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WACHOVIA CORP/ NC
Form 425
July 13, 2001

Filed by First Union Corporation

Pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-6(b) under the Securities Exchange Act of 1934

Subject Company: Wachovia Corporation
Commission File No. 333-59616

Date: July 12, 2001

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, (i) statements about the benefits of the merger between First Union Corporation and Wachovia Corporation, including future financial and operating results, cost savings, enhanced revenues, and accretion to reported earnings that may be realized from the merger; (ii) statements with respect to First Union's and Wachovia's plans, objectives, expectations and intentions and other statements that are not historical facts; and (iii) other statements identified by words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "targets", "projects" and similar expressions. These statements are based upon the current beliefs and expectations of First Union's and Wachovia's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the risk that the businesses of First Union and Wachovia will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame; (3) revenues following the merger may be lower than expected; (4) deposit attrition, operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (6) the failure of First Union's and Wachovia's stockholders to approve the merger; (7) competitive pressures among depository and other financial institutions may increase significantly and have an effect on pricing, spending, third-party relationships and revenues; (8) the strength of the United States economy in general and the strength of the local economies in which the combined company will conduct operations may be different than expected resulting in, among other things, a

deterioration in credit quality or a reduced demand for credit, including the resultant effect on the combined company's loan portfolio and allowance for loan losses; (9) changes in the U.S. and foreign legal and regulatory framework; and (10) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on the combined company's capital markets and asset management activities. Additional factors that could cause First Union's and Wachovia's results to differ materially from those described in the forward-looking statements can be found in First Union's and Wachovia's reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current

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Reports on Form 8-K) filed with the Securities and Exchange Commission and available at the SEC's Internet site (<http://www.sec.gov>). All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to First Union or Wachovia or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. First Union and Wachovia do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

The proposed transaction will be submitted to First Union's and Wachovia's stockholders for their consideration. Stockholders are urged to read the definitive joint proxy statement/prospectus regarding the proposed transaction and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they contain (or will contain) important information. You will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about First Union and Wachovia, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the SEC filings that have been or will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to First Union, Investor Relations, One First Union Center, Charlotte, North Carolina 28288-0206 (704-374-6782), or to Wachovia, Investor Relations, 100 North Main Street, Winston-Salem, North Carolina 27150 (888-492-6397).

THE FOLLOWING PRESENTATION MATERIALS MAY BE USED BY FIRST UNION FROM TIME TO TIME IN MEETINGS WITH INVESTORS, ANALYSTS AND OTHERS

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THE NEW WACHOVIA

A Compelling Combination

Cautionary Statement

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Additional Information

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Agenda

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- o First Union...We Are Ready - Update on Recent Operating Performance
- o First Union/Wachovia Merger Integration Planning...Well Organized and Progressing
- o Wachovia...Clearly Compelling for First Union Shareholders
- o First Union...Clearly Compelling for Wachovia Shareholders
- o Conclusions

Appendix

- o First Union and SunTrust Comparisons

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First Union...We Are Ready - Update on Recent Operating Performance

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First Union...We are Ready - Update on Recent Operating Performance

----- Strong Financial Performance

- o Completed restructuring
- o New "best-in-class" transparency of external reporting
- o Successfully creating expense management culture
- o Significantly improved budgeting and management accountability
- o Created stringent investment/acquisition ROIC hurdles: 15% internal, 18% external
- o Building capital levels quarterly with AA rating goal
- o Core businesses have performed well in difficult markets
- o Met or exceeded analysts' earnings per share expectations four consecutive quarters
- o Q2 2001 operating earnings provides foundation for continued growth
[ARROW] Revenue growth in all three businesses (Q2/Q1); 19% annualized
[ARROW] General bank earnings up 28% 2Q 01/2Q 00
- o Result: First Union stock price appreciation of 26% (STI: 3%) for the six months ended June 30, 2001, ranks 3rd among top 20 banks (STI: 11th), and debt spreads down vs. peers

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First Union...We are Ready - Update on Recent Operating Performance

----- Corporate Governance Focus

- o New executive team in place
[ARROW] CEO, CFO, CIO, Treasurer, CRO, General Counsel & Head of General Bank
- o Reduced size of Board from 22 to 14 with only one inside director (Ken Thompson, CEO)

