

# SECURITIES AND EXCHANGE COMMISSION

## FORM 424B5

Prospectus filed pursuant to Rule 424(b)(5)

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### FILER

#### FIRST UNION CORP

CIK: **36995** | IRS No.: **560898180** | State of Incorporation: **NC** | Fiscal Year End: **1231**  
Type: **424B5** | Act: **33** | File No.: **033-50101** | Film No.: **94501085**  
SIC: **6021** National commercial banks

#### Mailing Address

FIRST UNION CORPORA  
ONE FIRST UNION CENTER  
CHARLOTTE NC 28288-0630

#### Business Address

ONE FIRST UNION CTR  
CHARLOTTE NC 28288-0630  
7043746565

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 27, 1993  
\$150,000,000

(Logo, see appendix)

FIRST UNION CORPORATION

6 3/8% SUBORDINATED NOTES DUE JANUARY 15, 2009

Interest on the Notes will be payable on January 15 and July 15 of each year, commencing July 15, 1994. The Notes will not be redeemable prior to maturity. The Notes will be issued only in registered form in denominations of \$1,000 and integral multiples thereof. Settlement of the Notes will be made in immediately available funds. See "Description of Certain Terms of the Notes."

The Notes will be unsecured and subordinated to Senior Indebtedness of the Corporation as described herein. The Notes will rank PARI PASSU with Existing Subordinated Indebtedness of the Corporation, subject to the Holders of the Notes being obligated to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as described herein. Payment of the principal of the Notes may be accelerated only in the case of certain events involving the bankruptcy, insolvency or reorganization of the Corporation. There is no right of acceleration in the case of a default in the performance of any covenant of the Corporation, including the payment of principal or interest. See "Description of the Debt Securities" in the Prospectus accompanying this Prospectus Supplement. The Notes will not be deposits or other obligations of a bank and will not be insured by the Federal Deposit Insurance Corporation or any other governmental agency.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>

<S>	<C>	<C>	<C>	PROCEEDS TO THE CORPORATION (1) (3)
	INITIAL PUBLIC OFFERING PRICE (1)	UNDERWRITING DISCOUNT (2)		
Per Note.....	98.991%	0.750%		98.241%
Total.....	\$148,486,500	\$1,125,000		\$147,361,500

</TABLE>

- (1) Plus accrued interest from January 18, 1994, if any.
- (2) The Corporation has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
- (3) Before deducting estimated expenses of \$100,000 payable by the Corporation.

The Notes are offered by the several Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that the Notes will be ready for delivery in New York, New York, on or about January 18, 1994.

GOLDMAN, SACHS & CO.

CS FIRST BOSTON

LEHMAN BROTHERS

MERRILL LYNCH & CO.

J.P. MORGAN

SECURITIES INC.

The date of this Prospectus Supplement is January 10, 1994.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AND OTHER SUBORDINATED NOTES OR DEBENTURES OF THE CORPORATION AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Commissioner of Insurance of the State of North Carolina has not approved or disapproved this offering, nor has the Commissioner passed upon the accuracy or adequacy of this Prospectus Supplement or the accompanying Prospectus.

DESCRIPTION OF CERTAIN TERMS OF THE NOTES

The following description of the particular terms of the 6 3/8% Subordinated Notes Due January 15, 2009 offered hereby (the "Notes" and referred to in the accompanying Prospectus as the "Debt Securities", the "Offered Debt Securities" and the "Subordinated Debt Securities") supplements and modifies the description of the general terms and provisions of the Notes set forth in the Prospectus under "Description of the Debt Securities", to which description reference is hereby made. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description set forth in the accompanying Prospectus and the provisions of the Indenture (as defined below). Section references used herein are referenced

to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture.

#### GENERAL

The Notes will be limited to \$150,000,000 aggregate principal amount, will be direct, unsecured, subordinated obligations of First Union Corporation (the "Corporation") and will mature on January 15, 2009. The Notes will not be redeemable prior to maturity. No sinking fund will be provided for the Notes.

The Notes are to be issued under the Indenture (the "Indenture"), dated as of March 15, 1986, as amended by supplemental indentures dated as of August 1, 1990 and November 15, 1992, between the Corporation and The Bank of New York (formerly Irving Trust Company), as Trustee (the "Trustee"). As of September 30, 1993, \$1.3 billion aggregate principal amount of subordinated long-term debt was issued and outstanding as additional series of Securities under the Indenture. In October 1993, the Corporation issued \$200 million principal amount of subordinated long-term debt as an additional series of Securities under the Indenture. The Trustee is the trustee for such additional series. As of September 30, 1993, the Corporation had outstanding an aggregate of \$1.2 billion of long-term Senior Indebtedness, an aggregate of \$308 million in short-term Senior Indebtedness, which consisted primarily of commercial paper, and a net receivable position with respect to outstanding Other Financial Obligations. The Indenture does not prohibit or limit the incurrence of additional Senior Indebtedness or Other Financial Obligations by the Corporation.

Principal of and interest on the Notes are to be payable, and the transfer of the Notes will be registrable, at the Corporate Trust Office of the Trustee in the City of New York or at the Corporate Trust Office of First Union National Bank of North Carolina (the "Bank"), a subsidiary of the Corporation, in Charlotte, North Carolina, except that interest may be paid at the option of the Corporation by check mailed to the address of the Holder entitled thereto as it appears on the Note Register. (SECTIONS 301, 305 AND 1002). The Notes will be issued in fully registered form only in denominations of \$1,000 and any integral multiple of \$1,000, and may be transferred or exchanged without payment of any charge other than taxes or other governmental charges. (SECTIONS 302 AND 305).

Settlement for the Notes will be made in immediately available funds. The Notes will be in the Same Day Funds Settlement System at The Depository Trust Company and, to the extent that secondary market trading in the Notes is effected through the facilities of such depository, such trades will be settled in immediately available funds.

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#### INTEREST

The Notes will bear interest at 6 3/8% per annum from January 18, 1994, payable semi-annually in arrears on January 15, and July 15, of each year. The first Interest Payment Date will be July 15, 1994. The interest to be paid on each Note on each Interest Payment Date will be paid to the Person in whose name such Note (or any Predecessor Note) is registered at the close of business on the preceding January 1 or July 1, as the case may be. (SECTION 307).

#### USE OF PROCEEDS

The Corporation currently intends to use the net proceeds from the sale of the Notes for general corporate purposes, which may include the reduction of indebtedness, investments at the holding company level, investments in, or extensions of credit to, its banking and other subsidiaries and other banks and companies engaged in other financial service activities and possible acquisitions. Pending such use, the net proceeds may be temporarily invested. The precise amounts and timing of the application of proceeds will depend upon the funding requirements of the Corporation and its subsidiaries and the availability of other funds.

