee was paid in connection with a previous filing of this Registration Statement.

(5) The number of securities to be issued is indeterminate and dependent upon election of Wachovia shareholders. The amount to be registered reflects the maximum number that may be issued.

The information in this 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 prospectus is not an offer to sell securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY--SUBJECT TO COMPLETION

[FIRST UNION LOGO]

[WACHOVIA LOGO]

Our merger. First Union and Wachovia are proposing a merger-of-equals. We will call the combined company Wachovia and believe it will be the pre-eminent retail banking franchise in the Southeast and East Coast, and one of the nation's leading banking organizations in commercial banking, asset and wealth management, brokerage and investment banking.

Facts for Wachovia shareholders:

- In the merger, you will receive 2 First Union common shares for each Wachovia common share you own.
- In the merger, you also will have a choice to receive either:
  - a one-time cash payment of $0.48 per share, or
  - preferred shares intended to provide the equivalent of Wachovia's current regular quarterly dividend when added to the combined company's quarterly common stock dividend.
- Your board recommends the merger.
- After the merger, Wachovia shareholders will own about 30% of the combined

Facts for First Union shareholders:

- In the merger, you will keep your First Union common shares.
- Your rights to dividends will not be affected by the merger. We expect the combined company to continue First Union's dividend policy.
- The current First Union quarterly dividend is $0.24 per common share.
- Your board recommends the merger.
- After the merger, First Union shareholders will own about 70% of the combined company.
- The merger will be tax free to you.
- First Union needs

company.

. Generally, the merger will be tax free to you, other than with respect to any cash you receive.

. Wachovia needs your vote to complete the merger. Wachovia plans to hold a shareholders' meeting to vote on the merger and other matters on August 3.

your vote to complete the merger. First Union plans to hold a shareholders' meeting to vote on the merger and other matters on July 31.

Merger consideration. The number of First Union shares that Wachovia shareholders will receive in the merger is fixed. The dollar value of the stock consideration Wachovia shareholders receive will change depending on changes in the market price of First Union shares and will not be known at the time either company's shareholders vote on the merger. For example,

Date	Closing First Union Share Price	Value per Wachovia Share (cash election)	Value per Wachovia Share (preferred share election)
The day before we announced our merger.....	$31.92	$64.32	$63.84 + 2 pref. shares
. , 2001......	.	.	. + 2 pref. shares

You should obtain current market quotations for both First Union and Wachovia common shares, which are listed on the NYSE under the symbols "FTU" and "WB", respectively.

SunTrust. SunTrust has made an unsolicited acquisition proposal for Wachovia, and Wachovia's board has rejected it. SunTrust is trying to solicit votes from Wachovia's shareholders against our merger. We recommend that you do not give your proxy to SunTrust.

Voting. Even if you plan to attend your company's meeting, please vote as soon as possible by either completing and submitting the enclosed proxy card or voting through the telephone or Internet procedures described on the proxy card. Not voting at all will have the same effect as voting against the merger.

This document and risks. Please read this document carefully, because it contains important information about the merger and the other matters you will be considering at the meeting. In particular, read carefully the risk factors relating to the merger beginning on page . .

None of the SEC, any state securities commission or the North Carolina commissioner of insurance has approved the securities to be issued in the merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise.

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

Joint proxy statement-prospectus dated . , 2001 and first mailed to shareholders on or about . , 2001.

References to Additional Information

This document incorporates important business and financial information about First Union and Wachovia 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 First Union and Wachovia that are incorporated by reference in this document through the Securities and Exchange Commission website at http://www.sec.gov or by requesting them in writing or by telephone from the appropriate company:

If you are a First Union shareholder:	If you are a Wachovia shareholder:
First Union Corporation Investor Relations One First Union Center Charlotte, North Carolina 28288 Telephone: (704) 374-6782	Wachovia Corporation 100 North Main Street Winston-Salem, North Carolina 27150 Attention: Secretary Telephone: (336) 732-2549 or 191 Peachtree St., N.E. Atlanta, Georgia 30303 Attention: Secretary Telephone: (404) 332-6661
If you would like to request documents, please do so by July 24, 2001 to receive them before First Union's annual meeting.	If you would like to request documents, please do so by July 27, 2001 to receive them before Wachovia's annual meeting.

You will not be charged for any of these documents that you request.

See "Where You Can Find More Information" on page . .

[LOGO OF FIRST UNION]

FIRST UNION CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JULY 31, 2001

To the Shareholders of First Union Corporation:

We will hold the annual meeting of shareholders of First Union Corporation, a North Carolina corporation, on July 31, 2001, at . a.m., local time, in the . , for the purpose of considering and voting upon the following proposals:

- Approving the plan of merger contained in the Agreement and Plan of Merger, dated as of April 15, 2001, and amended and restated, between Wachovia Corporation, a North Carolina corporation, and First Union, as more fully described in the attached joint proxy statement-prospectus.

- Electing the five nominees for director named in the attached joint proxy statement-prospectus as directors, four nominees to serve as Class III directors with terms expiring at the 2004 annual meeting of shareholders and one nominee to serve as a Class I director with a term expiring at the 2002 annual meeting of shareholders, in each case until their successors are duly elected and qualified. If the merger is completed, the board of directors of First Union will be reconstituted to consist of nine directors from First Union and nine directors from Wachovia, as described in the joint proxy statement-prospectus.

- Approving First Union's Senior Management Incentive Plan.

- Approving an amendment to First Union's 1998 Stock Incentive Plan.

- Ratifying the appointment of KPMG LLP as First Union's independent auditors for the year 2001.

- Voting upon, if properly presented, a shareholder proposal, which the board and management oppose, regarding political contributions.

We have fixed the close of business on June 12, 2001 as the record date for determining those shareholders entitled to vote at the annual meeting and any adjournments or postponements of the annual meeting. Only First Union shareholders of record on that date are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the annual meeting. If you wish to attend the annual meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring a proxy or letter from the broker, trustee or nominee with you to confirm your beneficial ownership of the shares.

By Order of the Board of Directors,

/s/ Mark C. Treanor
Mark C. Treanor
Executive Vice President,
General Counsel and Secretary

. , 2001

Whether or not you plan to attend the annual meeting in person, please promptly vote 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 annual meeting, you may vote in person if you wish, even if you have previously returned your proxy card or voted by telephone or through the Internet.

First Union's board of directors unanimously recommends that you vote "FOR" approval of the plan of merger contained in the merger agreement, the election of the nominated directors, First Union's Senior Management Incentive Plan, the amendment to First Union's 1998 Stock Incentive Plan, and the ratification of KPMG LLP as First Union's independent auditors.

First Union's board of directors unanimously recommends that you vote "AGAINST" approval of the shareholder proposal regarding political contributions.

[LOGO OF WACHOVIA]

WACHOVIA CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 3, 2001

To the Shareholders
of Wachovia Corporation:

We will hold the annual meeting of shareholders of Wachovia Corporation, a North Carolina corporation, on August 3, 2001, at . a.m., local time, at the . , for the purpose of considering and voting upon the following proposals:

- Approving the plan of merger contained in the Agreement and Plan of Merger, dated as of April 15, 2001, and amended and restated, between Wachovia and First Union Corporation, a North Carolina corporation, as more fully described in the attached joint proxy statement-prospectus.

- Electing the five nominees for director named in the attached joint proxy statement-prospectus for three-year terms to expire at the 2004 Annual Meeting of Shareholders, in each case until their successors are duly elected and qualified. If the merger is completed, the board of directors of First Union will be reconstituted to consist of nine directors from Wachovia and nine directors from First Union, as described in the joint proxy statement-prospectus.

- Ratifying the appointment of Ernst & Young LLP as Wachovia's independent auditors for the year 2001.

We have fixed the close of business on June 12, 2001 as the record date for determining those shareholders entitled to vote at the annual meeting and any adjournments or postponements of the annual meeting. Only Wachovia shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the annual meeting. If you wish to attend the annual meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring a proxy or letter from the broker, trustee or nominee with you to confirm your beneficial ownership of the shares.

By Order of the Board of Directors,

/s/ William M. Watson, Jr.
William M. Watson, Jr.
Secretary

. , 2001

Whether or not you plan to attend the annual meeting in person, please promptly vote 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 annual meeting, you may vote in person if you wish, even if you have previously returned your proxy card or voted by telephone or through the Internet.

Wachovia's board of directors recommends that you vote

"FOR" approval of the plan of merger contained in the merger agreement, the election of the nominated directors, and the ratification of Ernst & Young LLP as Wachovia's independent auditors.

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SUMMARY

This brief 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 this entire document and the other documents to which we refer you for a more complete understanding of the matters being considered at the annual meetings. In addition, we incorporate by reference important business and financial information about First Union and Wachovia into this document. 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 . . Each item in this summary includes a page reference directing you to a more complete description of that item.

ANNUAL MEETINGS

Annual Meeting of First Union (Page .)

