WACHOVIA CORP/ NC
Form 425
May 30, 2001

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Subject Company: Wachovia Corporation
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Date: May 30, 2001

A Better Deal

May 30, 2001

FORWARD LOOKING INFORMATION

This presentation 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 a merger between SunTrust and Wachovia, including future financial and operating results, cost savings and accretion to reported and cash earnings that may be realized from such merger; (ii) statements with respect to Sun Trust'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 SunTrust'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 businesses of SunTrust and Wachovia may 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, including, without limitation, difficulties in maintaining relationships with

employees, customers, clients or suppliers, may be greater than expected following the merger; (5) the regulatory approvals required for the merger may not be obtained on the proposed terms or on the anticipated schedule; (6) the failure of SunTrust's and Wachovia's stockholders to approve the merger; (7) competitive pressures among depository and other financial institutions may increase significantly and may 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.

FORWARD LOOKING INFORMATION

Additional factors that could cause SunTrust's results to differ materially from those described in the forward-looking statements can be found in SunTrust'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 SunTrust or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. SunTrust does 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.

On May 29, 2001 Sun Trust filed with the Securities and Exchange Commission ("SEC') a revised preliminary proxy statement for solicitation of proxies from Wachovia shareholders in connection with the Wachovia 2001 annual meeting of shareholders Subject to future developments, SunTrust intends to file with the SEC a registration statement at a date or dates subsequent hereto to register the Sun Trust shares to be issued in the proposed transaction. Investors and security holders are urged to read the proxy statement and registration statement (when available) 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. Investors and security holders may obtain a free copy of the proxy statement and the registration statement (when available) and other relevant documents at the SEC's Internet web site at www.sec.gov. The proxy statement, the registration statement (when available) and such other documents may also be obtained free of charge from SunTrust by directing such request to: SunTrust, 303 Peachtree Street, N.E., Atlanta, GA 30308, Attention: Gary Peacock (404-658-4753).

SunTrust, its directors and executive officers and certain other persons may be deemed to be "participants" in SunTrust's solicitation of proxies from Wachovia shareholders. A detailed list of the names, affiliations and interests of the participants in the solicitation is contained in SunTrust's revised preliminary proxy statement on Schedule 14A, filed with the SEC on May 29, 2001.

KEY MESSAGES

We are here to review the facts

Still a better deal

Be careful what you read: setting the record straight

Results not promises

We Are Here to Review the Facts

WE ARE HERE TO REVIEW THE FACTS

A Logical and Compelling Transaction

We believe our proposal has the following attributes:

Financially attractive to SunTrust shareholders and a better deal for Wachovia shareholders

Leadership position in high growth and affluent southeastern markets

Enhanced scale in high growth/high margin businesses

Superior financial strength and credit risk management

Successful Crestar integration completed; clean slate for this transaction

Complementary cultures and business strengths

Opportunity for reinvestment of excess capital

FINANCIALLY ATTRACTIVE TO SUNTRUST SHAREHOLDERS (1)

($ MM)	2002	2003	2004
SunTrust Earnings	$1,527	$1,631	$1,740
Wachovia Earnings (2)	1,053	1,147	1,251
Subtotal	2,580	2,778	2, 991
Cost Savings	124	217	310
Other (3)	(87)	(84)	(75)
Pro Forma Earnings	2,616	2,911	3,226
Cash EPS	$5.35	$6.06	$6.82
SunTrust Accretion	0.6%	3.6%	6.3%
Wachovia Accretion	1.9	5.7	9.3

Source: May 11, 2001 SunTrust presentation.

Notes:

(1) Estimated in-the-money value of option is, for presentation purposes, $440MM. If in-the-money value of option is $780MM, SunTrust accretion will be 0.5% lower than shown in each period. At the minimum surrender value of $375MM, SunTrust accretion will be 0.1% higher than shown in each period; if the option is invalidated, SunTrust accretion will be approximately 0.7% higher than shown in each period.

(2) Assumes 25 million share repurchase to conform with street estimates.

(3) Includes earnings loss due to divestitures, restructuring charge, payment for option, reserve addition and increased dividend.