Based upon the historical and anticipated future growth of the Corporation and the financial needs of its subsidiaries, the Corporation may engage in additional financings of a character and amount to be determined as the need arises.

#### CERTAIN DEVELOPMENTS

##### PENDING ACQUISITION

On October 15, 1993, the Corporation entered into an agreement to acquire Lieber & Company, the investment adviser to the Evergreen Funds, a family of mutual funds with over \$3 billion in fund assets.

The purchase price is approximately 3.1 million shares of the Corporation's common stock. Completion of this acquisition is expected in the first half of 1994, subject to regulatory approval and other conditions of closing.

The acquisition is expected to be accounted for on a pooling of interests basis, but due to the size of the transaction the Corporation's financial statements will not be restated solely as a result of this transaction.

The Corporation is continually evaluating acquisition opportunities and frequently conducts due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations frequently take place and future acquisitions involving cash, debt or equity securities can be expected. Acquisitions typically involve the payment of a premium over book and market values, and therefore some dilution of the Corporation's book value and net income per common share may occur in connection with any future acquisitions.

See "The Corporation" in the accompanying Prospectus.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>  
<CAPTION>

	NINE MONTHS		YEARS ENDED DECEMBER 31, *			
	ENDED SEPTEMBER 30, 1993	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Excluding interest on deposits.....	3.45x	2.29	1.60	1.34	1.50	1.73
Including interest on deposits.....	1.68x	1.28	1.15	1.11	1.16	1.23

\* These ratios give effect to the pooling of interests acquisitions of South Carolina Federal Corporation ("South Carolina Federal"), DFSoutheastern, Inc. ("DFSoutheastern"), and Dominion Bankshares Corporation ("Dominion") consummated in the first quarter of 1993 and the purchase acquisitions of Georgia Federal Bank, FSB ("Georgia Federal") and First American Metro Corp. ("First American") consummated in June 1993.

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For purposes of computing these ratios, earnings represent income from continuing operations before extraordinary items and cumulative effect of a change in accounting principle plus income taxes and fixed charges (excluding capitalized interest). Fixed charges, excluding interest on deposits, represent interest (other than on deposits, but including capitalized interest), one-third (the proportion deemed representative of the interest factor) of rents and all amortization of debt issuance costs. Fixed charges, including interest on deposits, represent all interest (including capitalized interest), one-third (the proportion deemed representative of the interest factor) of rents and all amortization of debt issuance costs.

SELECTED CONSOLIDATED FINANCIAL DATA

The following is selected unaudited historical consolidated financial data for the Corporation and its subsidiaries for each of the five years ended December 31, 1992, and the nine months ended September 30, 1993 and 1992. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of operations for such nine-month periods have been included. The results of operations for the nine months ended September 30, 1993, are not necessarily indicative of the results which may be expected for any other interim period. The summary below should be read in conjunction with (i) the Consolidated Financial Statements of the Corporation and the related Notes thereto and the other detailed information contained in the Corporation's Current Report on Form 8-K dated March 12, 1993, and (ii) the Corporation's Form 10-Q for the period ended September 30, 1993, which are incorporated herein by reference. See "Incorporation of Certain Documents by Reference" in the accompanying Prospectus. The following selected consolidated financial data give effect to the acquisitions of South Carolina Federal, DFSoutheastern and Dominion, which were consummated in the first quarter of 1993, on a pooling of interests accounting basis, and the acquisitions of Georgia Federal and First American which were consummated in June 1993 and accounted for as purchases.

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<TABLE>  
<CAPTION>

	NINE MONTHS ENDED			YEARS ENDED DECEMBER 31,		
	SEPTEMBER 30, 1993	1992	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED SUMMARIES OF INCOME						
(In thousands)						
Interest income.....	\$ 3,834,811	3,376,104	4,479,385	4,647,440	4,829,520	4,179,100
Interest expense.....	1,327,045	1,582,647	2,020,968	2,742,996	3,094,334	2,703,623
Net interest income.....	2,057,766	1,793,457	2,458,417	1,904,444	1,735,186	1,475,477
Provision for loan losses.....	171,780	335,404	414,708	648,284	425,409	139,291
Net interest income after provision for loan losses.....	1,885,986	1,458,053	2,043,709	1,256,160	1,309,777	1,336,186
Securities available for sale transactions.....	22,963	35,688	34,402	--	--	--
Investment security transactions.....	4,386	(3,560)	(2,881)	155,048	7,884	19,018
Noninterest income.....	847,359	777,365	1,032,651	914,511	690,672	532,295
Noninterest expense.....	1,833,725	1,743,173	2,517,055	1,905,918	1,666,537	1,436,169
Income before income taxes, extraordinary items and cumulative effect of change in accounting principle.....	926,969	524,373	590,826	419,801	341,796	451,330
Income taxes.....	304,791	148,716	191,382	71,438	65,327	90,154
Income before extraordinary items and cumulative effect of change in accounting principle.....	622,178	375,657	399,444	348,363	276,469	361,176
Extraordinary items.....	--	477	(5,874)	368	334	(7,353)
Cumulative effect of change in accounting						