First Union plans to hold its annual meeting on July 31, 2001, at . :00 a.m., local time, in the . . At the meeting, among other things, you will be asked to approve the plan of merger contained in the merger agreement providing for the merger of Wachovia into First Union.

You can vote at the First Union annual meeting if you owned First Union common stock at the close of business on June 12, 2001. As of that date, there were . shares of First Union common stock outstanding and entitled to vote. You can cast one vote for each share of First Union common stock that you owned on that date. First Union directors and executive officers owned about . , or . %, of the outstanding shares of First Union common stock entitled to vote at the First Union annual meeting, and Wachovia directors and executive officers owned less than 1% of the outstanding shares of First Union common stock entitled to vote at the First Union annual meeting.

Annual Meeting of Wachovia (Page .)

Wachovia plans to hold its annual meeting on August 3, 2001, at . :00 a.m., local time, in the . . At the meeting, among other things, you will be asked to approve the plan of merger contained in the merger agreement providing for the merger of Wachovia into First Union.

You can vote at the Wachovia annual meeting if you owned Wachovia common stock at the close of business on June 12, 2001. As of that date, there were . shares of Wachovia common stock outstanding and entitled to vote. You can cast one vote for each share of Wachovia common stock that you owned on that date. Wachovia directors and executive officers owned about . , or . %, of the outstanding shares of Wachovia common stock entitled to vote at the Wachovia annual meeting, and First Union directors and executive officers owned less than 1% of the outstanding shares of Wachovia common stock entitled to vote at the Wachovia annual meeting.

THE MERGER

We Propose that First Union and Wachovia Merge (Page .)

We propose that Wachovia merge into First Union, with First Union as the surviving corporation. The combined company will be incorporated in North Carolina and its corporate headquarters will be in Charlotte, North Carolina. The combined company will be called "Wachovia Corporation" and its common stock will trade on the New York Stock Exchange, or the NYSE, under the symbol "WB". We expect to complete the merger in the third quarter of 2001.

What You Will Receive in the Merger (Page .)

Wachovia Shareholders. When the merger is completed, each Wachovia shareholder will receive 2 First Union shares for each Wachovia share held. We sometimes refer to this 2-for-1 ratio as the "exchange ratio."

Wachovia shareholders also will be entitled to elect to receive, for each Wachovia share converted in the merger, either:

- a one-time cash payment of $0.48 or

- two shares of dividend equalization preferred stock, each of which will be entitled to a regular quarterly dividend equal to the amount, if any, by which the regular quarterly dividend on the combined company's common stock is less than $0.30 per share.

We call the preferred shares Wachovia shareholders may elect to receive "DEPs" for dividend equalization preferred shares. The DEPs are intended to give former Wachovia shareholders a continuing right to receive quarterly dividends, when declared by the board of directors, equal to Wachovia's current rate of $0.60 per share, rather than First Union's current rate of $0.24 per share (or $0.48 per two shares).

First Union will not issue fractional shares of common stock in the merger. Instead, it will pay the cash value of those fractional shares based on the last reported price of First Union common stock on the NYSE for the last NYSE trading day before the merger is completed. First Union will pay holders entitled to a fraction of the $0.48 cash payment an amount in cash based on $0.48 per Wachovia share and will pay holders entitled to a fraction of a DEP an amount in cash based on $0.24 per DEP.

If you are a Wachovia shareholder, you will need to surrender your Wachovia common stock certificates to receive (1) new certificates for the First Union common stock, (2) your $0.48 per share cash payment or the new certificates for the DEPs, (3) your cash payment instead of fractional interests, and (4) any dividends paid by the combined company in the future. Please do not surrender your certificates until you receive written instructions from the combined company after we have completed the merger.

First Union Shareholders. If you are a First Union shareholder, your shares of First Union common stock will be unchanged by the merger. Despite the proposed change of First Union's name to Wachovia Corporation, you do not need to surrender your shares or your stock certificates.

Combined Company. After completion of the merger, former Wachovia shareholders will own approximately 30% of the common stock of the combined company and First Union shareholders will own approximately 70% of the common stock of the combined company.

The Exchange Ratio is Fixed and the Value of the Shares to be Issued in the Merger Will Fluctuate with Market Prices (Page .)

First Union common shares are listed on the NYSE under the symbol "FTU" and Wachovia common shares are listed on the NYSE under the symbol "WB." The following table shows the closing prices for First Union and Wachovia common stock and the implied per share value in the merger to Wachovia shareholders for the following dates and periods:

- April 12, 2001, the last trading day before we announced the merger;
- April 16, 2001, the day we announced the merger;
- . , 2001, shortly before we mailed this document; and
- the high, low and mean values for the period from . , 2001 through . , 2001.

	Closing First Union share price	Closing Wachovia share price	Implied value per Wachovia share (DEPs elected)	Implied value per Wachovia share (cash elected)
April 12, 2001	$31.92	$60.20	$63.84	$64.32
April 16, 2001	$31.20	$62.05	$62.40	$62.88
. , 2001	.	.	.	.
High (for period)	.	.	.	.
Low (for period)	.	.	.	.
Mean (for period)	.	.	.	.

A Wachovia shareholder electing DEPs will also receive 2 DEPs per Wachovia common share. There currently is no market for the DEPs. First Union has agreed to use reasonable efforts to cause the DEPs to be listed or quoted on an interdealer quotation system. However, we do not know if a listing or quotation will be possible or if a market for the DEPs will develop.

The market price of First Union common stock will change before the merger and, accordingly, the market value of the consideration that Wachovia shareholders will receive in the merger will also change. You will not know the market value of what Wachovia shareholders will receive when you vote on the merger. In addition, the exchange ratio of 2 shares of First Union common stock for 1 share of Wachovia common stock is fixed and will stay the same, even if the market prices of each company's stock change. You should obtain current stock price quotations for First Union common stock and Wachovia common stock.

The Combined Company Intends to Continue First Union's Common Stock Dividend Policy; Effect of the DEPs and the Cash Payment (Page .)

We have decided to continue First Union's dividend policy for the combined company's common stock, but this policy is subject to change at any time and the future dividend policy of the combined company is subject to the determination of the board of directors of the combined company. In the first and second quarters of 2001, First Union declared a dividend of $0.24 per First Union share (equivalent to $0.48 per Wachovia share at the two-for-one exchange ratio in the merger), whereas Wachovia declared a dividend of $0.60 per share of Wachovia common stock.

Wachovia shareholders who choose to receive DEPs in the merger will be entitled to receive, on each DEP, an additional dividend each quarter that will make up any difference between the common stock dividend declared by the combined company and $0.30. For example, the DEPs dividend will be $0.06 per share if the common stock dividend is $0.24 per share, bringing the total to $0.30 per quarter. Because the exchange ratio converts each Wachovia common share into two shares of the combined company's common stock, this dividend is intended to preserve the effect of the $0.60 quarterly dividend that Wachovia shareholders currently receive. The dividend rights on the DEPs will terminate when the total dividends paid on the combined company's common stock over four consecutive quarters amounts to no less than $1.20 (the equivalent of what would have been paid at Wachovia's current dividend rate, $2.40 per Wachovia share).

Alternatively, for those Wachovia shareholders who elect to receive the $0.48 per share cash payment in the merger rather than the DEPs, that cash payment is calculated to equal the total difference between the amount of dividends those shareholders would have received on each Wachovia share through the end of 2002 and the total amount of dividends they will receive during the same period on the combined company's common shares they receive in the merger, in each case assuming First Union and Wachovia continue to pay regular quarterly dividends at their current rates. As indicated above, the combined company's dividend policy is subject to change at any time and, accordingly, the amount of dividends actually paid may differ from the amounts assumed for purposes of this paragraph.

All dividends on common and preferred shares (including DEPs) of the combined company 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. Dividends on the DEPs, however, will be cumulative, which means that even if they are not paid in a particular quarter they will continue to be owed to the DEPs holders. See "Dividend Policy" beginning on page . .

The Merger Will Be Accounted for as a Purchase and Will Generally Be Tax-Free to Shareholders (Page .)

We intend to treat the merger as a purchase by First Union of Wachovia under generally accepted accounting principles.

For federal income tax purposes, the merger has been structured as a "reorganization." Therefore, for U.S. federal income tax purposes, Wachovia shareholders generally will not recognize any gain or loss except with respect to consideration received other than First Union stock, including the $0.48 per share cash payment if they choose to receive it and any cash received instead of fractional shares. The $0.48 per share cash payment will have different tax consequences than dividends paid on DEPs. The merger will not have any tax consequences for holders of First Union common stock.

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This tax treatment may not apply to every shareholder. You should consult your own tax advisor for a full understanding of the merger's tax consequences to you.

First Union and Wachovia have received legal opinions from Sullivan & Cromwell and Simpson Thacher & Bartlett, respectively, regarding the tax consequences of the merger summarized above. The tax opinions are exhibits to the registration statement filed with the SEC in connection with this document.

