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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 29, 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 Reports on Form 8-K) filed with the Securities and Exchange Commission and

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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 PRESENTATION MATERIALS MAY BE USED BY FIRST UNION FROM TIME TO TIME IN ANALYST AND INVESTOR MEETINGS

[WACHOVIA LOGO]

[FIRST UNION LOGO]

Wachovia/First Union
Merger Transition Process
May 2001

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Additional Information

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Wachovia/First Union Key Merger Integration Objectives

Primary Objectives

- o Lose no customers
- o Stay focused on customer experience
- o Improve customer perception of combined organization

Other Objectives

- o Provide a distinctive value proposition for customers which is based on maintaining a high level of trust and respect among employees
- o Convert systems on time with no adverse customer service/sales impact
- o Exceed quarterly earnings targets
- o Exceed pro forma efficiency expectations
- o Simplify the complexity of the combined operating environment

A Key to Transition Success

- o Successfully running normal day-to-day business activities

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Merger Transition Organization

Balanced Representation of Wachovia and First Union Management

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

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

Integrated Communications

Culture Integration Team

Progress Tracking

Transition Team
Manage the corporations' integration
at the business unit level

Conversion Task Force
Complete all systems conversions

All Business Units Represented

All Business Units Represented

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Team Roles

Executive Committee

- o Approve Key Merger Steering Committee decisions

Merger Steering Committee

- o Establish strategic direction
- o Provide overall leadership
- o Approve recommendations
- o Address issues and resolve conflicts

Project Management Committee

- o Coordinate teams sequence activities and monitor progress
- o Develop merger timeline and set milestones
- o Identify and allocate critical resources
- o Resolve issues

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Team Roles

Customer Experience Team

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- o Monitor primary emphasis on customer retention through transition
- o Immediately respond to any integration-related customer issue
- o Provide customer perception and issue identification information associated with merger

Culture Integration Team

- o Assess cultural similarities and differences
- o Provide action-oriented programs to accelerate cultural integration and leverage cultural differences

Integrated Communications

- o Review and approve all internal and external communications
- o Ensure accuracy and consistency with merger objectives and guiding principles

Progress Tracking

- o Develop and track key metrics related to merger transition information

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Team Roles

Transition Team

- o Develop combined business unit strategies, plans and organizational structures
- o Integrate business units to establish merged entity
- o Assess business readiness for integration
- o Manage execution risk

Conversion Task Force

- o Conduct technical systems review, analysis and selection
- o Develop conversion schedule based on business unit strategies
- o Implement project plan for systems integration

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Transition Due Diligence

Original Due Diligence

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- o Black hole analysis
- o Validate efficiencies
- o Initial identification of transition issues

Key Foundation Strategies Established by June 30

- o New business strategies established
- o New organization designed
- o Tier I, II, III management identified

Subsequent Due Diligence Completed by July 31

- o Re-calculate efficiencies at detail level under new business model
- o Re-calculate all restructuring/merger-related one-time expenses
- o Incorporate results in operating budgets

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Timeline

	2001	2002						
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Transition Organization In Place	X							
Merger Agreement Announced	X							
Strategic Business Reviews	X	X						
Management Structure								
Executive	X							
Tier 2 Senior Management	X							
Tier 3 Management		X						
Shareholder Meeting		X						
Consummation		X						
Divestiture Purchase Agreements		X						
Divestitures Complete			X	X	X			
System Review and Selection	X	X	X					
Early Conversions (e.g. GL, HR, AP)		X	X	X	X			
Training Calendar Developed			X	X	X	X	X	
Core Conversions							X	X

*Detailed conversion schedule in Appendix

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Transition Risk Management

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- o Risk management is key component of entire transition/ execution process
 - Customer risk
 - Systems/operations risk
 - Organization risk
 - Employee risk
 - Regulatory risk
 - Financial risk
 - Market risk
 - Capacity/volume risk
 - Transaction risk
- o Continuous assessment of transition/conversion readiness
- o Proactive risk management through early warning
- o Key risk identification process for elevating issues to executive management
- o Merger transition organization structure provides the governance backbone for all risk management