A Better Deal

A BETTER DEAL

The Facts Remain The Same

We believe our proposal offers:

- Higher price
- Upside not dependent on P/E expansion
- Stronger currency; better track record
- Simpler and better dividend; with a history of dividend growth
- Lower execution risk
- Fewer branch closings and staff reductions
- Better outcome for employees, customers and communities

Despite 2 revisions to First Union/Wachovia deal, SunTrust believes its proposal is <u>still</u> superior

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BETTER FOR ALL CONSTITUENTS

SunTrust believes its deal is <u>still</u> better for all constituents

Shareholders	
Price	$2.08 per share higher [1]
Dividends	Same at close as existing Wachovia dividend; Opportunity to share in SunTrust dividend growth; SunTrust has raised its dividend every year for the past 16 years; SunTrust has never reduced dividends
Employees/Communities	3, 000 fewer job losses and 125-150 fewer branch closures
Customers	Quality service from a customer centric franchise

Note: (1) Based on closing prices as of 5/26/01.

BETTER TRACK RECORD [1]

Fact Not Opinion

			Scorecard	
	SunTrust	**First Union**	**SunTrust**	**First Union**
5 Year Total Shareholder Return [2]	80%	19%		
5 Year Annual Growth Rates:				
Net Revenue per Share [3]	8	0		
Core EPS [4]	12	(4)		
Dividend [5]	14	(2)		
5 Year Average NCO Ratio	0.29	0.57		
	$365MM	$7,210MM		

Restructuring Charges in Last 5 Years (6)				
# of Times EPS Guidance Lowered in 1999	0	2		
		Total	**7**	**0**

Notes:

(1) Originally reported data.

(2) Source: FactSet. Through 5/25/01. Assumes reinvestment of dividends.

(3) 5-Yr CAGR 1996-2001; 1Q'01 annualized. Net revenue excludes non-recurring income and adjusted for stock splits.

(4) 5-Yr CAGR 1996-2001. 2001 EPS based on First Call estimates as of 5/25/01. Core EPS excludes non-recurring items, merger-related and restructuring charges and adjusted for stock splits.

(5) 5-Yr CAGR 1996-2001; 1Q'01 annualized. Adjusted for stock splits.

(6) Through 3/31/01.

DELIVERING CONSISTENT AND PREDICTABLE GROWTH

Source: SunTrust 10Qs and earnings press releases.
Note: (1) Operating earnings as reported by SunTrust from 4Q `98 to date, adding back amortization of intangibles. Prior to 4Q `98 EPS as reported adjusted for non-recurring items.

MARKET HAS RECOGNIZED SUNTRUST'S CONSISTENCY

Stronger Currency

FIRST UNION DEAL PREDICATED ON P/E MULTIPLE EXPANSION

Buying Cheap Stocks Hasn't Worked

SUNTRUST PROVIDES A SIMPLER AND BETTER DIVIDEND

No Higher Math Required

Does this all make sense?

First Union and Wachovia have changed their tune:

- 4/16: One- time special dividend of $0.48
- 5/4: Annual dividend of $1.92 per share. "Dividend income essentially unchanged at $2.40 per share for the first year" (1)

SunTrust Proposal:

$2.40 per equivalent Wachovia share to start and only one class of stock (41% 2002 cash dividend payout ratio vs. 37% peer median) (3)

? 5/15: First Union dividend on a present value basis is equal to SunTrust proposal [2]

? 5/22: For Wachovia shareholders two equal but different choices: your choice of $0.48 special dividend plus First Union dividend or $2.40 going forward. For First Union shareholders no dividend increase [2]

? 5/22: "Original agreement provided a special dividend equal to the expected present value difference between the Wachovia and First Union dividends" [2]

Notes:

(1) Letter to Wachovia shareholders dated May 4, 2001. Emphasis added.

(2) Based on First Union press releases of 5/15/01 and 5/22/01, respectively.

(3) $2.22 proposed annual SunTrust dividend multiplied by exchange ratio of 1.081. Peer median based on top 20 banks' 2001 cash dividend payout ratio, excluding State Street and Northern Trust.

WHO DO YOU THINK HAS LOWER INTEGRATION RISK?