First Union and Wachovia will not be obligated to complete the merger unless we receive additional legal opinions on the closing date that the merger will be treated as a transaction of a type that is generally tax-free for U.S. federal income tax purposes.

Wachovia Shareholders Have Appraisal Rights (Page . and Appendix K)

The merger agreement provides dissenters' rights of appraisal to Wachovia's shareholders. To exercise these rights you must comply precisely with each of the procedural requirements of the North Carolina Business Corporation Act, or the BCA, the relevant sections of which are attached to this document as Appendix K.

Our Financial Advisors Have Provided Opinions as to the Fairness of the Exchange Ratio from a Financial Point of View (Pages . and .)

Wachovia's Advisors. Credit Suisse First Boston Corporation rendered an opinion to Wachovia's board dated as of April 15, 2001, the date the Wachovia board approved the First Union merger, that as of that date, the exchange ratio of 2 shares of First Union common stock for 1 share of Wachovia common stock was fair from a financial point of view to holders of Wachovia common stock. On May 22, 2001, the date Wachovia's board approved the amended and restated merger agreement and reaffirmed its approval of the First Union merger, Credit Suisse First Boston reconfirmed its opinion that as of that date the exchange ratio was fair from a financial point of view to holders of Wachovia common stock. We have attached the May 22 opinion as Appendix E to this document. You should read this opinion completely to understand the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Credit Suisse First Boston. Credit Suisse First Boston's opinion is directed to the Wachovia board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger or as to the form of consideration the shareholder should elect to receive. Wachovia has agreed to pay Credit Suisse First Boston a total fee of about $30 million, $20 million of which is contingent upon completion of the merger.

Goldman, Sachs & Co. has also delivered a written opinion to Wachovia's board that, as of May 22, 2001, the date Wachovia's board approved the amended and restated merger agreement and reaffirmed its approval of the First Union merger, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to holders of Wachovia common stock. We have attached this opinion as Appendix F to this document. You should read this opinion completely to understand the procedures followed, assumptions made, matters considered and limitations of the review of Goldman Sachs. Goldman Sachs' opinion is directed to the Wachovia board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger or as to whether to elect to receive the $0.48 cash payment or the DEPs. We have agreed to pay Goldman, Sachs & Co. a total fee of $20 million, $15 million of which is contingent upon the completion of a transaction.

First Union's Advisor. Merrill Lynch, Pierce, Fenner & Smith Incorporated has delivered a written opinion to First Union's board that as of April 15, 2001, the date First Union's board approved the merger and related agreements, which opinion was confirmed as of May 21, 2001, the date First Union's board approved the amended and restated merger agreement, the exchange ratio was fair to First Union and First Union shareholders from a financial point of view. We have attached this opinion as Appendix D to this document. You should read this opinion completely to understand the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Merrill Lynch. Merrill Lynch's opinion is directed to the First Union board of directors and does not constitute a recommendation to any

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shareholder as to any matters relating to the merger. First Union has agreed to pay a transaction fee to Merrill Lynch of $20 million, $15 million of which is contingent upon completion of the merger.

Our Boards Recommend that You Vote "FOR" the Merger (Pages . and .)

First Union Shareholders. First Union's board of directors believes that the merger is fair to First Union and First Union shareholders and in the best interests of First Union, and unanimously recommends that First Union shareholders vote "FOR" approval of the plan of merger.

Wachovia Shareholders. Wachovia's board of directors believes that the merger is fair to, and in

the best interests of, Wachovia and its shareholders and recommends that Wachovia shareholders vote "FOR" approval of the plan of merger.

Fixed Exchange Ratio Considerations. Because the exchange ratio is fixed and because the market price of the First Union common stock will fluctuate, the market value of the First Union common stock First Union shareholders will retain and the consideration that Wachovia shareholders will receive in the merger may increase or decrease before or after the merger. For example, between the date we announced the merger, April 16, 2001, and . , 2001 the dollar value of the common stock that Wachovia shareholders will receive in the merger, based on the closing price of First Union common stock on the NYSE, ranged from $. to $. per share (which does not include the $0.48 per share cash payment or DEPs, depending upon your choice). If you choose the DEPs, the exchange ratio of 2 DEPs per share of Wachovia common stock is also fixed and there is currently no market for the DEPs.

In arriving at our determinations that the merger is fair to and in the best interests of you and First Union and Wachovia and our decision to adopt the merger agreement and the plan of merger and recommend that you vote in favor of the plan of merger, we each considered that:

- a combination of our two companies based in part on a fixed exchange ratio is intended to capture the relative contribution of each company based on fundamental financial factors and avoids relative fluctuations between our stock prices caused by near-term volatility;
- a fixed exchange ratio is customary for mergers of this type in the financial services industry and in other industries;
- an exchange ratio that does not fluctuate with the price of our common stocks provides substantial certainty about the number of shares that will be issued in the merger; and
- the nominal dollar value of the shares of the combined company to be received by shareholders in the merger would fluctuate with the market price of First Union common stock before the merger was completed and could be materially different from the market price prevailing when we signed the merger agreement.

Our Reasons for the Merger (Pages . and .)

First Union's Board of Directors. First Union's board of directors is proposing the merger because it believes that:

- The merger is likely to provide both immediate and long-term increases in shareholder value, including that the merger will be immediately accretive for the shareholders of both companies on a cash operating earnings per share basis. Cash operating earnings per share is the result of adding to net income the after-tax restructuring and merger-related charges and intangible amortization and dividing the result by the average shares outstanding.
- Wachovia and First Union have a unique strategic fit and that the combined company will have a stronger strategic position to compete successfully and have a greater potential for growth than either company possesses alone.
- The combined company will have increased economies of scale in high-growth businesses, significant annual expense savings and complementary customer bases and products. These expense savings are described in more detail on page . under the heading "Cost Savings".

- Wachovia's and First Union's management share a common business vision and commitment to their respective shareholders, employees and other constituencies.

In considering the merger, First Union's board of directors also considered the impact of divestitures likely to be required and the potential merger-related restructuring charges, but concluded that the benefits of the merger significantly outweighed them.

Wachovia's Board of Directors. Wachovia's board of directors is proposing the merger because it believes that:

- The merger provides a unique opportunity for substantial earnings accretion in the near term and potential price-earnings multiple expansion in the future.

- The combined company will have greater strength and earning power than Wachovia would on its own and the added scale necessary to assume and solidify leadership in high growth business lines.

- The deliberate pace of planned merger integration over a three-year period will minimize integration risk.

- First Union and Wachovia, and their respective management teams, possess similar philosophies and complementary strengths.

- The Wachovia board has a favorable assessment of the capabilities of First Union's management team.

In considering the merger, Wachovia's board of directors also considered potential adverse consequences of the merger:

- The challenges of integrating Wachovia and First Union given First Union's recent strategic restructuring.

- The risks of not achieving the expected revenue synergies, cost savings and other benefits.

- The risks of diverting management's attention from other strategic opportunities.

- The risks associated with required regulatory approvals, including the impact of required divestitures.

The Wachovia board concluded, however, that the potential benefits of the merger substantially outweighed the risks.

Cost Savings and Accounting Charges. Although we can make no assurances, both Wachovia and First Union believe that the combined company can achieve cost savings of approximately 8% of combined non-interest expense (or approximately $890 million in annual expense reductions) by the end of 2004.

These cost savings are expected to be achieved partially in each year until 2004. The cost savings are expected to result from the elimination of duplicative technology systems, staff unit functions and facilities, as well as work force attrition and reduction and stronger purchasing power. You can find more detail about our expected cost savings under the heading "Cost Savings" on page . . We also expect to recognize an estimated $1.4 billion of restructuring charges, merger-related charges and purchase accounting adjustments. A portion of these charges and adjustments will be recorded upon merger closing, with the remainder expected to be recorded in each year from merger closing through 2004. You can find more detail about our expected accounting charges under "First Union and Wachovia Unaudited Pro Forma Condensed Combined Financial Information" on page . .

SunTrust. On May 14, 2001, SunTrust Banks, Inc. announced an unsolicited proposal to acquire Wachovia in a merger in which each Wachovia common share would be converted into 1.081 shares of SunTrust common stock. SunTrust also stated that it would increase its annual common stock dividend (when, as and if declared by its board of directors out of funds legally available) by 39% to $2.22 per share in order to match the current Wachovia dividend (which is $0.60 per quarter or $2.40 annually per Wachovia share). The Wachovia board, after consulting with its senior management and its financial and legal advisors, has determined that a merger with SunTrust would not be an effective means of enhancing long-term shareholder value or achieving the board's strategic goals for the company. Accordingly, the Wachovia board rejected the SunTrust unsolicited proposal as not being in the best interests of Wachovia or its shareholders.