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Merger Experience

- o 81 bank mergers since 1985 with virtually no negative impact
 - 27 mergers were greater than \$1 billion in assets
 - 13 mergers were greater than \$5 billion
 - 10 broker dealers/investment managers with greater than 3 million customers
- o Ability to serve all retail customers anywhere throughout franchise
- o Converted over 2,000 systems and 4,000 branches to common platforms while updating every major platform to state-of-the-art technology
- o All mergers done without negative impact on customers except for CoreStates
 - Extracted too much cost
 - Converted too fast
 - Implemented new business model simultaneously
 - Does not characterize our approach to doing mergers and acquisitions

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Conversion Experience (1985 - 2001)

Goal: To have common systems and integrated environment

81 Acquisitions Involved

General Ledger
Payroll
Accounts Payable
Fixed Assets
Benefits
Network Connectivity

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Customer
Information Systems

41 of Those 81
Less Complex
Bank Acquisitions
Additionally
Involved

Deposits ATM
Consumer Loans
 Leasing
 Indirect
 Unsecured/Secured
Commercial Loans
CDs
Safe Deposit Box
Overdraft Protection
Mortgage
Item Processing
Credit Card
Wire Transfer
Equity Lines
ACH

30 of Those 81
Complex Bank
Acquisitions
Additionally
Involved

Mutual Funds
Brokerage
Personal Trust
Corporate trust
Insurance
IRA
CAP
International
Sales Tracking
CheckCard/Debit Card
Capital Markets Investments
Capital Management Investments
Trading
Account recovery
Cash management
401K
Institutional Custody

10 Specialty
Acquisitions
Involved

Unique System Conversions
Examples Include:
 Equity Derivative Systems
 Bond Systems
 Insurance Systems
 Dot Coms

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Progress Tracking Dashboard

- o Continuous tracking of transition progress for early detection of issues
- o Dashboard of key performance metrics provided by Project Management Office to Merger Steering Committee and selected external audiences
- o Information tracked

Financial

Core Expense/Goal
One Time Expense/Goal
Operating Exp/Operating Rev. vs. Goal
Operating EPS/Forecast vs. Goal
Cash EPS/Forecast vs. Goal
ChargeOffs/Avg. Loans vs. Target
NP/Loans +OREO vs. Target
Avg. Deposits/Customer vs. Baseline
Avg. Loans/Customer vs. Baseline
Revenue Growth/Forecast
Tier 1 Capital vs. Target
Total Capital vs. Target
Debt Rating vs. Target
Reserves/Loans vs. Target
Credit Losses/Avg. Loans vs. Target
Noncredit Losses/Avg. Loans vs. Target
Share Price Movement/BK Index vs. target
Economic Profit Growth vs. Target
Operating ROE vs. Target
Share Repurchases vs. Target

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Progress Tracking Dashboard

Customer

Attrition vs. Baseline
 Consumer
 Small Business
At Risk Assessment vs. Target
Consumer (Gallup) vs. Target
Commercial (Barlow) vs. Target
Market Share of Target Groups vs. Target
Growth vs. Baseline
Brand Perception vs. Target
Customer Perception vs. Target

Human Resources

Cultural Task Force Meeting Milestones
FTE Reduction/Plan
Training Events/Plan
% Employees Retained/Plan
% Displaced in New Positions/Plan
Monthly Turnover/Plan

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Transition Plan Milestones

- % Milestones Completed vs. Schedule
 Call Center Service Level Metrics vs. Target
 Uptime vs. Target
 Data Accuracy vs. Target
 Data Integrity vs. Target
 Level of Exceptions vs. Target