principle.....	--	(8,519)	(8,519)	--	(14,436)	--
Net income.....	622,178	367,615	385,051	348,731	262,367	353,823
Dividends on preferred stock.....	19,411	25,092	31,979	34,570	33,868	1,380
Net income applicable to common stockholders.....	\$ 602,767	342,523	353,072	314,161	228,499	352,443
PER COMMON SHARE DATA						
Before extraordinary items and cumulative effect of change in accounting principle.....	\$ 3.61	2.23	2.32	2.24	1.79	2.68
Net income.....	3.61	2.18	2.23	2.24	1.68	2.62
Cash dividends.....	1.10	.93	1.28	1.12	1.08	1.00
Book value.....	28.14	25.37	25.25	23.93	21.81	20.49
CASH DIVIDENDS PAID ON COMMON STOCK						
(In thousands).....	175,768	120,240	167,601	126,029	116,696	106,952
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS (In thousands)						
Assets.....	71,388,087	61,255,252	63,828,031	59,273,177	54,588,410	45,506,847
Loans, net of unearned income.....	46,224,944	41,187,847	41,923,767	41,383,580	36,050,719	31,600,776
Deposits.....	52,935,414	47,264,415	49,150,965	47,176,223	38,194,268	31,531,770
Long-term debt.....	3,137,152	2,888,907	3,151,260	2,630,930	1,850,860	1,514,834
Preferred stockholders' equity.....	284,040	297,328	297,215	397,356	317,011	13,773
Common stockholders' equity.....	4,772,478	4,115,000	4,161,948	3,463,441	2,983,361	2,868,913
Total stockholders' equity.....	\$ 5,056,518	4,412,328	4,459,163	3,860,797	3,300,372	2,882,686
CONSOLIDATED AVERAGE BALANCE SHEET ITEMS (In thousands)						
Assets.....	66,724,447	60,674,426	61,145,974	55,095,439	52,124,595	43,224,474
Loans, net of unearned income.....	42,758,481	41,253,499	41,270,991	37,314,358	35,877,585	29,507,834
Deposits.....	49,387,036	47,052,447	47,173,706	40,482,433	36,209,083	29,804,143
Long-term debt.....	2,932,760	2,725,172	2,789,653	2,187,595	1,587,497	1,554,548
Common stockholders' equity.....	4,451,024	3,789,660	3,889,256	3,131,716	2,937,441	2,758,156
Total stockholders' equity.....	\$ 4,742,163	4,123,492	4,213,896	3,467,437	3,244,473	2,771,982
CONSOLIDATED PERCENTAGES						
Income before extraordinary items and cumulative effect of change in accounting principle to:						
Average common stockholders' equity.....	18.11%*	12.36*	9.45	10.02	8.26	13.04
Average assets.....	1.25*	.83*	.65	.63	.53	.84
Net income applicable to common stockholders to average common stockholders' equity.....	18.11*	12.07*	9.08	10.03	7.78	12.78
Net income to:						
Average total stockholders' equity.....	17.54*	11.91*	9.14	10.06	8.09	12.76
Average assets.....	1.25*	.81*	.63	.63	.50	.82
Average stockholders' equity to average assets.....	7.11	6.80	6.89	6.29	6.22	6.41
Allowance for loan losses to:						
Net loans.....	2.23	2.26	2.24	2.06	1.95	1.12
Nonaccrual and restructured loans.....	112	98	96	72	77	131
Nonperforming assets.....	85	66	70	50	56	89
Net charge-offs to average net loans.....	.60*	.83*	.86	1.48	.68	.39
Nonperforming assets to loans, net and foreclosed properties.....	2.60	3.39	3.19	4.10	3.42	1.25
Capital ratios**:						
Tier 1 capital.....	8.63	8.85	9.22	7.56	6.53	--
Total capital.....	13.78	13.65	14.31	11.76	10.83	--
Leverage.....	5.94	6.46	6.55	5.31	4.90	--
Net interest margin.....	4.85%*	4.68*	4.77	4.08	3.99	4.15

	1988	
<S>	<C>	
CONSOLIDATED SUMMARIES OF INCOME (In thousands)		
Interest income.....	3,525,970	
Interest expense.....	2,078,624	
Net interest income.....	1,447,346	
Provision for loan losses.....	107,551	
Net interest income after provision for loan losses.....	1,339,795	
Securities available for sale transactions.....	--	
Investment security transactions.....	36,677	
Noninterest income.....	522,973	
Noninterest expense.....	1,407,715	
Income before income taxes, extraordinary items and cumulative effect of change in accounting principle.....	491,730	
Income taxes.....	98,731	
Income before extraordinary items and cumulative effect of change in accounting principle.....	392,999	

Extraordinary items.....	289
Cumulative effect of change in accounting principle.....	--
Net income.....	393,288
Dividends on preferred stock.....	1,392
Net income applicable to common stockholders.....	391,896
PER COMMON SHARE DATA	
Before extraordinary items and cumulative effect of change in accounting principle.....	2.89
Net income.....	2.89
Cash dividends.....	.86
Book value.....	18.98
CASH DIVIDENDS PAID ON COMMON STOCK	
(In thousands).....	92,395
CONSOLIDATED PERIOD-END BALANCE SHEET ITEMS	
(In thousands)	
Assets.....	41,446,746
Loans, net of unearned income.....	28,131,626
Deposits.....	29,480,568
Long-term debt.....	1,201,431
Preferred stockholders' equity.....	13,879
Common stockholders' equity.....	2,665,585
Total stockholders' equity.....	2,679,464
CONSOLIDATED AVERAGE BALANCE SHEET ITEMS	
(In thousands)	
Assets.....	39,463,500
Loans, net of unearned income.....	25,678,530
Deposits.....	27,208,558
Long-term debt.....	1,121,042
Common stockholders' equity.....	2,507,201
Total stockholders' equity.....	2,521,116
CONSOLIDATED PERCENTAGES	
Income before extraordinary items and cumulative effect of change in accounting principle to:	
Average common stockholders' equity.....	15.62
Average assets.....	1.00
Net income applicable to common stockholders to average common stockholders' equity.....	
	15.63
Net income to:	
Average total stockholders' equity.....	15.60
Average assets.....	1.00
Average stockholders' equity to average assets.....	
	6.39
Allowance for loan losses to:	
Net loans.....	1.18
Nonaccrual and restructured loans.....	150
Nonperforming assets.....	103
Net charge-offs to average net loans.....	.54
Nonperforming assets to loans, net and foreclosed properties.....	
	1.14
Capital ratios**:	
Tier 1 capital.....	--
Total capital.....	--
Leverage.....	--
Net interest margin.....	4.52

</TABLE>

\* Annualized.

\*\* Capital ratios are not restated for pooling of interests acquisitions.

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SUMMARY DISCUSSION OF RESULTS OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1993

ALL HISTORICAL FINANCIAL DATA HAVE BEEN RESTATED FOR THE POOLING OF INTERESTS ACCOUNTING ACQUISITIONS OF SOUTH CAROLINA FEDERAL AND DFSOUTHEASTERN ON JANUARY 15, 1993, AND DOMINION ON MARCH 1, 1993, AND REFLECT THE ACQUISITIONS OF GEORGIA FEDERAL AND FIRST AMERICAN, WHICH WERE CONSUMMATED IN JUNE 1993 AND ACCOUNTED FOR AS PURCHASES.

EARNINGS HIGHLIGHTS

The Corporation earned \$603 million in net income applicable to common stockholders in the first nine months of 1993, a 76 percent increase from \$343 million in the first nine months of 1992. On a per common share basis, earnings in the first nine months of 1993 increased to \$3.61 from \$2.18 in the first nine months of 1992.

Third quarter 1993 net income applicable to common stockholders increased 22 percent, to \$189 million, or \$1.12 per share, compared with \$155 million, or

96 cents, a year ago.

Key factors in the Corporation's earnings performance included a decline in credit-related costs, offset by \$30 million in additional mortgage servicing amortization and expenses related to the Georgia Federal and DFSoutheastern acquisitions.