The SunTrust proposal is conditional and is dependent upon, among other things, the Wachovia board taking various actions that the Wachovia board either does not have the power to take or has decided are not in the best interests of Wachovia and its shareholders to take. Accordingly, Wachovia shareholders are not being asked to consider and vote upon the SunTrust proposal at the annual

meeting. For a discussion of the factors considered by the Wachovia board in connection with its consideration of the SunTrust proposal, see "The Unsolicited Proposal from SunTrust" beginning on page . .

Changes to the merger. Following SunTrust's unsolicited proposal, we changed some aspects of the merger. First, we amended the merger agreement to allow for Wachovia shareholders to choose DEPs. While we designed the $0.48 per share cash payment to compensate Wachovia shareholders for the reduced dividend expected as a result of the merger, we did not believe that the approach was understood. The DEPs were introduced to provide Wachovia shareholders with a more direct way to preserve the benefit of Wachovia's current dividend rate. We also agreed, at the request of Mr. L. M. Baker, Jr., Wachovia's Chairman, President and Chief Executive Officer, to eliminate any changes in the terms of his retirement arrangement with the combined company compared to the retirement arrangement currently in effect for him. Mr. Baker stated that he did not want any Wachovia shareholder to believe he supported the First Union/Wachovia merger because of his pension arrangements. Finally, we also amended the stock option agreements we issued in connection with the merger to clarify the method of exercise and the value of the option and modify a provision regarding the types of consideration which may be used to exercise the options.

We Have Agreed When and How We Can Consider Third Party Acquisition Proposals

We have agreed that we will not initiate or solicit proposals from third parties regarding acquiring our companies or our businesses. In addition, we have agreed that we cannot engage in negotiations or provide confidential information to a third party regarding acquiring our companies or our businesses. However, if one of us receives an acquisition proposal from a third party, that party can participate in negotiations with the third party if, among other steps, its board of directors concludes that the proposal is, or may result in, a proposal that is superior to our merger.

Wachovia's board of directors has concluded that SunTrust's unsolicited merger proposal does not represent a strategically desireable alternative and is not in the best interests of Wachovia or its shareholders and, therefore, has not authorized any negotiations with SunTrust.

Merger Approval Requires a Majority Vote by First Union Shareholders and by Wachovia Shareholders (Pages . and .)

First Union Shareholders. In order to approve the plan of merger, the holders of a majority of First Union's common shares outstanding as of June 12, 2001 must vote in favor of the plan of merger contained in the merger agreement. As of June 12, 2001, directors and executive officers of First Union beneficially owned approximately . shares of First Union common stock, representing approximately . % of the shares entitled to vote at the First Union annual meeting.

Wachovia Shareholders. In order to approve the plan of merger, the holders of a majority of Wachovia's shares outstanding as of June 12, 2001 must vote in favor of the plan of merger contained in the merger agreement. As of June 12, 2001, directors and executive officers of Wachovia beneficially owned approximately . shares of Wachovia common stock, representing approximately . % of the shares entitled to vote at the Wachovia annual meeting.

Directors and Officers of Each of Our Companies Will Participate in the Management of the Combined Company (Page .)

The board of directors of the combined company will have 18 members. First Union will choose nine members from its board and Wachovia will choose nine members from its board to sit on the board of directors of the combined company. These directors will be split as evenly as possible among the three classes of directors, and will serve as directors until their respective successors are duly elected and qualified. The combined company's articles of incorporation and by-laws will be amended to provide certain nominating and other procedures to ensure that the 50/50 split between former First Union and former Wachovia directors is maintained through the annual shareholders meeting in 2004.

Mr. L. M. Baker, Jr., will be a member of the combined company's board of directors and will serve as its Chairman until 2004, unless he retires or resigns before then or as otherwise determined according to the combined company's articles of incorporation and by-laws. The current Chairman, President and Chief Executive Officer of First Union, Mr. G. Kennedy Thompson, will be a member of its board of directors, as well as the combined company's President and Chief Executive Officer, and will succeed Mr. Baker as Chairman at

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the annual shareholders' meeting held in 2004, unless he retires or resigns before then or as otherwise determined according to the combined company's articles of incorporation and by-laws.

Our Directors and Executive Officers May Have Interests in the Merger that Differ from Your Interests (Page .)

Some of our directors and executive officers have interests in the merger other than their interests as shareholders. The members of our boards of directors knew about these additional interests and considered them when they adopted the merger agreement and the plan of merger.

Mr. Baker's Employment Agreement. In connection with the merger, First Union entered into a new employment agreement with Mr. Baker, for his position as Chairman of the combined company. Mr. Baker's employment agreement with the combined company is for three years following the merger. He is to be paid an annual salary of at least $1 million (consistent with his current salary) and is eligible for an annual incentive payment, but in no event may his salary or annual bonus be less than the combined company's Chief Executive Officer. Following the merger, the combined company will honor Mr. Baker's current Supplemental Retirement Agreement, which will entitle Mr. Baker to receive an annual retirement benefit in addition to his normal pension benefit upon his retirement. Mr. Baker will also receive other payments upon termination of employment described under "Interests of Certain Persons in the Merger" beginning on page . . See also "Wachovia Supplemental Retirement Agreements" beginning on page . .

Wachovia Employment Agreements. Employment agreements between Wachovia and some of its executive officers provide those officers with severance benefits if their employment with the combined company terminates within three years following the merger. We currently estimate that payments of up to $23 million in the aggregate could be triggered if all such employees were terminated within the time frames covered under the agreements, which we do not expect to occur.

Wachovia Benefit Plans. Also, once Wachovia shareholders approve the merger, benefits under supplemental retirement agreements will become fully vested and, assuming the executive's employment terminates following the merger, will be adjusted to reflect any continuation benefits under the executive's employment agreement. We currently estimate that as of the date of the merger, the present value of the aggregate payments and benefits that could be triggered under these agreements is $30 million if all such executives' employment terminates immediately upon the merger, which we do not expect to occur. In addition, non-employee directors may elect to obtain a lump sum settlement of the phantom stock units credited to their account.

First Union Employment Agreements. Employment and severance agreements between First Union and some of its officers provide the officers with severance benefits if their employment is terminated in a specified fashion. Currently . such executives have not been identified as having positions with the combined company following the merger. We currently estimate that payments and benefits of up to $. million in the aggregate could be payable to those executives.

Directors of the Combined Company. Some of the directors of First Union and Wachovia will become directors of the combined company following the merger and will continue to receive customary fees from the combined company for being a director. Other than Mr. Baker and Mr. Thompson, these directors have not yet been identified. Also, following the merger, the combined company will indemnify, and provide directors' and officers' insurance for, the officers and directors of Wachovia for events occurring before the merger, including events that are related to the merger.

We Must Meet Several Conditions To Complete the Merger (Page .)

Our obligations to complete the merger depend on a number of conditions being met. These include:

- approval of the plan of merger by both First Union and Wachovia shareholders;

- the representations and warranties of the other 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 the other party to the merger agreement must have performed in all material respects all its obligations under the merger agreement;

- listing the shares of First Union common stock to be issued in the merger on the NYSE;

- receiving the approval of necessary federal and state regulatory authorities;

- absence of any government action or other legal restraint or prohibition that would prohibit the merger or make it illegal; and

- receiving legal opinions that, for U.S. federal income tax purposes, the merger will be treated as a reorganization and no gain or loss will be recognized by Wachovia shareholders who receive First Union common shares in exchange for all of their Wachovia common stock, except with respect to consideration received other than First Union stock, including the $0.48 per share cash payment for those shareholders who elect to receive it and any cash for fractional interests. These opinions will be subject to various limitations.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. Although the merger agreement allows us to waive the tax opinion condition, we do not currently anticipate doing so. If either of us does waive this condition, we will inform you of this fact and ask you to vote on the merger taking this into consideration.

We Must Obtain Regulatory Approvals to Complete the Merger (Page .)

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System. Once the Federal Reserve Board approves the merger, we will have to wait from 15 to 30 days before we can complete it. During that time, the U.S. Department of Justice, or DOJ, can challenge the merger.

The merger is also subject to receiving the approval of other regulatory authorities. We have filed the required application and notices with the Federal Reserve Board. We are in the process of filing all of the required applications and notices with other regulatory authorities. In addition, the merger is subject to review by antitrust authorities under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, and we will file notices with the Federal Trade Commission and the Antitrust Division of the DOJ.

As of the date of this document, we have not yet received the required approvals. Although we do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will get them. We currently expect that we will need to sell branches with between $1.3 billion and $1.5 billion in deposits, along with related loans, to third parties in order to comply with antitrust requirements, but we have taken this into account in planning for the merger and we do not believe that it will have a material negative effect on the combined company.

We May Terminate the Merger Agreement (Page .)