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Appendix

Merger Key Events Timeline

DRAFT -- MOE Target Dates

	Day: 1	5	10	15	30	50	60	90	1
Merger Agreement Announced	X								
Merger Steering Committee Formed		X							
Merger Steering Committee Begins Meeting			X						
Transition Team Leaders Identified			X						
Welcome/Comfort Sessions-All Divisions Organizational Charts (Senior Management)				X					
Transition Team Leaders Meeting					X				
Conversion Task Force Identified					X				
File OCC Application					X				
File Fed Application					X				
File Preliminary Proxy Statement with SEC					X				
File S-4 with SEC						X			
Mail Proxy Statements								X	
Conversion Task Force Meetings Begin								X	
Publish Conversion Schedule (High Level Strawman)								X	X
Systems Review & Systems Selection								X	X
Product Alignment Begins								X	X
Selection Process for Personnel/HR Determined								X	X
Key Leadership Positions Determined & Communicated								X	X
Shareholder Meeting									X
Business Plans for All Divisions									X
Telecommunications/Corporate Real Estate Site Visits Begin									X

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Business Unit Contingency Plans
 Training Calendar Developed
 Branch Consolidation/Facility
 Designs
 Early Conversions
 (GL, AP, PW, FA, HR, etc)
 Merger Consummation
 Flex Benefit Orientation Begins
 Divestiture
 Final Conversions (Deposits, etc)
 Signage Changed at All Branches

X
 X

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INTEGRATION DASHBOARD
 Wachovia / First Union

 Date

Financial

 DEAL EXECUTION

	Actual	TTD Goal
Core Expense /Goal		
	TTD	Total
OneTime Expense/Goal		
	Actual	TTD Goal
Operating Exp./ Operating Rev.		

 DELIVERING
 EARNINGS
 TARGET

 Actual TTD Goal

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Operating EPS/
Forecast

Cash EPS/
Forecast

CREDIT QUALITY

Actual Target

ChargeOffs/
Avg. Loans

NPA/Loans
+ OREO

REVENUE
MOMENTUM

Revenue/Growth
Goal

Actual Linked Qtr.
 Forecast

Wealth Management

Specialty Finance

General Banking

Capital Management

Capital Markets

Total

SOUNDNESS

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Actual Target

Reserves/Loans
 Credit Losses
 Non-Credit Losses
 Tier 1 Capital
 Total Capital
 Debt Rating

 SHAREHOLDER
 VALUE

Actual Target

Share Price Movement/Index
 Economic Profit Growth
 ROE

NOTES: TTD = Transition to Date () Indicates problem area

INTEGRATION DASHBOARD
 Wachovia / First Union

 Date

Customer

 ATTRITION

Actual Baseline

Attrition vs.
 Baseline
 Small Business
 Consumer

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At Risk Assessment

SERVICE QUALITY	
Actual	Goal

Consumer (Gallup)

Commercial (Barlow)

MARKET SHARE	
Actual	Goal

Market Share of
Target Groups

ACQUISITION	
Actual	Baseline

Growth vs. Baseline

IMAGE	
Actual	Goal

Brand
Perception

Customer
Perception of
Merger

BRANCH IMPACT	
Actual	Baseline

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Avg. Deposits/Customer

Avg. Loans/Customer

INTEGRATION DASHBOARD
Wachovia / First Union

Date

Transition Milestones

MEETING MILESTONES

Actual Schedule

% Milestones Complete

SERVICE LEVEL EXECUTION

Actual Goal

Call Center/Service Level
Metrics

CORE SYSTEMS ENHANCEMENT

Actual Goal

Uptime

Data Accuracy

Data Integrity

OPERATIONAL RISK MANAGEMENT

Actual Goal

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Level of Exceptions

INTEGRATION DASHBOARD
Wachovia / First Union

Date

Human Resources

CULTURAL ALIGNMENT

Actual Schedule

Cultural Task
Force

Meeting
Milestones

STAFFING TO PLAN

Actual Goal

FTE Reduction/Plan

SATISFACTION

Actual Goal

Employee
Interview

Voluntary
Controllable

Turnover

KNOWLEDGE/SKILL LEVELS

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	Actual	Goal
Training Events/Plan	TBD	TBD

RETENTION OF KEY EMPLOYEES

	Actual	Goal
% Retained		
% Displaced in New Positions		
Monthly Turnover		

INTEGRATION DASHBOARD
Wachovia / First Union

Date

APPENDIX

Detail to be determined - support for calculations