Domestic banking operations, including trust operations, located in North and South Carolina, Georgia, Florida, Maryland, Tennessee, Virginia and Washington, D.C., and mortgage banking operations are the Corporation's principal sources of revenues. Foreign banking operations are immaterial.

#### SECURITIES AVAILABLE FOR SALE

Securities available for sale are used as a part of the Corporation's asset/liability management strategy and may be sold in response to changes in interest rates, changes in prepayment risk, the need to increase regulatory capital ratios and other factors. They are accounted for on a lower of cost or market value basis.

At September 30, 1993, the Corporation had \$5.9 billion in securities available for sale, compared with \$5.2 billion at year-end 1992 and \$4.1 billion at September 30, 1992. The market value of securities available for sale was \$80 million above their book value at the end of the third quarter of 1993. Portfolio activity in the first nine months of 1993 was largely merger-related. In addition, the Corporation added short-term Treasuries and collateralized mortgage obligations to counteract the effects of the refinancing activity of the past year.

The average yield earned on securities available for sale in the first nine months of 1993 was 4.99 percent, compared with 6.89 percent in the first nine months of 1992. The average maturity of the portfolio was 1.58 years at September 30, 1993.

#### INVESTMENT SECURITIES

The Corporation's investment securities amounted to \$8.1 billion at September 30, 1993, \$6.6 billion at year-end 1992, and \$5.4 billion at September 30, 1992. The primary reasons for the increase since year-end 1992 were purchases to replace securities sold in acquired securities portfolios and to counteract anticipated loan runoff in acquired loan portfolios.

The average yield earned on investment securities in the first nine months of 1993 was 7.21 percent, compared with 8.34 percent in the first nine months of 1992. The average maturity of the portfolio was 4.21 years at September 30, 1993.

#### LOANS

The Corporation's lending strategy stresses quality growth, diversified by product, geography and industry. A single credit underwriting structure is in place throughout the Corporation, and a special real estate credit group reviews large commercial real estate loans before approval. Consistent with the

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Corporation's long-time standard, the Corporation generally looks for two repayment sources for commercial real estate loans: cash flows from both the project itself and the borrower.

The Corporation's commercial lenders focus principally on middle-market companies. A majority of the Corporation's commercial loans range from \$50,000 to \$10 million.

The Corporation's consumer lenders emphasize credit judgments that focus on a customer's debt obligations, ability and willingness to repay, and general economic trends.

Net loans at September 30, 1993, were \$46.2 billion, compared with \$41.9 billion at year-end 1992 and \$41.2 billion at September 30, 1992. The increase primarily reflects loans acquired with second quarter purchase accounting acquisitions, as well as increased lending activity, particularly in the North Carolina and Florida banks, related to commercial, consumer mortgage and direct lending. Third quarter loan growth in these two banks more than offset loan runoff associated with the Dominion, DFSoutheastern and South Carolina Federal acquisitions.

The loan portfolio at September 30, 1993, was composed of 47 percent commercial loans and 53 percent consumer loans. The portfolio mix and concentration have not changed significantly from year-end 1992.

Consumer loans -- installment loans, bankcard loans and one-to four-family mortgages -- were \$24.8 billion, compared with \$22.0 billion at year-end 1992 and \$21.2 billion at September 30, 1992.

Unused loan commitments, primarily related to commercial loans, were \$18.9 billion. Commercial and standby letters of credit were \$1.3 billion.

At September 30, 1993, loan participations sold to other lenders amounted to \$1.2 billion and were recorded as a reduction of gross loans.

The average yield earned on loans in the first nine months of 1993 was 8.59 percent, compared with 9.07 percent in the first nine months a year ago. The average prime rate in the first nine months of 1993 was 6.00 percent, compared with 6.34 percent in the first nine months of 1992.

#### COMMERCIAL REAL ESTATE LOANS

Commercial real estate loans as a percentage of the total portfolio decreased to 16 percent at September 30, 1993, from 18 percent at year-end 1992. This portfolio included commercial real estate mortgage loans of \$5.8 billion at both September 30, 1993, and year-end 1992.

HIGHLY LEVERAGED TRANSACTIONS ("HLTS")

An HLT loan generally is defined as a loan amounting to more than \$20 million involving a buyout, acquisition or recapitalization of an existing business, in which the loan substantially increases a company's leverage ratio. At September 30, 1993, outstanding HLT loans amounted to \$832 million, compared with \$856 million at year-end 1992.

ASSET QUALITY

The following portion of the asset quality discussion is divided into two sections to reflect the loss-sharing arrangement between the Corporation and the Federal Deposit Insurance Corporation (the "FDIC") in connection with the September 1991 Southeast Banks transaction. The first section relates to the Corporation's nonperforming assets, past due loans, net charge-offs and loan loss allowance, excluding those related to acquired Southeast Banks nonperforming assets. The acquired First American segregated assets are discussed in the Corporation's nonperforming assets section. The second section relates solely to the same categories segregated for the acquired Southeast Banks portfolio. Certain ratios related to the Corporation's nonperforming assets and net charge-offs have been favorably affected because Southeast Banks and First American segregated assets portfolios have not been included in the calculation of these ratios.

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Under the terms of the loss-sharing arrangement, the FDIC reimburses the Corporation for 85 percent of any losses associated with the acquired Southeast Banks commercial and consumer loan portfolio, except revolving consumer credit, for which reimbursement will decline five percent per year over the next three years from 75 percent to 65 percent.

The FDIC also provides virtually cost-free funding for the acquired Southeast Banks nonperforming assets. This was initially accomplished through five-year revolving notes issued by the Corporation to the FDIC in an amount equal to the Southeast Banks segregated assets, excluding a discount adjustment to value the notes based on a market rate of interest. The notes bear interest at 1/8th of one percent per year. However, effective in the first quarter of 1992, in accordance with the FDIC assistance agreements, the FDIC began paying a market rate of interest on the amount of additions to Southeast Banks segregated assets in lieu of the Corporation increasing the notes by the amount of future Southeast Banks segregated assets.

THE CORPORATION'S NONPERFORMING ASSETS

Nonperforming assets at September 30, 1993, represented 2.60 percent of net loans and foreclosed properties, compared with 3.19 percent at year-end 1992, and 3.39 percent at the end of the third quarter of 1992.

Discounted nonperforming assets and certain performing loans amounting to \$288 million acquired with First American, which were earmarked for early disposition and classified in a separate segregated asset portfolio, declined to \$202 million at September 30, 1993. These acquired First American segregated assets have been discounted to 49 percent of First American's carrying value at the date of acquisition.

The Quarterly Nonperforming Assets By Business Unit table below provides additional information about nonperforming assets.