We can mutually agree at any time to terminate the merger agreement without completing the merger, even if our shareholders have approved the plan of merger. Also, either of us can decide, without the consent of the other, to terminate the merger agreement:

- if there is a final denial of a required regulatory approval;

- if there is a continuing breach of the merger agreement by the other party, after 60 days' written notice to the breaching party, as long as that breach would allow the non-breaching party not to complete the merger;

- if the other party's board of directors fails to recommend and support approval of the plan of merger to its shareholders, or withdraws or materially and adversely modifies its recommendation; or the other party's board recommends a third party acquisition proposal;

- if the other party commences, or the other party's board authorizes commencement of, negotiations with a third party in connection with a third party acquisition proposal and those negotiations continue for 5 business days; or

- if the merger is not completed on or before January 16, 2002.

The SunTrust proposal constitutes a third party acquisition proposal for purposes of the third and fourth bullet points above.

The failure of either Wachovia or First Union to obtain the shareholder vote required for the merger will not by itself give either company the right to terminate the merger agreement. As long as no other termination event occurred, both companies would remain obligated to continue to use their reasonable best efforts to complete the merger until January 16, 2002, which, depending on the timing of the failed meeting, could include calling additional shareholder meetings. In addition, during this period neither company could undertake any other material acquisitions or mergers. The boards of directors of both companies considered, and believed it was appropriate to make, this commitment for the limited period of time involved, especially in light of the nature of the transaction as a merger-of-equals based on long-term strategic considerations, the relatively short term of this commitment and the relatively lengthy regulatory and integration processes involved in such transactions. Moreover, this provision has become quite common in transactions like the merger. Since 1998, 4 out of the 8 banking mergers involving consideration over $10 billion (not including the proposed First Union/Wachovia merger) have had a similar provision.

Whether or not the merger is completed, we will each pay our own fees and expenses, except that we will evenly divide the costs and expenses that we incur in preparing, printing and mailing this document and filing fees paid in connection with the registration statement and all applications for government approvals, except fees paid to counsel, financial advisors and accountants.

We May Amend or Waive Merger Agreement Provisions (Page .)

We may jointly amend the merger agreement, and each of us may waive our right to require the other party to follow particular provisions of the merger agreement. However, we may not amend the merger agreement after our shareholders approve the plan of merger if the amendment would legally require the plan of merger to be resubmitted to Wachovia shareholders or First Union shareholders or would violate North Carolina law.

We may also agree to change the structure of the merger, as long as any change does not change the amount or type of stock or other payment to be received by Wachovia shareholders and the holders of options to purchase Wachovia common stock, does not adversely affect the timing of completion of the merger, does not affect the ability to receive the legal opinions relating to the tax-free nature of the merger and does not adversely affect the interests of our shareholders.

We Have Granted Stock Options to Each Other (Page . and Appendices B and C)

We each entered into a stock option agreement that grants the other an option to purchase up to 19.9% of the outstanding shares of our common stock, or the stock of any company that acquires either of us, under the circumstances and for the payments described in the option agreements.

We granted the options to each other in order to increase the likelihood that we would complete the merger. The options could discourage other companies from proposing a competing combination with either of us before we complete the merger.

Neither of us can exercise our option unless either (1) a third party acquires 25% or more of the common stock of the option issuer or (2) the option issuer agrees to, or recommends to its shareholders, a business combination (other than the proposed merger) with another party that would result in the acquisition of more than 25% of the stock or business of the option issuer or a significant subsidiary. We do not know of any event that has occurred as of the date of this document that would allow either of us to exercise our option. After completion of a business combination or acquisition transaction between the option issuer and a third party involving 25% or more of the stock or business of the option issuer or a significant subsidiary, the option issuer may be required to repurchase the option and any shares purchased under it at a formula price, or the option holder may choose to surrender the option for a minimum cash payment of $375 million. The holder of the option may realize a maximum total profit under the terms of the option of $780 million.

The options generally expire if the merger agreement terminates. However, the term of an option will be extended by 18 months if, before the

merger agreement terminates, the option issuer agrees to an acquisition transaction with a third-party or a third-party takes other specified steps toward an acquisition of the issuer. On May 30, 2001, SunTrust announced that it had filed an application with the Federal Reserve Board for approval to complete its unsolicited merger proposal with Wachovia. This event has triggered the 18-month extension of the term of First Union's option on Wachovia common stock.

As of the date of this document, SunTrust's proposal to acquire Wachovia has not triggered exercisability of the option that First Union holds on Wachovia common stock, but future events could cause the option to become exercisable. SunTrust has filed suit to challenge the Wachovia option; First Union and Wachovia have filed suit seeking an order upholding the option. First Union and Wachovia believe that the options are valid under North Carolina law.

If either company were able to, and did, exercise its option, it would own about 17% of the other's common shares, after giving effect to the newly issued shares, and have the ability to vote those shares in the future. Because North Carolina law generally requires a majority vote for merger proposals, the holder would not be able to force a merger or block future business combination transactions, based solely on the shares received upon exercise of the option. Similarly, neither of us believes the maximum payment of $780 million would prohibit us from engaging in a future business combination transaction.

The Rights of Shareholders of the Combined Company Will Be Similar to the Current Rights of First Union Shareholders (Page .)

The rights of First Union shareholders are governed by North Carolina law and by First Union's articles of incorporation and by-laws. The rights of Wachovia shareholders are also governed by North Carolina law, but are subject to Wachovia's articles of incorporation and by-laws. Upon completing the merger, the rights of both shareholder groups will be governed by North Carolina law and First Union's articles of incorporation and by-laws, except that:

- the name of the combined company will be "Wachovia Corporation";
- 500,000,000 no-par DEPs, as they are described in this document, will be authorized to be issued to Wachovia shareholders;
- the number of authorized shares of the combined company's common stock will be increased from 2 billion to 3 billion; and
- the combined company's articles of incorporation and by-laws will contain provisions related to management succession and procedures and qualifications for the nomination of directors by the board intended to effect the 50/50 split between former First Union and former Wachovia board members contemplated by the merger agreement. These provisions will expire immediately after the combined company's 2004 annual shareholders' meeting.

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OTHER ANNUAL MEETING PROPOSALS (PAGES . and .)

First Union Shareholders. In addition to the plan of merger, First Union shareholders will be asked to consider other proposals at First Union's annual meeting. These proposals are described in this document under "Other Matters to be Considered at the First Union Meeting" beginning on page . . These proposals include:

- electing five nominees to First Union's board of directors;
- approving First Union's Senior Management Incentive Plan;
- approving an amendment to First Union's 1998 Stock Incentive Plan;
- ratifying the appointment of KPMG LLP as First Union's independent auditors for the year 2001; and
- if properly presented, a shareholder proposal regarding political

contributions, which management and the board oppose.

First Union's board of directors recommends voting "FOR" electing the five nominees, approving the Senior Management Incentive Plan, approving the amendment to the 1998 Stock Incentive Plan, and ratifying the appointment of KPMG LLP. The First Union board of directors recommends voting "AGAINST" the shareholder proposal regarding political contributions.

Wachovia Shareholders. In addition to the plan of merger, Wachovia shareholders will be asked to consider other proposals at Wachovia's annual meeting. These proposals are described in this document under "Other Matters to be Considered at the Wachovia Meeting" beginning on page . . These proposals include:

- electing five nominees to Wachovia's board of directors; and
- ratifying the appointment of Ernst & Young LLP as Wachovia's independent auditors for the year 2001.

Wachovia's board of directors recommends voting "FOR" electing the five nominees and ratifying the appointment of Ernst & Young LLP.

INFORMATION ABOUT FIRST UNION AND WACHOVIA (PAGE .)

First Union Corporation
One First Union Center
Charlotte, NC 28288
(704) 374-6565

First Union is a financial holding company organized under the laws of North Carolina and registered under the federal Bank Holding Company Act. First Union has nearly 2,200 full-service financial centers and more than 3,800 ATM locations. First Union offers a comprehensive line of consumer and commercial banking products and services, personal and commercial trust, investment advisory, insurance, securities brokerage, investment banking, mortgage, credit card, cash management, international banking and other financial services.

At March 31, 2001, First Union had consolidated total assets of $253 billion, consolidated total deposits of $144 billion and consolidated stockholders' equity of $16 billion. Based on total assets at March 31, 2001, First Union was the 6th largest bank holding company in the United States.

Wachovia Corporation

100 North Main Street	191 Peachtree St., N.E.
Winston-Salem, NC 27150	Atlanta, GA 30303
(336) 732-2549	(404) 332-6661

Wachovia is a leading interstate financial holding company with dual headquarters in Atlanta, Georgia, and Winston-Salem, North Carolina, serving regional, national and international markets. Wachovia had total assets of $76 billion and deposits of $46 billion as of March 31, 2001 and is ranked 14th and 15th, respectively, among U.S. banking companies in those categories. Wachovia's principal banking subsidiary is Wachovia Bank, N.A., which has 668 branches and 1,356 ATMs in Florida, Georgia, North Carolina, South Carolina and Virginia. Wachovia serves 3.8 million consumers and 180,000 small business customers in the five states. Wachovia is a leading corporate bank with more than 28,000 business relationships and global activities in 40 countries.