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- Reduced corporate Human Resources staff expense by 30 percent - 50 percent of transactions now performed self service online - corporate attrition is down substantially

o Balance Sheet Restructuring	[ARROW] Sold \$13 billion of investment securities and long term off-balance sheet contracts [ARROW] Reduced fixed income trading portfolio by \$5 billion in Q3 2000 [ARROW] Sold \$1+ billion performing and nonperforming commercial loans
<hr/>	
o Capital Strength	[ARROW] Reduced dividend by 50 percent in December 2000 to strengthen capital base [ARROW] Published capital ratio target of 2nd quartile among top 20 U.S. banks [ARROW] Goal: To regain AA rating

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First Union...We are Ready - Update on Recent Operating Performance

Expense Management - Successfully Reducing Costs Without Impacting Growth

[BAR CHART APPEARS HERE WITH THE FOLLOWING PLOT POINTS:]

1Q	2Q	3Q	4Q	1Q	2Q
-----			-----		
2000			2001		
(9% decline)					
\$2,387	\$2,366	\$2,328	\$2,132	\$2,138	\$2,169

Source: First Union 3/31/01 10Q and Company Reports.

- o Cost management culture on track
- o Savings realized across substantially all categories - while improving service
- o FTE's: 73,000 in June 2000 to 67,420 in June 2001

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First Union...We are Ready - Update on Recent Operating Performance

First Union - Well Diversified Across All Major Financial Services Sectors

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Revenues

(For the quarter ended June 30, 2001)

Corporate and Investment Bank 23%
 Other 6%
 General Bank 46%
 Capital Management 25%

Capital Management Group

- o #6 brokerage firm nationally (based on registered reps)
- o \$172 billion in assets under management
- o Presence in 47 states, 7,706 RRs
- o \$90 billion in mutual funds
- o Wealth/trust/401(k)/insurance products and services

General Bank

- o #6 bank (based on assets)
- o \$253 billion in assets
- o 7 million retail households
- o 800,000 small business clients

Corporate and Investment Bank

- o Mid-market focus
- o Fully established investment banking business
- o Corporate lending
- o International trade services

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First Union...We are Ready - Update on Recent Operating Performance

General Bank - Excellent Performance and Trends

\$ in Millions

	2000			2001		
	Q2	Q3	Q4	Q1	Q2	
Revenue	\$1,412	\$1,473	\$1,473	\$1,453	\$ 1,545	o Up 9% 2Q 01/ 2
Operating Expenses	966	948	992	908	935	o Down 3% 2Q 01/
Operating Earnings	268	319	278	295	343	o Up 28% 2Q 01/2
Efficiency Ratio (%)	66.83	62.89	65.77	61.19	59.29	o Down by 10% si
Customer Service	6.19	6.22	6.27	6.29	6.32	o Improved 9 con [ARROW] Almost 6.4 (S
Customer Attrition (%)	13.8	13.4	13.6	13.0	13.0	o Versus 15% ind
Consumer Loan Production	\$7,102	\$6,921	\$7,095	\$8,590	\$11,212	o Up 58% 2Q 01/2
Average Core Deposits	97,499	97,186	98,184	98,415	99,424	o Up 2% 2Q 01/2Q

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First Union...We are Ready - Update on Recent Operating Performance

Capital Management - Stability In A Challenging Operating Environment

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Capital Management Revenue
Stability in Tough Markets

\$ in Millions

1Q	2Q	3Q	4Q	1Q	2Q
-----				-----	
2000				2001	
Nasdaq all time high					
\$928	\$830	\$835	\$854	\$831	\$838

Source: First Union publicly available financial segment data, as reported in First Union's 3/31/01 10-Q and Company Reports.

- o Asset gathering powerhouse:
 - [ARROW] 6th largest broker-dealer
 - [ARROW] 8th largest U.S. provider to high net worth individuals/families
 - [ARROW] 4th largest personal trust provider
 - [ARROW] 23rd largest mutual fund family
 - [ARROW] 2nd largest bank annuity provider
 - [ARROW] 8th largest AMA account provider nationally
 - [ARROW] 16th largest defined contribution services provider
- o Proven, multi-channel distribution platform integrates delivery of advice and products:
 - [ARROW] 2,162 financial centers
 - [ARROW] 536 brokerage offices
 - [ARROW] 7,706 registered representatives
 - [ARROW] 76 private client offices
 - [ARROW] FirstUnion.com

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First Union...We are Ready - Update on Recent Operating Performance

Capital Management - Strong Performance Across Segments vs. Peers

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Asset Management Revenue

1Q	2Q	3Q	4Q	1Q	2Q
----	----	----	----	----	----

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2000				2001	
\$151	\$146	\$156	\$153	\$145	\$139
First Union - 1st Q00 - 1st Q01 (4%)					
Franklin Resources (6)					
T Rowe Price (11)					
Stilwell/Janus (18)					