QUARTERLY NONPERFORMING ASSETS BY BUSINESS UNIT\*

<TABLE>

<CAPTION>

(DOLLARS IN MILLIONS)						PERCENT OF NET BUSINESS UNIT LOANS AND FORECLOSED PROPERTIES	
	3Q93	2Q93	1Q93	4Q92	3Q92	3Q93	3Q92
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Florida.....	\$471	529	575	615	591	3.12%	4.21
North Carolina.....	92	103	112	116	91	1.31	1.37
Georgia**.....	223	208	152	120	123	3.43	2.55
Virginia**.....	184	180	181	228	258	3.73	4.44
South Carolina**.....	51	57	42	39	44	2.69	2.23
Tennessee**.....	36	32	40	37	39	3.12	3.17
Maryland.....	23	23	34	33	30	3.42	2.95
District of Columbia.....	8	7	9	9	6	1.87	.95
Corporate Banking***.....	95	104	91	119	182	2.30	5.39
Other units****.....	\$ 27	30	32	35	47	.58%	.96

</TABLE>

\* Excludes acquired Southeast Banks and First American segregated assets.

\*\* Reflects the impact of acquisitions consummated during 1993.

\*\*\* The Corporate Banking Group, a part of the North Carolina bank, makes loans primarily outside the Corporation's regional banking market.

\*\*\*\* First Union Mortgage Corporation, First Union Home Equity Corporation and other units.

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Loans or properties of less than \$5 million each made up 69 percent, or \$835 million, of nonperforming assets at September 30, 1993. Of the rest: (diamond) 17 loans or properties between \$5 million and \$10 million each accounted for \$129 million; and (diamond) 15 loans or properties over \$10 million each accounted for \$245 million.

Seventy-two percent of the nonperforming assets was secured by real estate at September 30, 1993, compared with 65 percent at year-end 1992.

#### THE CORPORATION'S PAST DUE LOANS

In addition to these nonperforming assets, at September 30, 1993, accruing loans 90 days past due were \$108 million. Of these, \$83 million were related to commercial and commercial real estate loans.

#### THE CORPORATION'S NET CHARGE-OFFS

On an annualized basis, net charge-offs as a percentage of average net loans were .60 percent in the first nine months of 1993, compared with .83 percent in the first nine months of 1992. Annualized net charge-offs were .50 percent in the third quarter of 1993, compared with .69 percent in the second quarter of 1993, .95 percent in the fourth quarter of 1992, and .81 percent in the third quarter a year ago.

Net charge-offs were \$192 million for the first nine months of 1993, compared with \$257 million for the first nine months of 1992. Net charge-offs were \$57 million in the third quarter of 1993, compared with \$72 million in the second quarter of 1993, \$98 million in the fourth quarter of 1992, and \$83 million in the third quarter a year ago.

#### THE CORPORATION'S PROVISION AND ALLOWANCE FOR LOAN LOSSES

The loan loss provision was \$172 million in the first nine months of 1993, compared with \$335 million in the first nine months of 1992. The decrease in the loan loss provision was based primarily upon current economic conditions, lower levels of nonperforming assets, the maturity of the nonperforming asset portfolio, and current and projected lower levels of charge-offs.

Reserve levels are continually evaluated in relation to the changing economic environment. In addition, the Corporation establishes reserves based upon various other factors, including the results of quantitative analyses of the quality of commercial loans and commercial real estate loans. Reserves for commercial and commercial real estate loans are based principally on loan grades, historical loss rates, deterioration of the borrowers' creditworthiness, and analysis of other less quantifiable factors that might influence the portfolio. Reserves for consumer loans are based principally on delinquencies and historical loss rates. The Corporation analyzes all loans in excess of \$500,000 that are being monitored as potential credit problems to determine whether supplemental, specific reserves are necessary.

The allowance for loan losses was \$1.0 billion at September 30, 1993, compared to \$933 million at September 30, 1992, and \$941 million at December 31, 1992. The following section provides information with regard to the Southeast Banks segregated assets, including a separate \$36 million loan loss allowance at September 30, 1993.

The loan loss allowance as a percentage of net loans, nonaccrual and restructured loans, and nonperforming assets was 2.23 percent, 112 percent and 85 percent, respectively, at September 30, 1993, from 2.24 percent, 96 percent and 70 percent, respectively at December 31, 1992, and 2.26 percent, 98 percent and 66 percent, respectively, at September 30, 1992. These percentages include the acquired Southeast Banks performing loans and exclude the acquired Southeast Banks segregated assets. The percentages at September 30, 1993, include the acquired First American performing loans and exclude the acquired First American segregated assets.

#### SOUTHEAST BANKS SEGREGATED ASSETS

Because of the loss-sharing arrangement with the FDIC, the acquired Southeast Banks nonperforming assets, as well as any acquired Southeast Banks assets that become nonperforming,

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are disclosed separately in the balance sheet. This segregated asset portfolio includes nonaccrual loans and foreclosed properties, net of the allowance for segregated assets.

At September 30, 1993, acquired Southeast Banks segregated assets amounted to \$424 million, or \$388 million net of the \$36 million allowance referred to above, compared with \$576 million, or \$531 million net of a \$45 million allowance, at December 31, 1992.

#### SOUTHEAST BANKS PAST DUE LOANS

Accruing loans 90 days past due included in the acquired Southeast Banks performing loan portfolio decreased 14 percent from December 31, 1992, to \$35 million at September 30, 1993. These loans are subject to the terms of the FDIC loss-sharing agreement.

#### SOUTHEAST BANKS NET CHARGE-OFFS

Net charge-offs of \$11 million, representing the Corporation's approximately 15 percent share of the losses on acquired Southeast Banks loans, were deducted from the allowance for segregated assets in the first nine months of 1993.

#### GEOGRAPHIC EXPOSURE

The loan portfolio in the South Atlantic region of the United States is

spread primarily across 47 metropolitan statistical areas with diverse economies. Washington, D.C.; Charlotte, North Carolina; Atlanta, Georgia; and Miami, Jacksonville and Orlando, Florida, are the Corporation's largest markets, but no individual metropolitan market contains more than seven percent of the commercial loan portfolio.

Ninety-nine percent of the \$7.5 billion commercial real estate portfolio at September 30, 1993, was located in the Corporation's banking region, which includes North Carolina, South Carolina, Georgia, Florida, Virginia, Maryland, Tennessee and the District of Columbia.

#### MONITORED LOANS

Lower interest rates and carrying costs have benefited the Corporation's commercial and commercial real estate borrowers, although many continue to experience the effects of a sluggish economy and many commercial real estate markets remain overbuilt.