Unaudited Comparative Per Share Data

The following table shows historical information about our companies' respective earnings per share, dividends per share and book value per share, and similar information reflecting the merger, which we refer to as "pro forma" information at or for the three months ended March 31, 2001, and at or for the year ended December 31, 2000. In presenting the comparative pro forma information for the periods shown we assumed that we had been combined throughout those periods.

We assumed that the merger 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 consummation 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 Wachovia was obtained by multiplying the pro forma amounts by the 2-for-1 exchange ratio. We present this information to reflect the fact that Wachovia shareholders will receive two shares of common stock of the combined company for each share of their Wachovia common stock exchanged in the merger.

We expect that we will record approximately $1.4 billion of restructuring charges, merger-related charges and purchase accounting adjustments as a result of combining our companies. A portion of these charges and adjustments will be recorded upon merger closing as either purchase accounting adjustments or in the combined results of operations, with the remainder expected to be recorded in the combined results of operations in each year from 2002 through 2004. We also expect to record a $450 million provision for loan losses in the combined results of operations upon merger closing. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. The pro forma information throughout this document, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not necessarily reflect what the historical results of the combined company would have been had our companies been actually combined during the periods presented.

The final allocation of the purchase price will be determined after the merger is completed and after completion of thorough analyses to determine the fair values of Wachovia's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. In addition, estimates related to restructuring and merger-related charges are subject to final decisions related to combining the companies. Any change in the fair value of the net assets of Wachovia will change the amount of the purchase price allocable to goodwill. Additionally, changes to Wachovia's stockholders' equity including net income from April 1, 2001, through the date the merger is 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 following table is based on, and should be read together with, the historical financial information that we have presented in our prior filings with the SEC, which are incorporated into this document by reference, and with the more detailed pro forma financial information we provide in this document, which you can find beginning at page . . See "Where You Can Find More Information" on page . for a description of where you can find our prior filings.

Unaudited Comparative Per Common Share Data of First Union and Wachovia

	Three Months Ended March 31, 2001	Year Ended December 31, 2000
First Union		
Basic earnings per common share:		
Income before change in accounting principle		
Historical..	$ 0.60	0.12
Pro forma...	0.48	0.26
Net income		
Historical..	0.60	0.07
Pro forma...	0.48	0.23
Diluted earnings per common share:		
Income before change in accounting principle		
Historical..	0.59	0.12
Pro forma...	0.47	0.26
Net income		
Historical..	0.59	0.07
Pro forma...	0.47	0.23
Dividends declared on common stock:		
Historical..	0.24(a)	1.92
Pro forma...	0.24(a)	1.92
Book value per common share:		
Historical..	16.39	15.66
Pro forma...	20.98	20.68
Wachovia		
Basic earnings per common share:		
Income before change in accounting principle		
Historical..	1.17	4.10
Equivalent pro forma..............................	0.96	0.52
Net income		
Historical..	1.17	4.10
Equivalent pro forma..............................	0.96	0.46
Diluted earnings per common share:		
Income before change in accounting principle		
Historical..	1.17	4.07
Equivalent pro forma..............................	0.94	0.52
Net income		
Historical..	1.17	4.07

Equivalent pro forma	0.94	0.46
Dividends declared on common stock:		
Historical	0.60	2.28
Equivalent pro forma	0.48	3.84
Book value per common share:		
Historical	32.64	30.89
Equivalent pro forma	$41.96	41.36

(a) The current annualized dividend rate for First Union for 2001 is $0.96.

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Selected Financial Data

The following tables show summarized historical financial data for each of the companies and also show similar pro forma information reflecting the merger. The historical financial data show the financial results actually achieved by First Union and Wachovia for the periods indicated. The pro forma information reflects the pro forma effect of accounting for the merger under the purchase method of accounting. The pro forma income statement data for the three months ended March 31, 2001, assumes a merger completion date of January 1, 2001. The pro forma income statement data for the year ended December 31, 2000, assumes a merger completion date of January 1, 2000. The pro forma balance sheet data assumes a merger completion date of March 31, 2001.

We expect that we will record approximately $1.4 billion of restructuring charges, merger-related charges and purchase accounting adjustments and a $450 million provision for loan losses as a result of combining our companies. A portion of these charges and adjustments will be recorded upon completion of the merger, with the remainder expected to be recorded in each year from 2002 through 2004. The pro forma financial information includes estimated adjustments to record certain assets and liabilities of Wachovia at their respective fair values. 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 Wachovia, principally loans and borrowings, 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. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these charges, expenses or benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the new company would have been had our companies been combined during the periods presented. See "Cost Savings" on page . .

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 and together with the more detailed pro forma financial information and related notes we provide in this document, which you can find beginning at page . . The historical financial information is also incorporated into this document by reference. See "Where You Can Find More Information" on page . for a description of where you can find this historical information and "First Union and Wachovia Unaudited Pro Forma Condensed Combined Financial Information" on page . .

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FIRST UNION

	Three Months Ended March 31,		Years Ended December 31,				
(In millions, except per share data)	2001	2000	2000	1999	1998	1997	1996
CONSOLIDATED SUMMARIES OF INCOME							
Interest income..........	$ 4,025	4,313	17,534	15,151	14,988	14,362	13,758
Interest expense.........	2,323	2,347	10,097	7,699	7,711	6,568	6,151
Net interest income......	1,702	1,966	7,437	7,452	7,277	7,794	7,607
Provision for loan losses.................	219	192	1,736	692	691	1,103	678
Net interest income after provision for loan losses..................	1,483	1,774	5,701	6,760	6,586	6,691	6,929
Securities transactions--portfolio..............	(16)	(16)	(1,134)	(63)	357	55	100
Fee and other income.....	1,590	1,858	7,846	6,996	6,078	4,267	3,435
Restructuring and merger-related charges.........	2	(5)	2,190	404	1,212	284	421
Noninterest expense......	2,207	2,387	9,520	8,458	7,844	6,936	6,509
Income before income taxes and cumulative effect of a change in accounting principle ...	848	1,234	703	4,831	3,965	3,793	3,534
Income taxes.............	264	394	565	1,608	1,074	1,084	1,261
Income before cumulative effect of a change in accounting principle....	584	840	138	3,223	2,891	2,709	2,273
Cumulative effect of a change in the accounting for beneficial interests, net of tax...	--	--	(46)	--	--	--	--
Net income..............	$ 584	840	92	3,223	2,891	2,709	2,273
PER COMMON SHARE DATA							
Basic							
Income before change in accounting principle...	$ 0.60	0.86	0.12	3.35	2.98	2.84	2.33
Net income.............	0.60	0.86	0.07	3.35	2.98	2.84	2.33
Diluted							
Income before change in accounting principle...	0.59	0.85	0.12	3.33	2.95	2.80	2.30

Net income.............	0.59	0.85	0.07	3.33	2.95	2.80	2.30
Cash dividends...........	0.24	0.48	1.92	1.88	1.58	1.22	1.10
Book value..............	16.39	17.16	15.66	16.91	17.20	15.82	14.77
CASH DIVIDENDS PAID ON COMMON STOCK...........	235	478	1,888	1,817	1,524	1,141	1,031
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS							
Assets..................	252,949	253,648	254,170	253,024	237,087	205,609	197,259
Loans, net of unearned income.................	122,853	135,803	123,760	133,177	134,149	131,687	134,647
Deposits................	140,795	139,890	142,668	141,047	142,467	137,077	136,429
Long-term debt..........	36,092	33,043	35,809	31,975	22,949	13,487	11,604
Stockholders' equity.....	$ 16,081	16,884	15,347	16,709	16,897	15,143	14,546
Common shares outstanding (In thousands)..........	981,268	984,148	979,963	988,315	982,223	960,984	988,594
CONSOLIDATED AVERAGE BALANCE SHEET ITEMS							
Assets..................	$245,469	248,290	247,492	230,319	222,213	195,980	189,214
Loans, net of unearned income.................	119,850	131,481	126,888	129,791	132,060	134,517	129,120
Deposits................	137,282	140,421	140,766	135,112	136,330	132,847	131,276
Long-term debt..........	36,631	32,564	34,279	28,738	16,268	12,596	10,443
Stockholders' equity.....	$ 15,846	16,583	15,541	15,932	15,878	14,327	13,834
Common shares outstanding (In thousands)							
Basic..................	967,671	972,174	970,608	959,390	969,131	955,241	973,712
Diluted................	975,847	984,095	974,172	966,863	980,112	966,792	982,755
CONSOLIDATED PERCENTAGES							
Average assets to average stockholders' equity....	15.49x	14.97	15.93	14.46	13.99	13.68	13.68
Return on average assets.................	0.97%(a)	1.36(a)	0.04	1.40	1.30	1.38	1.20
Return on average stockholders' equity....	14.95(a)	20.38(a)	0.59	20.23	18.21	18.91	16.43
Average stockholders' equity to average assets.................	6.46	6.68	6.28	6.92	7.15	7.31	7.31
Stockholders' equity to assets.................	6.36	6.66	6.04	6.60	7.13	7.36	7.37
Allowance for loan losses to							
Loans, net.............	1.43	1.30	1.39	1.32	1.36	1.40	1.64
Nonperforming assets....	132	139	135	165	216	186	211
Net charge-offs to average loans, net......	0.53(a)	0.57(a)	0.59	0.53	0.48	0.65	0.64
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale..	1.30	0.92	1.22	0.78	0.63	0.75	0.78
Capital ratios							
Tier 1 capital.........	7.18	6.94	7.02	7.08	6.81	8.36	7.86
Total capital..........	11.33	10.67	11.19	10.87	10.99	12.95	12.53
Leverage...............	5.88	5.94	5.92	5.97	5.91	7.03	6.70
Net interest margin......	3.42%(a)	3.69(a)	3.55	3.79	3.81	4.53	4.55