[BAR CHART APPEARS HERE WITH THE FOLLOWING PLOT POINTS:]

Wealth/Trust Services Revenue

1Q	2Q	3Q	4Q	1Q	2Q
2000			2001		
\$185	\$185	\$185	\$187	\$179	\$184
First Union - 1st Q00 - 1st Q01 (3%)					
Franklin Resources (6)					
T Rowe Price (11)					
Stilwell/Janus (18)					

[BAR CHART APPEARS HERE WITH THE FOLLOWING PLOT POINTS:]

Retail Brokerage Revenue

1Q	2Q	3Q	4Q	1Q	2Q
2000			2001		
\$607	\$510	\$506	\$520	\$517	\$523
First Union - 1st Q00 - 1st Q01 (15%)					
Merrill Lynch (24)					
AG Edwards (22)					
Charles Schwab (34)					

Source: Company Reports.

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First Union...We are Ready - Update on Recent Operating Performance

Capital Management - A History of Growth and Financial Accomplishment
(\$ in Billions)

	1995	2000	CAGR	Organic CAGR
Mutual Fund Assets	\$13	\$ 85	46%	24%
Broker Client Assets	\$10	\$205	83%	31%
AMA Assets	\$12	\$121	59%	38%
Assets Under Management	\$47	\$171	29%	19%
Capital Management Revenue	\$0.4	\$3.7	60%	30%
Capital Management Direct	\$0.2	\$1.3	42%	25%

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Contribution (a)

(a) Pre-tax income including corporate allocations.

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First Union...We are Ready - Update on Recent Operating Performance

Corporate & Investment Banking - Growth In A Challenging Operating Environment

Corporate & Investment Banking
Excludes principal investing gains

Growth:
2Q/2Q 21%

1Q	2Q	3Q	4Q	1Q	2Q
-----				-----	
2000				2001	
\$729	\$687	\$709	\$707	\$768	\$831

- o Performed well in a difficult operating environment
- o Leveraging commitment to mid-cap growth sector
[ARROW] Comprehensive product offering to serve entire corporate life cycle
- o Strong competitive position in core categories
[ARROW] Fixed Income Sales & Trading
[ARROW] Leveraged Syndication
[ARROW] Public Asset-Backed Securities
[ARROW] Commercial Mortgage-Backed Securities
- o Successful expense rationalization
[ARROW] Equity
[ARROW] M&A
[ARROW] Research

Source: Company Reports.

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First Union...We are Ready - Update on Recent Operating Performance

Building a Fortress Balance Sheet

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Tier 1 Risk-Based Capital Ratio

6.7%	7.0%	7.0%	7.2%	7.4%	7.7%
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Jun 00 Sept 00 Dec 00 Mar 01 June 01 Estimated
Pro Forma
at Closing

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5 Year Debt Spreads vs. Peers*

Date	Spread	Date	Spread
6/1/00	0.117%	1/16/01	0.200%
6/14/00	0.117%	1/22/01	0.183%
6/23/00	0.203%	1/29/01	0.217%
6/29/00	0.267%	2/5/01	0.217%
7/12/00	0.183%	2/12/01	0.210%
7/24/00	0.167%	2/20/01	0.190%
8/4/00	0.167%	2/26/01	0.177%
8/11/00	0.170%	3/5/01	0.173%
8/29/00	0.200%	3/14/01	0.167%
9/7/00	0.250%	3/19/01	0.170%
9/18/00	0.207%	4/4/01	0.133%
9/26/00	0.190%	4/9/01	0.090%
10/2/00	0.220%	4/17/01	0.060%
10/17/00	0.250%	4/30/01	0.050%
11/21/00	0.333%	5/10/01	-0.007%
11/30/00	0.350%	5/22/01	0.047%
12/4/00	0.383%	5/30/01	0.057%
12/11/00	0.350%	6/11/01	0.050%
12/19/00	0.300%	6/15/01	0.047%
1/2/01	0.267%	6/27/01	0.030%
1/7/01	0.217%	7/9/01	0.043%

* Peers include BAC, ONE and WFC.