At September 30, 1993, the Corporation was closely monitoring 31 loans amounting to \$112 million in which the borrowers were experiencing increased levels of financial stress. Forty-three percent of the monitored loans were related to commercial real estate projects. None of the 31 separate borrowers were in any stage of bankruptcy at September 30, 1993. The Corporation believes these loans are adequately collateralized or reserved.

Reserves have been established on all of these loans. These loans were not included in nonperforming assets or in accruing loans 90 days past due at September 30, 1993. The establishment of these reserves does not indicate a serious doubt about their ultimate collectibility. Rather, the reserves reflect an increased possibility of default and potential for nonaccrual status. Therefore, the Corporation believes a reserve factor can be appropriate even before a loan is placed on nonaccrual status.

Some of these loans may at some point be included in nonperforming assets or in accruing loans past due 90 days. The loan loss allowance allocated to this portion of the loan portfolio at September 30, 1993, was \$16 million.

#### CORE DEPOSITS

Core deposits were \$50.0 billion at September 30, 1993, compared with \$47.0 billion at December 31, 1992, and \$44.6 billion at the end of the third quarter of 1992, largely reflecting deposits acquired in the Georgia Federal and First American second quarter acquisitions. Core deposits include savings, negotiated order of withdrawal (NOW), money market and noninterest-bearing accounts, and other consumer time deposits.

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Average noninterest-bearing deposits were 19 percent of average core deposits in the first nine months of 1993, compared with 18 percent in the first nine months a year ago.

The portion of core deposits in higher-rate, other consumer time deposits decreased to 36 percent at September 30, 1993, from 38 percent at year-end 1992, and 39 percent at the end of the third quarter a year ago. As market rates have declined, some customers have shifted their other consumer time deposits into either other deposit products or other investments. The Corporation expects declines in other consumer time deposit balances as long as rates stay at their current levels.

The rates paid on higher cost and core deposit categories have declined as interest rates in general have declined. During this period, the Corporation has remained competitive in the rates paid for such deposits. Pricing for these deposits, in general, has been neither in the lowest nor highest range when compared with similar institutions.

Other consumer time and other noncore deposits usually pay higher rates than savings and transaction accounts, but they generally are not available for immediate withdrawal and are less expensive to process.

#### PURCHASED FUNDS

Purchased funds at September 30, 1993, were \$11.1 billion, compared with \$7.1 billion at year-end 1992, and \$7.6 billion at September 30, 1992. The Corporation uses purchased funds primarily to fund short-term investments with attractive yields. Primarily, the Corporation buys federal funds, securities sold under repurchase agreements, and eurodollar time deposits.

Average purchased funds in the first nine months of 1993 were \$10.1 billion, an increase of 13 percent from the first nine months a year ago.

#### LONG-TERM DEBT

Long-term debt was 62 percent of total stockholders' equity at September 30, 1993. During the first nine months of 1993, the Corporation issued \$250 million of five-year, 6.75 percent senior notes; \$150 million of ten-year, 7.25 percent subordinated notes; \$250 million of 12-year, 6.625 percent subordinated notes; and \$150 million of 10-year, floating rate subordinated notes. On October 22, 1993, the Corporation issued \$200 million of 15-year, 6.00 percent subordinated notes.

Under a shelf registration statement filed with the Securities and Exchange Commission, the Corporation will have available for issuance \$650 million of senior or subordinated debt securities, after the sale of the Notes offered hereby. The sale of any additional debt securities will depend on future market conditions, funding needs and other factors.

#### DEBT OBLIGATIONS

The Corporation currently has in place a \$300 million committed back-up

line of credit. The credit facility contains financial covenants that require the Corporation to maintain a minimum level of tangible net worth, restrict double leverage ratios and require capital levels at subsidiary banks to meet regulatory standards. The Corporation is in compliance with these requirements and has not used this line of credit. See "Underwriting".

In 1994, \$75 million of long-term debt will mature; in 1995, \$212 million; and in 1996, \$614 million, which includes the notes payable to the FDIC of \$311 million. The Corporation expects the notes payable to the FDIC will decrease over the remaining three-year period through cash flows generated by the acquired loans, the sale of the Southeast Banks segregated assets and FDIC reimbursements.

#### STOCKHOLDERS' EQUITY

At September 30, 1993, common stockholders' equity was \$4.77 billion, a 15 percent increase from year-end 1992, and a 16 percent increase from September 30, 1992. Total stockholders' equity was \$5.06 billion, compared with \$4.46 billion at year-end 1992, and \$4.41 billion at September 30, 1992.

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The increase in equity since the third quarter of 1992 was primarily the result of retained earnings and capital raised through the dividend reinvestment and employee stock option and purchase plans.

Series 1990 preferred stock cash dividends of 7.90 percent per annum were paid for the quarter ended September 30, 1993. The Corporation paid \$74 million in dividends to preferred and common stockholders in the third quarter of 1993.

During the first half of 1993, in connection with three pooling of interests acquisitions, the Corporation issued 29 million shares of common stock and 527,000 shares of a new series of convertible class A preferred stock, which were convertible into 680,000 shares of the Corporation's common stock. In the second quarter of 1993, the Corporation redeemed the convertible class A preferred stock, most of which was converted into common stock prior to redemption.

#### SUBSIDIARY DIVIDENDS

The Corporation's banking subsidiaries are the largest source of parent company dividends. Capital requirements established by regulators limit dividends that these and certain other of the Corporation's subsidiaries can pay. The Comptroller of the Currency generally limits a national bank's dividends in two principal ways: first, dividends cannot exceed the bank's undivided profits, less statutory bad debt in excess of a bank's allowance for loan losses; and second, in any year dividends may not exceed a bank's net profits for that year, plus its retained earnings from the preceding two years, less any required transfers to surplus.

Under these and other limitations, the Corporation's subsidiaries had \$569 million available for dividends at September 30, 1993. During the first nine months of 1993, the Corporation's subsidiaries paid \$225 million in dividends to the Corporation.

#### CAPITAL

In December 1991, the Corporation filed a shelf registration statement covering the issuance of up to 6.9 million shares of class A preferred stock, including shares that could be converted into shares of common stock. The sale of any such shares would depend on market and other conditions.

#### ASSET/LIABILITY MANAGEMENT

A key objective of asset/liability management is to manage interest rate risk. The Corporation's Funds Management Group monitors and adjusts exposure to interest rates in response to loan and deposit flows and within policy guidelines.