(a) Annualized.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WACHOVIA

(In millions, except per share data)	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000	Years Ended December 31, 2000	1999	1998	1997	1996
CONSOLIDATED SUMMARIES OF INCOME							
Interest income..........	$ 1,350	1,246	5,345	4,667	4,665	4,262	4,010
Interest expense.........	720	626	2,830	2,197	2,314	2,169	2,086
Net interest income......	630	620	2,515	2,470	2,351	2,093	1,924
Provision for loan losses.................	122	74	588	298	299	265	194
Net interest income after provision for loan losses.................	508	546	1,927	2,172	2,052	1,828	1,730
Securities transactions-- portfolio..............	9	--	--	11	20	1	5
Fee and other income.....	492	471	1,931	1,610	1,228	1,006	874
Restructuring and merger-related charges.........	13	8	136	19	85	220	--
Noninterest expense......	619	630	2,447	2,232	1,911	1,746	1,509
Income before income taxes..................	377	379	1,275	1,542	1,304	869	1,100
Income taxes.............	135	134	443	531	430	276	343
Net income...............	$ 242	245	832	1,011	874	593	757
PER SHARE DATA							
Basic....................	$ 1.17	1.21	4.10	4.99	4.26	2.99	3.70
Diluted..................	1.17	1.20	4.07	4.90	4.18	2.94	3.65
Cash dividends...........	0.60	0.54	2.28	2.06	1.86	1.68	1.52
Book value...............	32.64	28.88	30.89	28.04	26.30	25.13	22.90
CASH DIVIDENDS PAID ON COMMON STOCK............	122	110	463	418	382	327	306
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS							
Assets...................	75,606	68,817	74,032	67,353	64,123	65,397	57,229
Loans, net of unearned income..................	56,703	51,125	55,002	49,621	45,719	44,194	38,007
Deposits.................	45,617	43,716	44,412	41,786	40,995	42,654	35,322
Long-term debt...........	10,712	8,738	10,808	7,814	7,597	5,934	7,025
Stockholders' equity.....	$ 6,865	5,846	6,285	5,658	5,338	5,174	4,608
Common shares outstanding (In thousands)..........	210,335	202,456	203,424	201,812	202,986	205,927	201,253
CONSOLIDATED AVERAGE BALANCE SHEET ITEMS							
Assets...................	$ 73,800	67,755	69,699	65,420	63,949	57,607	55,584

Loans, net of unearned income	55,659	50,550	52,436	47,223	44,401	39,716	36,739
Deposits	43,991	43,192	43,612	40,580	39,814	36,516	34,100
Long-term debt	10,721	8,081	9,144	8,134	6,279	6,122	6,693
Stockholders' equity	$ 6,439	5,688	5,886	5,430	5,168	4,533	4,458
Common shares outstanding (In thousands)							
Basic	206,061	202,464	202,989	202,795	205,058	198,290	204,889
Diluted	207,569	204,213	204,450	206,192	209,153	201,901	207,432
CONSOLIDATED PERCENTAGES							
Average assets to average stockholders' equity	11.46x	11.91	11.84	12.05	12.37	12.71	12.47
Return on average assets	1.31%(a)	1.44(a)	1.19	1.55	1.37	1.03	1.36
Return on average stockholders' equity	15.04(a)	17.21(a)	14.14	18.62	16.92	13.08	16.99
Average stockholders' equity to average assets	8.72	8.39	8.44	8.30	8.08	7.87	8.02
Stockholders' equity to assets	9.08	8.50	8.49	8.40	8.32	7.91	8.05
Allowance for loan losses to							
Loans, net	1.50	1.17	1.50	1.12	1.20	1.23	1.37
Nonperforming assets	195	242	158	248	302	421	395
Net charge-offs to average loans, net	0.85(a)	0.58(a)	0.70	0.62	0.67	0.67	0.53
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale	0.77	0.48	0.95	0.45	0.40	0.29	0.35
Capital ratios							
Tier 1 capital	7.80	7.44	7.55	7.52	7.99	8.43	8.93
Total capital	11.80	11.23	11.56	10.98	11.34	11.11	12.32
Leverage	8.93	8.81	8.73	8.77	8.67	9.24	8.52
Net interest margin	3.93%(a)	4.20(a)	4.11	4.32	4.24	4.14	3.98

(a) Annualized.

SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF
FIRST UNION AND WACHOVIA (a)

(In millions, except per share data)	Three Months Ended March 31, 2001	Year Ended December 31, 2000
CONSOLIDATED SUMMARIES OF INCOME		
Interest income	$ 5,375	22,879

Interest expense	3,043	12,927
Net interest income	2,332	9,952
Provision for loan losses	341	2,324
Net interest income after provision for loan losses	1,991	7,628
Securities transactions--portfolio	(7)	(1,134)
Fee and other income	2,082	9,777
Restructuring and merger-related charges	15	2,326
Noninterest expense	3,013	12,714
Income before income taxes and cumulative effect of a change in accounting principle	1,038	1,231
Income taxes	359	848
Income before cumulative effect of a change in accounting principle	679	383
Cumulative effect of a change in the accounting for beneficial interests, net of tax	--	(46)
Net income	$ 679	$ 337
PER COMMON SHARE DATA		
Basic		
Income before change in accounting principle	$ 0.48	0.26
Net income	0.48	0.23
Diluted		
Income before change in accounting principle	0.47	0.26
Net income	0.47	0.23
Dividends	0.24	1.92
Book value	20.98	20.68
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS (b)		
Assets	333,970	328,202
Loans, net of unearned income	179,556	178,762
Deposits	184,912	187,080
Long-term debt	46,804	46,617
Stockholders' equity	$ 28,996	21,632
Common shares outstanding (In thousands)	1,401,938	1,386,811
CONSOLIDATED PERCENTAGES		
Return on average assets	0.85%(c)	0.10
Return on average stockholders' equity	9.73(c)	1.23
Allowance for loan losses to		
Loans, net	1.70	1.68
Nonperforming assets	173	166
Net charge-offs to average loans, net	0.63(c)	0.62
Nonperforming assets to loans, net, foreclosed properties and loans in other assets as held for sale	1.14%	1.14

(a) See "First Union and Wachovia Unaudited Pro Forma Condensed Combined Financial Information" on page . .

(b) Balance sheet items at December 31, 2000, do not include pro forma adjustments.

(c) Annualized.

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 ., you should carefully consider the following risk factors in deciding how to vote on the merger.

Because the Market Price of First Union Common Stock May Fluctuate, You Cannot Be Sure of the Market Value of the Common Stock that Wachovia Stockholders Will Receive in the Merger.

Upon completion of the merger, each share of Wachovia common stock will be converted into 2 shares of First Union common stock and the option to receive either a one-time cash payment of $0.48 or 2 DEPs. The exchange ratio will not be adjusted for changes in the market price of either First Union common stock or Wachovia common stock. Any change in the price of First Union common stock prior to the merger will affect the market value that Wachovia common shareholders will receive on the date of the merger. 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. Neither of us is permitted to terminate the merger agreement or resolicit the vote of our stockholders solely because of changes in the market price of either of our common stocks.

The prices of First Union common stock and Wachovia common stock at the closing of the merger may vary from their respective prices on the date the merger agreement was executed, on the date of this joint proxy statement-prospectus and on the date of the meetings. As a result, the value represented by the exchange ratio will also vary. For example, based on the range of closing prices of First Union common stock during the period from April 12, 2001, the last trading day before public announcement of the merger, through . , 2001, the exchange ratio represented a value based on the First Union common stock ranging from a high of $. to a low of $. for each share of Wachovia common stock (excluding the $0.48 cash payment). Because that the date the merger is completed may be later than the dates of the meetings, at the time of your shareholders' meeting, you will not necessarily know the market value of the combined company's common stock that you will hold upon completion of the merger.

We May Fail to Realize the Anticipated Benefits of the Merger.