THESE ANALYSTS BELIEVE THE SUNTRUST PROPOSAL HAS LOWER EXECUTION RISK

"... STI would require fewer staff reductions (4,000 vs 7,000) and fewer branch closings (150-175 vs. 300), which would **minimize disruption**. ...we view STI as more "ready" to do a deal as it is **not preoccupied with restructuring** its operations, which we believe **remains an issue at FTU**." - *Michael Plodwick, UBS Warburg, May 15, 2001*

"We feel integration risk is reduced because there would be 42-50% fewer branch closings and 43% fewer layoffs than under the First Union plan. We believe that the SunTrust franchise is currently in a **stronger operational and financial position to undertake the acquisition** of Wachovia." - *Jennifer Thompson, Putnam Lovell Securities, May 15, 2001*

"We believe that the **lesser employee turmoil** in a STI/WB union will ultimately lead to **better employee morale**, which is crucial to maintaining revenue momentum, ...[SunTrust has] **higher probability of ensuring a smooth integration** with considerably less customer

and employee disruption, and consequently, a **far higher likelihood of achieving the advertised earnings synergies**." - *Lana Chan, CIBC World Markets, May 15, 2001*

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Be Careful What You Read: Setting the Record Straight

ANALYSTS BELIEVE IN THE SUNTRUST GROWTH STORY

Don't Just Take Our Word For It

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SUNTRUST HAS MOMENTUM...

Don't Just Take Our Word For it: Analysts Associated with First Union/Wachovia Transaction Agree

Lori Applebaum, Goldman, Sachs & Co., April 11, 2001

"SunTrust delivered nice underlying business trends in the first quarter"

"Loan, deposit and fee income momentum were good"

"We are maintaining our current above consensus estimates and forecast 10% EPS this year and next"

"Positive EPS revisions to come"

Sandra J. Flannigan, Merrill Lynch, April 12, 2001

"Better than estimated core revenue growth 2.5%" 1st quarter 2001/4th quarter 2000 & "4.5%" year-over-year

"some core fee upside, but spread revenue more notable variance-8bps" 1st quarter 2001/4th quarter 2000

"View stock as a good long term investment"

John B. Moore Jr., Wachovia Securities, Inc., April 12, 2001

"The Street continues to look for signs of widespread credit deterioration with this company, but it just ain't there SunTrust has another quarter with stable loan quality"

"The quality of this company becomes readily apparent during turbulent times"

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

Cost Savings Estimates

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CAPITAL IS NOT AN ISSUE IN THIS TRANSACTION

Notes:

(1) First Union figures do not include impact of $1.6Bn equity forward contracts and forward purchase contracts at cost as of 3/31/01. Source: First Union 3/31/01 10Q.
(2) Estimated in-the-money value of option is less than the minimum surrender value of $375MM. If option is invalidated, STI estimated pro forma tangible common ratio and tier 1 capital ratio will be 5.85% and 6.65%, respectively. If in-the-money value of option is $780MM, STI estimated pro forma tangible common ratio and tier 1 capital ratio will be 5.39% and 6.21%, respectively.
(3) Assumes purchase accounting. Pro forma for WB card sale and repurchase of 25MM WB shares at most recent WB closing price. Assumes balance sheet reduced by credit card loans and related intangibles, special provision of $450MM, full restructuring charge. Actual restructuring charge will be phased-in over several quarters.

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

First Union Capital Management Revenues

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

First Union Assets Under Management

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

Just Being Bigger Doesn't Make You Better

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BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

First Union Capital Markets

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How Online Banks Rank With Online Customers

** Forrester asked respondents to identify their primary banking institution (which can include banks, brokerages, or credit unions). They then asked them to evaluate their firm(by institution name, or they had the option to reply with `my credit union' or `my brokerage firm') on several criteria: satisfaction, value, loyalty, stability, ease-of-contact, and accuracy. Survey is based on 10,000 online consumers (who may bank online and/or offline). Due to space limitations the rankings for 15-24 have been removed. For additional information on these rankings or complete methodology please contact Forrester.*

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

SunTrust Merger Integration Experience

Successfully integrated Crestar

- $10Bn transaction value - $26Bn of assets, 45% of SunTrust's asset base
- No loss in commercial market share, increased lead bank penetration
- After three years, retention of virtually all senior managers with customer contact
- Earnings shortfall of 3% in difficult operating environment

The combined SunTrust and Crestar management has completed over 37 transactions since 1990

Our focus has been high quality transactions and high quality results

Other major initiatives reflect SunTrust's management's ability to execute significant projects