The Corporation uses a proprietary earnings simulation model to monitor and evaluate the exposure and impact of changing interest rates on earnings. The Corporation has been modeling rate sensitivity with succeeding generations of the Corporation's model since the early 1970s. The current model captures all earning assets and interest-bearing liabilities, and all off-balance sheet financial instruments. The model combines factors affecting rate sensitivity into an earnings outlook, incorporating the Corporation's view of the interest rate environment most likely for the next 24 months. Rate sensitivity is determined by assessing the impact on net income in multiple rising and falling interest rate scenarios. The model is updated monthly or more often if desired.

As of September 30, 1993, the earnings simulation assumed that the federal funds rate increases gradually to 3.80 percent by December 1994. If rates increase by 100 basis points more than the basic assumption, then earnings would be affected negatively by 4.1 percent. It should be noted, however, that the model does not take into account future actions that could be undertaken to reduce this impact if there were a change in the Corporation's interest rate expectations or the actual level of interest rates. The Corporation believes this model presents a better and more complete picture of the Corporation's interest rate sensitivity than is reflected by traditional interest rate gap tables.

The notional amount of off-balance sheet financial instruments has increased as the Corporation has grown. These instruments include commitments to extend credit; forward and futures contracts; interest rate swap agreements; written options, interest rate caps, floors, collars and swaptions; and commitments to purchase foreign currency and exchange rate swaps. Interest rate

used to change the fixed or floating rate characteristics of existing assets and liabilities or to manage the repricing relationship between certain floating rate assets and floating rate liabilities. Purchased options are primarily used to allow the Corporation to benefit from certain interest rate movements without being adversely affected by the opposite movement.

The Corporation seeks to minimize credit risk in these portfolio-related transactions by dealing only with highly rated counterparties. Before completion, each transaction is specifically approved for applicable credit exposure. The credit exposure of the Corporation's outstanding swaps, floors, caps, collars and swaptions are with counterparties who have credit ratings of investment grade as rated by the major rating agencies. In addition, agreements have been reached with each counterparty to require collateralization of credit exposure (current mark-to-market value of each swap) above threshold levels through delivery of U.S. government or agency securities.

#### LIQUIDITY

The Corporation manages liquidity -- the ability to raise funds primarily through deposits, purchased funds or the issuance of debt or capital -- through the selection of the asset mix and the maturity mix of liabilities.

As part of this process, the Corporation continually evaluates funding needs and alternatives. For example, for some time the Corporation has focused efforts in its large branch network toward raising more deposits. This reduces dependency on national market sources to help meet funding requirements. In addition, acquired bank and savings bank deposits have enhanced overall liquidity.

The Corporation uses these deposits and other funding sources to fund loans and investments, meet deposit withdrawals and maintain reserve requirements.

During the third quarter of 1993, two major rating agencies upgraded the Corporation's debt ratings, including the rating on its commercial paper. The Corporation may use commercial paper in the future more than in recent years if it is an attractive alternative to other funding sources. In recent years, the Corporation has mainly issued commercial paper in order to maintain a presence in this market and to accommodate customer investment preferences. The issuance of commercial paper amounted to \$298 million at year-end 1992 and \$308 million at September 30, 1993.

Net cash provided from operations primarily results from net income adjusted for the following noncash accounting items: the provision for loan losses and depreciation and amortization. These items amounted to \$452 million in the first nine months of 1993, compared with \$518 million in the first nine months of 1992. This cash was available during the first nine months of 1993 to increase earning assets, to reduce borrowings by \$257 million and to pay dividends of \$195 million.

In addition, the Corporation reduced overnight investments at the parent company level to pay \$157 million to acquire Georgia Federal on June 12, 1993, and \$456 million to acquire First American on June 23, 1993.

Several off-balance sheet assets could be used to increase liquidity and provide additional financial flexibility. These include a mortgage servicing portfolio with an estimated fair value of \$115 million over book value at September 30, 1993.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with Financial Accounting Standard No. 107, "Disclosure about Fair Value of Financial Instruments," the Corporation presented the fair values of both on-and off-balance sheet financial instruments in the 1992 annual report to stockholders. Such values were based on quoted market prices, discounted cash flows and other factors, as appropriate. At September 30, 1993, in relative terms the fair value of the Corporation's financial instruments was not significantly different from those disclosed at December 31, 1992.

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#### NET INTEREST INCOME

Tax-equivalent net interest income, the largest contributor to earnings, was \$2.133 billion in the first nine months of 1993, compared with \$1.874 billion in the first nine months of 1992, largely reflecting additions to earning assets.

Nonperforming assets have offset some interest income growth because interest income from these assets is eliminated or sharply reduced. In the first nine months of 1993, \$51 million in gross interest income would have been recorded if all nonaccrual and restructured loans had been current in accordance with their original terms and had been outstanding throughout the period or since origination, if held for part of the period. The amount of interest income related to these assets and included in income in the first nine months of 1993 was \$11 million.

#### NET INTEREST MARGIN

The net interest margin, which is the difference between the tax-equivalent yield on earning assets and the rate paid on funds to support those assets, was 4.85 percent in the first nine months of 1993, compared with 4.68 percent in the same period a year ago. The margin was 4.65 percent in the third quarter of

1993, compared with 4.92 percent in the second quarter of 1993, and 4.89 percent in the third quarter a year ago. The margin has narrowed since year-end 1993 primarily because of the addition of acquired banks with lower margins; the addition of short-term securities, which contribute to net interest income although they reduce the margin while these assets are on the Corporation's books; and the impact of refinancing activity.

The average rate earned on earning assets was 7.87 percent in the first nine months of 1993, compared with 8.64 percent in the first nine months a year ago. The average rate paid on interest-bearing liabilities was 3.47 percent in the first nine months of 1993, and 4.45 percent in the first nine months a year ago.

The increase in the net interest margin from the first nine months of 1992 occurred primarily because the average rate earned on earning assets declined 77 basis points, while the rate paid on interest-bearing liabilities declined 98 basis points. This caused a 21 basis point increase in the spread between the rate earned on earning assets and the rate paid on interest-bearing liabilities. The margin increase was only 17 basis points because noninterest-bearing sources of funds contribute less to the net interest margin as interest rates decline.

#### NONINTEREST INCOME

Noninterest income increased from the first nine months a year ago primarily as a result of \$49 million in gains from the sale of equity positions held by the Corporation's merchant banking operations as well as trading account profits, capital management income and discount gains. Service charges on deposit accounts increased during this period because of the addition of deposits from acquired banks. The first nine months of 1992 included \$11 million of bankcard excess servicing fees, which represent fee income derived when receivables are sold to another entity for servicing. Noninterest income in the first nine months of 1993 was \$875 million, compared with \$809 million in the first nine months a year ago.

The first nine months of 1993 included the sale of acquired banks' securities portfolios, which accounted for most of the \$27 million in securities gains, compared with \$32 million in the same period last year.