The success of the merger will depend, in part, on our ability to realize the anticipated benefits of the merger, including the estimated cost savings from combining the businesses of First Union and Wachovia. Our managements originally estimated that approximately $890 million of annual pre-tax cost savings would be realized from the merger by December 31, 2004. However, to realize the anticipated benefits from the merger, we must successfully combine the businesses of First Union and Wachovia in a manner that permits those costs savings to be realized. If we are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected.

First Union and Wachovia have operated, and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the 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 merger.

In addition, as with any merger of banking institutions, there may be disruptions that cause us to lose customers or cause customers to take their deposits out of our banks. Furthermore, because of First Union's and Wachovia's strong presence in some markets, we estimate that we will need to make divestitures of branches

with deposits in the range of $1.3 billion to $1.5 billion, and related loans, in order to avoid a determination by the Federal Reserve Board or the DOJ that the merger would have a significantly adverse effect on competition in those markets. First Union and Wachovia are attempting to receive clearance for these divestitures as soon as possible. Although we believe that the divestitures and potential customer run-off will not have a material negative effect on the business of the combined company, we cannot be sure. These factors may cause future earnings to be less than our historical earnings or earnings estimates.

First Union Will Record Restructuring Charges, Merger-Related Charges, Purchase Accounting Adjustments and a Provision for Loan Losses as a Result of Combining Our Companies.

We have estimated that the combined company will record approximately $1.4 billion of restructuring charges, merger-related charges and purchase accounting adjustments. These adjustments are described in the section entitled "First Union and Wachovia Unaudited Pro Forma Condensed Combined Financial Information" beginning on page . . Approximately $112 million of estimated restructuring charges and $697 million of purchase accounting adjustments will be recorded upon completion of the merger, $78 million of estimated merger-related charges will be recorded in 2001 after completion of the merger, and the remaining $557 million is expected to be recorded in 2002 through 2004. Additionally, a $450 million provision for loan losses will be recorded in the combined results of operations immediately following the date the merger is completed.

The charges may be higher or lower than we have estimated, depending upon how costly or difficult it is to integrate our two companies. Therefore, future results may be materially different from those shown in the financial statements that only show a combination of our historical results. Furthermore, these charges may decrease capital of the combined company that could be used for profitable, income-earning investments in the future.

The DEPs Have No Trading History, There is Currently No Market for DEPs and There May Only Be a Limited Market for DEPs After the Merger is Completed

There is currently no trading market for the DEPs, and we do not believe that a "when-issued" trading market will develop before we complete the merger. We do not know whether the DEPs will be actively traded or at what prices they will trade. Although we have agreed to use reasonable efforts to have the DEPs listed on a securities, futures or options exchange or quoted on a dealer quotation system, we cannot be sure that the DEPs will qualify for listing, trading, or quotation on any exchange or dealer quotation system. If we do list the DEPs on an exchange, it may not be a national exchange or there may not be an orderly or developed market for the shares. Therefore, it may be more difficult to dispose of your DEPs if you decide to do so. In addition, prices for the DEPs will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market for DEPs, our financial condition and results of operations, investors' perceptions about us, our dividends and our industry, and changes in economic and market conditions generally and in the banking and financial services industry in particular.

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FIRST UNION ANNUAL MEETING

This section contains information from First Union for First Union shareholders about the annual shareholder meeting First Union has called to consider and approve the plan of merger contained in the merger agreement, to elect directors and to consider other matters discussed in this document. We are mailing this joint proxy statement-prospectus to you, as a First Union shareholder, on or about . , 2001. Together with this joint proxy statement-prospectus, we are also sending to you a notice of the First Union annual meeting, a form of proxy that our board of directors is soliciting for use at the annual meeting and at any adjournments or postponements of the meeting and, if not previously sent to you, our 2000 Annual Report to Shareholders. The annual meeting will be held on July 31, 2001 at . :00 a.m., local time at . .

Matters To Be Considered

The matters to be considered at the First Union annual meeting are:

- to approve the plan of merger (First Union Proposal 1);
- to elect five nominees to the First Union board of directors (First Union Proposal 2);
- to approve First Union's Senior Management Incentive Plan (First Union Proposal 3);
- to approve an amendment to First Union's 1998 Stock Incentive Plan (First Union Proposal 4);
- to ratify the appointment of KPMG LLP as First Union's independent auditors for the year 2001 (First Union Proposal 5); and
- if properly presented, a shareholder proposal, which the board and management oppose, regarding political contributions (Shareholder Proposal).

You may also be asked to vote on a proposal to adjourn or postpone the annual meeting. First Union could use any adjournment or postponement of the meeting for the purpose, among others, of allowing more time to solicit votes to approve the plan of merger.

Proxies

You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the annual meeting, regardless of whether you plan to attend the annual meeting. If you are a registered shareholder (that is, you hold stock certificates registered in your own name), you may also vote by telephone or through the Internet, by following the instructions described 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 with your proxy materials. Although most brokers and nominees offer telephone and Internet voting, availability and specific processes will depend on their voting arrangements. You can revoke the proxy at any time before the vote is taken at the annual meeting by submitting to First Union's corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the annual meeting and voting in person. Written notices of revocation and other communications about revoking First Union proxies should be addressed to:

First Union Corporation
One First Union Center
Charlotte, North Carolina 28288
Attention: Corporate Secretary

All shares of First Union common stock represented by valid proxies we receive through this solicitation, and not revoked before they are exercised, will be voted in the manner specified on the proxies. If you make no specification on your proxy card, your proxy will be voted:

- "FOR" approving of the plan of merger presented in First Union Proposal 1;

- "FOR" electing all nominees for director presented in First Union Proposal 2;
- "FOR" approving First Union's Senior Management Incentive Plan presented in First Union Proposal 3;
- "FOR" approving the amendment to First Union's 1998 Stock Incentive Plan presented in First Union Proposal 4;
- "FOR" ratifying KPMG LLP as First Union's auditors for the year 2001 presented in First Union Proposal 5; and
- "AGAINST" adopting the Shareholder Proposal.

First Union's board is presently unaware of any other matters that may be presented for action at the annual meeting. If other matters do properly come before the annual meeting, however, First Union intends that shares represented by proxies in the form accompanying this joint proxy statement-prospectus will be voted by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against approval of the plan of merger will not be voted in favor of any adjournment of the annual meeting to solicit additional proxies to approve the plan of merger.

The proposals require different percentages of votes in order to approve them:

. Approving the plan of merger presented in First Union Proposal 1 requires the affirmative vote of a majority of the outstanding shares of First Union common stock entitled to vote at the meeting;

. Electing the nominees for director presented in First Union Proposal 2 requires a plurality of the votes cast at the meeting; and

. Approving each of First Union Proposals 3, 4 and 5, and the Shareholder Proposal requires the affirmative vote of a majority of the votes cast at the First Union meeting.

Because approval of the plan of merger requires the affirmative vote of the holders of a majority of the outstanding shares of First Union common stock entitled to vote at the annual meeting, abstentions and broker non-votes will have the same effect as votes against approval of the plan of merger. Therefore, First Union'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 "Voting via Telephone, Internet or Mail" beginning on page . .

Solicitation of Proxies

First Union will bear the entire cost of soliciting proxies from its shareholders, except that First Union and Wachovia have agreed to each pay one-half of the costs and expenses of printing and mailing this joint proxy statement-prospectus and all filing and other fees relating to the merger paid to the SEC. In addition to soliciting proxies by mail, First Union will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of First Union common stock and secure their voting instructions, if necessary. First Union will reimburse those record holders for their reasonable expenses in taking those actions. First Union has also made arrangements with Georgeson Shareholder Communications Inc. to assist in soliciting proxies from banks, brokers and nominees, and has agreed to pay $. plus expenses for their services. If necessary, First Union may also use several of its 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 North Carolina law, First Union's by-laws and the rules of the NYSE, First Union has fixed June 12, 2001 as the record date for determining the First Union shareholders entitled to notice of and to

vote at the annual meeting. You are only entitled to notice of, and to vote at, the annual meeting if you were a record holder of shares of First Union common stock at the close of business on the record date. At that time, there were . shares of First Union common stock outstanding, held by approximately . holders of record. The presence in person or by proxy of a majority of common shares outstanding on the record date will constitute a quorum for purposes of conducting business at the meeting. On each matter properly submitted to First Union's shareholders, you are entitled to one vote for each outstanding share of First Union common stock you held as of the close of business on the record date.

If you have any shares in First Union's Dividend Reinvestment and Stock Purchase Plan, the enclosed proxy represents the number of shares you have in that plan on the record date for First Union's meeting, as well as the number of shares directly registered in your name on the record date.

Shares of First Union common stock present in person at the annual meeting but not voting, and shares of First Union common stock for which First Union has received proxies indicating that their holders have abstained, will be counted as present at the annual meeting for purposes of determining whether there is a quorum for transacting business at the annual meeting. Brokers that hold shares of First Union 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 plan of merger, or the Shareholder Proposal, without specific instructions from those customers. However, shares represented by proxies returned by a broker holding these shares in "street" name will be counted for purposes of determining whether a quorum exists, even if thos