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WACHOVIA CORP/ NC
Form 425
May 30, 2001

Filed by First Union Corporation

Pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934

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

Date: May 30, 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, and, on April 26, 2001, First Union filed a registration statement on Form S-4 with the SEC containing a preliminary joint proxy statement/prospectus of First Union and Wachovia and other relevant documents concerning the proposed transaction. Stockholders are urged to read the definitive joint proxy statement/prospectus when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the registration statement and 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 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).

First Union and Wachovia, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of First Union and Wachovia in connection with the merger. Information about the directors and executive officers of First Union and their ownership of First Union common stock is set forth in First Union's proxy statement on Schedule 14A, as filed with the SEC on March 13, 2001. Information about the directors and executive officers of Wachovia and their ownership of Wachovia common stock is set forth in Wachovia's proxy statement on Schedule 14A, as filed with the SEC on March 19, 2001. Additional information regarding the interests of those participants may be obtained by reading the definitive joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

THE FOLLOWING ADVERTISEMENT RAN IN VARIOUS PUBLICATIONS ON MAY 30, 2001

[FIRST UNION LOGO]

An open letter to the investment community:

Eleven trading days in May

First Union and Wachovia have agreed on a strategic partnership that will create a leading banking franchise with the potential for increased shareholder value and strong long-term growth.

SunTrust has discussed a negotiated combination with Wachovia for many years--without ever reaching an agreement--and has now resorted to a hostile takeover bid. Over the last eleven trading days, as the market premium initially offered by SunTrust has sharply declined, here is what we believe the investment community wants to know.

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1. Given that First Union's price-to-earnings ratio is below SunTrust's and First Union's projected long-term earnings growth is above what SunTrust has projected for itself, does First Union's stock offer more upside for Wachovia's shareholders?
2. First Union has strong positions in high-growth businesses, including asset management, brokerage and capital markets, and with Wachovia it will become the fourth largest bank in the U.S. in a business where we believe scale matters. Would SunTrust need to make substantial acquisitions in all these high-growth businesses and in retail banking to match the competitive position of a Wachovia-First Union?
3. Now that the Wachovia board has spoken and SunTrust has unleashed a barrage of litigation, will SunTrust acknowledge that the continuation of its bid is hostile? Is it appropriate to assume no revenue attrition in a hostile transaction?
4. Can SunTrust truly avoid the serious problems, including loss of almost all senior management and heavy deposit erosion that the last hostile acquisition of a large bank incurred?
5. If SunTrust acquires Wachovia, will its pro-forma risk-adjusted capital ratios rank dead last of the top 50 U.S. banks--as in Number 50? In prior hostile transactions, have the regulators required the hostile bidder to raise additional capital so that there is no capital diminution?
6. If one-time gains, trading gains and share repurchases are eliminated, how much have SunTrust's earnings increased since the Crestar closing? How much have trust revenues grown (or declined) since the Crestar closing?
7. Is it smart business for SunTrust to raise its dividend 120% over only three years to one of the highest payout ratios among larger banks? If SunTrust were to experience an earnings decline, would there be market or regulatory pressure to reduce the dividend?
8. Does SunTrust agree that its hostile acquisition of Wachovia will generate no new net incremental capital for more than 10 years?
9. Is it true that SunTrust's merger with Crestar was delayed for a number of months because of an accounting dispute between SunTrust and the Securities and Exchange Commission?
10. Is it true that SunTrust had significant systems conversion problems in the Crestar transaction that persisted for several weeks?
11. Does SunTrust believe Crestar, its only \$1 billion deal in the last dozen years, prepares it to almost double in size through a hostile takeover?

As the market continues to focus on these issues, we believe that the competitive advantages of a First Union and Wachovia combination are clear and compelling.

First Union and Wachovia The Right Combination

In connection with the proposed transaction with Wachovia, on April 26, 2001, First Union filed a registration statement on Form S-4 with the Securities and Exchange Commission containing a preliminary joint proxy statement/prospectus of

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First Union and Wachovia. Stockholders are urged to read the definitive joint proxy statement/prospectus regarding the proposed transaction when it becomes available and any other relevant documents filed with the SEC because they will contain important information. You may obtain a free copy of the registration statement and the joint proxy statement/prospectus, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of these documents can also be obtained, without charge, by directing a request to First Union Corporation, Investor Relations, One First Union Center, 301 South College Street, Charlotte, NC 28288-0206, 704-374-6782, or to Wachovia Corporation, Investor Relations, 100 North Main Street, Winston-Salem, NC 27150, 888-492-6397. Information regarding the director and officer participants in the proxy solicitation and a description of their direct and indirect interest, by security holdings or otherwise, is contained in the proxy materials filed with the SEC by First Union on March 13, 2001, and by Wachovia on March 19, 2001. The information presented above may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in First Union's and Wachovia's public reports filed with the SEC.