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First Union...We are Ready - Update on Recent Operating Performance

The Market Is Rewarding Our Efforts

Price Performance For The Six Months Ended June 30, 2001

[PERFORMANCE GRAPH APPEARS HERE WITH FOLLOWING PLOT POINTS]

DATE	FTU	PEERS	DATE	FTU	PEERS	DATE	FTU	PEERS
12/29/2000	100%	100%	3/7/2001	121%	98%	5/11/2001	108%	92%
1/1/2001	100%	100%	3/8/2001	123%	98%	5/14/2001	110%	93%
1/2/2001	100%	98%	3/9/2001	120%	96%	5/15/2001	110%	94%
1/3/2001	108%	102%	3/12/2001	112%	91%	5/16/2001	112%	96%
1/4/2001	112%	103%	3/13/2001	118%	93%	5/17/2001	112%	96%
1/5/2001	109%	101%	3/14/2001	113%	89%	5/18/2001	112%	96%
1/8/2001	107%	99%	3/15/2001	118%	92%	5/21/2001	111%	96%

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RGBK	+17.2
MTB	+11.0
NCC	+7.1
MI	+6.0
FBF	+5.0
STI	+2.8
FITB	+0.5
BBT	-1.6
USB	-2.0
ONE	-2.3
CMA	-3.0

S&P Bank Index	-3.9

KEY	-7.0
MEL	-8.9
PNC	-10.0
WFC	-16.6

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First Union/Wachovia Merger Integration Planning...Well
Organized and Progressing

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First Union/Wachovia Merger Integration Planning...Well Organized and Progressing

First Union's Extensive Integration Experience

- o 81 bank mergers since 1985 (approximately 4,000 branches, 2,000 systems)
 - [ARROW] 27 bank mergers with greater than \$1 billion in assets; 13 bank mergers with greater than \$5 billion in assets
 - [ARROW] 10 broker-dealer/investment manager acquisitions with greater than 3 million customers
- o We have learned from our CoreStates experience

		30 of Those 81	
		Complex Bank	
	41 of Those 81	Acquisitions	
	Less Complex	Involved	
	Bank Acquisitions	Mutual Funds	
	Involved	Brokerage	
81 Acquisitions	Deposits ATM	Personal Trust	10 Specialty Acq
Involved	Consumer Loans	Corporate Trust	Involved
----- General Ledger	Leasing	Insurance	----- Unique System
Payroll	Indirect	IRA	Conversions
Accounts Payable	Unsecured/Secured	CAP	Examples Include
Fixed Assets	Commercial Loans	International	Equity Derivativ
Benefits	CDs	Sales Tracking	Systems
Network Connectivity	Safe Deposit Box	Credit/Debit Cards	Bond Systems
Customer Information	Overdraft Protection	Capital Markets Investments	Commercial and
Systems	Mortgage	Capital Mgmt Investments	Insurance System
	Item Processing	Trading	Dot coms
	Credit Card	Account Recovery	
	Wire Transfer	Cash Management	
	Equity Lines	401K	
	ACH	Institutional Custody	

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First Union/Wachovia Merger Integration Planning...Well Organized and Progressing

Balanced Representation of Wachovia and First Union Management

Executive Committee (B. Baker and K. Thompson)
Approve key transition decisions

Post-Closing Committee of Independent Directors
Merger Steering Committee (B. McCoy and D. Carroll)
Set overall policies

Project Management Office
Coordinate and oversee all transition processes and communications

Customer Experience Team
Culture Integration Team
Integrated Communications
Progress Tracking

Transition Team
Manage the corporation's integration planning at the business unit level
All Business Units Represented
Conversion Task Force
Planning for all systems conversions
All Business Units Represented

Primary Objectives: Expand Customer Base
Stay Focused on Customer Experience
Improve Customer Perception of Combined Organization

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First Union/Wachovia Merger Integration Planning...Well Organized and Progressing

Transition Risk Management

o Risk management is key component of entire transition/execution process:

- [ARROW] Customer risk [ARROW] Employee risk [ARROW] Market risk
[ARROW] Systems/operations risk [ARROW] Regulatory risk [ARROW] Capacity/volume risk
[ARROW] Organization risk [ARROW] Financial risk [ARROW] Transaction risk

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- o "Best of both" executive teams and boards - strengthens quality of both
- o Improves our business lines:

	Impact
[ARROW] Retail Bank Strength - #1 on East Coast	
- Distribution (FTU sales, WB service culture)	Improved
- Market share (WB's 3.5 million customers)	Improved
[ARROW] Brokerage and Wealth Management - National Scale	
- Product cross-sell opportunities (FTU's brokerage, annuities, mutual funds, etc)	Improved
- Distribution (FTU: 2 RRs/branch, WB: 0.3)	Improved
[ARROW] Corporate/Investment Bank Scale - Stronger Mid-Market Focus	
- Client mix (WB's customer base and coverage)	Improved
- Cross-sell opportunities (FTU's I-Bank products to WB clients, WB cash management)	Improved