- One Bank: consolidation of 28 bank charters

COMPATIBLE AND COMPLEMENTARY CULTURE

Strong Fit Between SunTrust and Wachovia Motivates Our Proposal

Issue	SunTrust Approach (1)	Wachovia Approach (2)
Customer Focus	"SunTrust is committed to delivering total financial solutions when, where and how the client desires"	"Within Wachovia, we will ensure that customers are served in ways that best fit their needs"
Relationships	"SunTrust seeks to develop deep, long-term, profitable relationships with clients who put a premium on high quality, value-added service and professional attention"	"Wachovia will heighten its focus on businesses, markets and client segments where trusted relationships are most valued and provide a source of sustainable advantage"
Local Market Focus	"We will combine the advantages of strong, focused, and accountable decentralized local management with the benefits of shared support services and standardized processes, procedures and approaches"	"Banking regions have adopted a geographically based business model that reduces management layers and costs, empowers strong sales leaders and allows for market-based sales strategies"
Corporate Banking	"In 1999, we further invested in our ability to provide corporate clients with	"Wachovia uses a distinctive delivery approach in which highly qualified

Issue	SunTrust Approach [1]	Wachovia Approach [2]
	fully integrated solutions to their financial needs"	relationship managers are backed by expertise in financial advisory, capital markets and treasury services"

Notes:

(1) SunTrust Corporate Strategy Statement (September, 1999) and SunTrust Annual Reports.

(2) 2000 Wachovia Annual Report.

THEY DIDN'T MENTION CREDIT QUALITY

Here's Why

THEY DIDN'T MENTION CREDIT QUALITY
(Continued)

THEY DIDN'T MENTION CREDIT QUALITY
(Continued)

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[redacted]

BE CAREFUL WHAT YOU READ: SETTING THE RECORD STRAIGHT

Results Not Promises

RESULTS NOT PROMISES

First Union "Normalized" 3-5 Year Targets	June 26, 2000 Restructuring Announcement	April 16, 2001 Deal Announcement	Actual [1]
Targeted Business Mix			
General Bank	25-30%	35-40%	53%

First Union "Normalized" 3-5 Year Targets	June 26, 2000 Restructuring Announcement	April 16, 2001 Deal Announcement	Actual [1]
Capital Management	30-35%	30-35%	20%
Capital Markets	35-40%	25-30%	27%
Targeted Net Income Growth Rates			
General Bank	4-6%	7-9%	0%
Capital Management	15%+	15%+	(22)%
Capital Markets	12 15%	10%+	(46)%
Targeted Cash EPS Growth Rate	10-12%	10-12%+	(27)%

Source: First Union presentation titled: "Repositioning for The Future" June 26, 2000 and First Union Investor Presentation: April 16, 2001.

Note: (1) Business mix as of 3/31/01; based on net income, excluding income from Parent segment. Growth rates based on reported operating earnings for each segment 1Q'00-1Q'01. EPS growth rate based on cash earnings for total company. Source: First Union First Quarter 2001 Supplemental Earnings Package.

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PREVIOUS PROMISES

Missteps Not Limited to CoreStates

	First Union Acquisitions		
	Dominion	First Fidelity	Wheat First
Announcement Date	9/21/92	6/19/95	8/20/97
Projected EPS (Yr) at announcement [1]	$3.54 (96)	$3.62 (97)	$3.90 (98)

Reported Operating EPS (Yr)	3.16 (96)	3.30 (97)	3.21 (98) [2]
Shortfall	(10.9%)	(8.8%)	(17.7%)

Source: First Union 10Ks, analyst presentations, press releases and IBES. EPS estimates adjusted for stock splits.

PREVIOUS PROMISES

Missteps Not Limited to CoreStates (continued)

	First Union Acquisitions			
	Money Store [2]	**Signet**	**CoreStates**	**EVEREN**
Announcement Date	3/04/98	7/21/97	11/18/97	4/26/99
Projected EPS (Yr) at announcement [1]	$4.38 (99)	$4.36 (99)	$4.46 (99)	$4.52 (00)
Reported Operating EPS (Yr)	3.40 (99)	3.40 (99)	3.40 (99)	2.97 (00)
Shortfall	(22.4%)	(22.0%)	(23.8%)	(34.3%)

Sources: First Union analyst presentations, press releases, Company reports and IBES. EPS estimates adjusted for stock splits.

Notes: (1) Projected EPS based on First Union analyst presentations or assumed to be IBES median estimate as of announcement date when transaction described as "Immediately accretive to EPS" or "Accretive to EPS on consummation". EVEREN projected EPS based on $0.02 above median IBES estimates as of announcement date as company described transaction as $0.02 accretive to 2000 EPS.

(2) Restructuring and other charges related to Money Store totaled $2.6Bn in 2000. Source: First Union analyst presentation, June 26, 2000.

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