THE FOLLOWING NEWS RELEASE WAS ISSUED BY FIRST UNION AND WACHOVIA

[FIRST UNION LOGO]

[WACHOVIA LOGO]

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WACHOVIA AND FIRST UNION MODIFY OPTION AGREEMENTS

CHARLOTTE and WINSTON-SALEM, N.C., May 30, 2001 - Wachovia Corporation (NYSE:WB) and First Union Corporation (NYSE:FTU) today announced that they have amended certain provisions in their reciprocal option agreements granted in their merger of equals to eliminate any possible distraction of shareholders from the merits of the First Union-Wachovia merger.

As previously announced in their merger-of-equals transaction announced on April 16, 2001, Wachovia and First Union granted each other the right to purchase under certain circumstances (none of which has occurred) up to 19.9 percent of the other company's common shares. As amended, the consideration paid on the exercise of such options must consist of cash or readily marketable debt or preferred stock issued by the option holder. These securities must have a fair market value equal to the option exercise price as agreed upon by both parties' investment bankers. Also, First Union and Wachovia clarified certain provisions of the reciprocal options to confirm clearly that the maximum profit that may be derived by a party exercising the option is capped at \$780 million in all circumstances.

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The companies said that the property exercise feature of the options had appeared to distract some shareholders unnecessarily from the merits of the First Union - Wachovia merger of equals. As a result, the companies agreed to the amendment. The companies said their merger of equals is moving forward on schedule on integration and regulatory fronts.

First Union Corporation, with \$253 billion in assets and stockholders' equity of \$16 billion at March 31, 2001, is a leading provider of financial services to 15 million retail and corporate customers throughout the East Coast and the nation. The company operates full-service banking offices in 11 East Coast states and Washington, D.C., and full-service brokerage offices in 47 states. Online banking products and services can be accessed through www.firstunion.com.

Wachovia Corporation, with dual headquarters in Atlanta and Winston-Salem, N.C., is a leading financial holding company serving regional, national and international markets. As of March 31, 2001, Wachovia had assets of \$75.6 billion. Member companies offer consumer and commercial banking, bank card, asset and wealth management, capital markets and investment banking, community development finance, brokerage and insurance services. Wachovia Bank, N.A., the principal subsidiary, has nearly 650 offices and 1,350 ATMs primarily in Florida, Georgia, North Carolina, South Carolina and Virginia.

This news release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (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.

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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 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.

Additional Information

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Wachovia's proxy statement on Schedule 14A, as filed with the SEC on March 19, 2001. Additional information regarding the interests of those participants may be obtained by reading the definitive joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

THE FOLLOWING NEWS RELEASE WAS ISSUED BY FIRST UNION

NEWS

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Wednesday
May 30, 2001

Media Contacts:
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Mary Eshet 704-383-7777

[FIRST UNION LOGO]

Investor Contact:
Alice Lehman 704-374-4139

FIRST UNION CEO THOMPSON CONFIDENT THAT SHAREHOLDERS WILL
CONCLUDE MERGER WITH FIRST UNION IS BEST FOR WACHOVIA

Response to SunTrust's Conference Call Presentation

Charlotte, N.C. -- First Union's chief executive officer, Ken Thompson, made the following statement in response to today's SunTrust conference call presentation relating to its hostile bid for Wachovia and attacks on the Wachovia/First Union merger of equals currently in progress.

"We're very confident that, despite SunTrust's hostile efforts and rhetoric, the Wachovia/First Union merger of equals will continue to gain broad support. As shareholders focus on the most important factor, which is the potential for growth and increasing shareholder value, we believe that they will come to the same conclusion as Wachovia's Board of Directors: that a merger with First Union is clearly in the best interests of Wachovia's shareholders.

"There is nothing new in SunTrust's presentation. If shareholders clearly review the facts, the economics and the strategic and cultural fit in our merger of equals, I firmly believe they will agree that First Union is offering them a superior deal."

On May 22, 2001, Wachovia's Board of Directors strongly reaffirmed the First Union/Wachovia merger of equals and the integration planning of the two companies is proceeding smoothly.

First Union and Wachovia believe the new Wachovia will be a powerful force in banking with over 19 million customers, and diversified income from international, national and regional businesses, asset management, wealth management and capital markets.

First Union (NYSE:FTU), with \$253 billion in assets and stockholders' equity of \$16 billion at March 31, 2001, is a leading provider of financial services to 15 million retail and corporate customers throughout the East Coast and the nation. The company operates full-service banking offices in 11 East Coast states and Washington, D.C., and full-service brokerage offices in 47 states and internationally. Online banking products and services can be accessed through www.firstunion.com.

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proxy statement/prospectus of First Union and Wachovia and other relevant documents concerning the proposed transaction. Stockholders are urged to read the definitive joint proxy statement/prospectus when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the registration statement and 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 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).

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