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Wachovia...Clearly Compelling for First Union Shareholders

Financial Proposition

- o Significant earnings accretion with conservative assumptions

	EPS Impact	
	Cash	New GAAP (a)
2002E	3.7%	0.0%
2003E	5.3	2.5
2004E	7.1	5.4

- o 20%+ internal rate of return, well in excess of 12% cost of capital
- o Strong balance sheet - improves capital and reserve coverage ratios

	Current First Union	Estimated Pro Forma At Closing
Reserves/Loans Tier I	1.4%	1.8% (b)
Capital/Risk-Based Assets	7.4%	7.7%

- o Positioned to generate over \$2.5 billion in excess capital per year

[ARROW] After-tax cost savings expected to contribute \$550 million per annum

[ARROW] Potential revenue synergies in excess of \$200 million already identified and not included in analysis

-
- (a) As used herein, "New GAAP" refers to the recently adopted modifications to GAAP whereby existing and newly recorded goodwill would not be subject to amortization, but rather would be subject to periodic testing for impairment.
 - (b) Includes an illustrative \$450 million enhancement to reserves, although the amount of any actual enhancement will be determined at closing.

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Wachovia...Clearly Compelling for First Union Shareholders

Reasonable and Appropriately Paced Merger Planning

"The cost savings potential in a First Union/Wachovia combination is greater than in a SunTrust/Wachovia combination...The greater cost savings are possible in a First Union/Wachovia combination largely because the branch overlap is greater." Thomas K. Brown, Second Curve Capital, June 4, 2001

"Management appears to be highly conscientious of minimizing risk in this integration. To this end, the company [First Union] is intent on understanding and smoothly integrating the businesses they are merging with and staying focused on customer satisfaction. Merger transition teams, comprised of employees from both First Union and Wachovia, are well along in the process of conducting transition due diligence and developing an integration strategy. The two companies appear to be leaving no stone unturned." George A. Bicher, Deutsche Banc Alex. Brown Inc., June 14, 2001

"First Union is well advanced in planning the merger integration with Wachovia...We are very impressed by the approach the new company is taking, which is very customer-oriented. This includes not closing any branches for a year after the merger closes, communicating with customers, and most important paying attention to branch capacity." Ronald I. Mandle, Sanford C. Bernstein Inc., June 28, 2001

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First Union...Clearly Compelling for Wachovia
Shareholders

[FIRST UNION LOGO APPEARS HERE]

[WACHOVIA LOGO APPEARS HERE]

First Union...Clearly Compelling for Wachovia Shareholders

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 First Union/Wachovia - a Superior Franchise - Particularly in High Growth Areas

	First Union/ Wachovia	SunTrust/ Wachovia	Scale Advantage
General Banking -----			
Customers (mm)	19	8	2.4x
On-line Banking Customers (mm)	3	1	3.0x
Branches	2,900	1,800	1.6x
ATMs	5,128	3,347	1.5x
Combined Assets (\$ bn)	\$ 329	\$ 179	1.8x
Combined Deposits (\$ bn)	\$ 186	\$ 108	1.7x
Pro Forma Tier 1 Capital (\$bn) (1)	\$ 21	\$ 12	1.8x
States of Operations	13	9	1.4x
Metropolitan Areas	75	58	1.3x

Wealth Management

Assets Under Management			
(\$ bn)	\$ 222	\$ 142	1.6x
Mutual Funds (\$ bn)	\$ 98	\$ 31*	3.2x
Brokerage Offices	600	75*	8.0x
Registered Representatives	8,350	674*	12.4x
High Net Worth Offices	133	57	2.3x

Corporate & Investment Banking

 Mid-Market Scale Requires More Investment

 *Needs further acquisitions to be viable.
 (1) Estimated pro forma Tier 1 Capital at closing.

[FIRST UNION LOGO APPEARS HERE]

[WACHOVIA LOGO APPEARS HERE]

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 First Union/Wachovia Business Mix Produces Far Superior Growth Potential

- o First Union: We believe our franchise has a higher growth business mix
- o SunTrust: Traditional retail bank and real estate/corporate lender

Business Segment	Long-term Growth Rate of Business (a) 2001E	Net Income Contribution	
		First Union/ Wachovia	SunTrust/ Wachovia (b)
		-----	-----
		3-5 Year	Normalized

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Retail	8%	46%	35%-40%	66%
Brokerage/Wealth Management	15	21	30-35	11
Corporate/Investment Bank & Other	10	33	25-30	23
Implied Long-Term Growth (c)		10%	11%+	