The mortgage servicing portfolio was \$36.9 billion at September 30, 1993. Some of the mortgage loans in the portfolio are owned by others, but the Corporation's mortgage banking subsidiary services the loans for a fee.

#### NONINTEREST EXPENSE

Noninterest expense was \$1.834 billion during the first nine months of 1993, compared with \$1.743 billion in the same period a year ago. The increase primarily reflects the impact of the Corporation's 1992 and 1993 acquisitions, as well as an additional \$85 million of mortgage servicing amortization,

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including \$30 million that was recorded during the third quarter of 1993. The additional writedowns anticipated an accelerated pace of refinancing activity for the rest of the year because of the low interest rate environment. In addition, the adoption of accounting for postretirement benefits other than pensions added \$9 million to noninterest expense during the first nine months of 1993. Costs related to environmental matters were not material.

Costs related to owned real estate decreased to \$25 million in the first nine months of 1993, from \$127 million in the first nine months a year ago, largely because of the sale of owned real estate, a reduced provision and lower writedowns of foreclosed properties. Costs related to owned real estate include items such as legal expenses associated with collection, foreclosure, provisions and writedowns, disposition of foreclosed properties and costs incurred to maintain foreclosed properties.

#### INCOME TAXES

Income tax expense was \$305 million in the first nine months of 1993, compared with \$149 million in the first nine months of 1992. This increase was due primarily to an increase in income before taxes and a decrease in income exempt from taxes. In addition, the Budget Reconciliation Act, enacted in August of 1993, increased the corporate tax rate by one percent, retroactive to January 1, 1993. As a result of the Act, income tax expense for the third quarter of 1993 included a retroactive net income tax benefit for the first nine months of 1993 of \$8 million, which was attributable to an increase in income tax expense of \$8 million related to current earnings for 1993 and a decrease of \$16 million in income tax expense related to the repricing of deferred tax assets and the elimination of deferred tax liabilities related to certain intangible assets.

Additionally, certain acquired subsidiaries recognized tax benefits on pre-tax losses in 1992, but recognized tax expense on pre-tax income in 1993. The first quarter of 1992 was restated to include the effect of the 1993 retroactive adoption of new accounting for income tax rules.

#### UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Corporation has agreed to sell to the Underwriters named below, and the Underwriters have severally agreed to purchase, the principal amount of Notes set forth opposite its names below.

<TABLE>

<CAPTION>

UNDERWRITER

PRINCIPAL  
AMOUNT

<S>	<C>
Goldman, Sachs & Co.....	\$ 30,000,000
CS First Boston Corporation.....	30,000,000
Lehman Brothers Inc.....	30,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	30,000,000
J.P. Morgan Securities Inc.....	30,000,000
Total.....	\$150,000,000
</TABLE>	

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the Notes, if any.

The Underwriters propose to offer the Notes in part directly to retail purchasers at the public offering price set forth on the cover page of this Prospectus Supplement and in part to certain securities dealers at such price less a concession of .45 percent of the principal amount of the Notes. The Underwriters may allow, and such dealers may reallow, a concession not to exceed .25 percent of the principal amount of the Notes to certain brokers and dealers. After the Notes are released for sale to the public, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Notes are a new issue of securities with no established trading market. The Corporation has been advised by each Underwriter that each such Underwriter intends to make a market in the Notes but is not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

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The Corporation has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Underwriters and certain of their affiliates and associates are customers of, including borrowers from, engage in transactions with, and/or perform services for, the Corporation and its subsidiaries, in the ordinary course of business. Also, in the ordinary course of their respective businesses, affiliates of J. P. Morgan Securities Inc. engage, and may in the future engage, in commercial banking and investment banking transactions with the Corporation and its subsidiaries. The Underwriters have performed investment banking services for the Corporation in the last two years and have received fees in connection therewith.

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FIRST UNION CORPORATION  
DEBT SECURITIES

First Union Corporation (the "Corporation" or "FUNC") may offer from time to time at an aggregate initial offering price of not more than \$1,000,000,000 (or, at the option of the Corporation if so specified in the applicable prospectus supplement or prospectus supplements to this Prospectus (each, a "Prospectus Supplement"), the equivalent thereof in any other currency or currency unit such as the European Currency Unit), of its unsecured debt securities (the "Debt Securities") consisting of unsecured senior debt securities (the "Senior Debt Securities") and/or unsecured subordinated debt securities (the "Subordinated Debt Securities"). The Debt Securities may be offered as separate series in amounts, at maturities, at prices and on terms to be determined at the time of sale as set forth in a Prospectus Supplement or Prospectus Supplements. Although the aggregate initial offering price of the Debt Securities is limited as set forth above, the respective indentures pursuant to which the Senior Debt Securities and the Subordinated Debt Securities are to be issued do not contain any limitation on the aggregate principal amount of the debt securities covered thereby. The Senior Debt Securities when issued will rank on a parity with all other unsecured and unsubordinated indebtedness of the Corporation, and the Subordinated Debt Securities when issued will be subordinated as described herein under "Description of the Debt Securities -- Subordination of the Subordinated Debt Securities".

When a particular series of Debt Securities is offered, a Prospectus Supplement or Prospectus Supplements will be delivered setting forth the terms of such Debt Securities, including the specific designation, aggregate principal amount, the currency or currency unit in which payments are to be made, denominations, maturity, premium, if any, rate (which may be fixed or variable) and time of payment of interest, if any, terms for redemption at the option of the Corporation or the holder, if any, terms for sinking fund payments, if any, subordination terms, if any, and any other terms of such Debt Securities or otherwise in connection with the offering and sale of the Debt Securities in respect of which the Prospectus Supplement or Prospectus Supplements are being delivered. In addition, the Prospectus Supplement or Prospectus Supplements will set forth the initial public offering price, the names of any underwriters or agents, the principal amounts, if any, to be purchased by underwriters, the compensation of such underwriters and agents, if any, and the net proceeds to the Corporation. The Debt Securities may be issued in definitive or permanent global form.

The Corporation may sell Debt Securities to or through underwriters acting as principals for their own account or as agents, and also may sell Debt Securities directly to other purchasers or through agents designated from time to time. If the Corporation, directly or through agents, solicits offers to purchase the Debt Securities, the Corporation reserves the sole right to accept and, together with its agents, to reject in whole or in part any proposed purchase of Debt Securities. See "Plan of Distribution". Any underwriters, dealers or agents participating in the offering may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). See "Plan of Distribution" for possible indemnification arrangements for underwriters, agents and their controlling persons.

The Securities will be unsecured obligations of the Corporation and will not be savings accounts, deposits or other obligations of any bank or nonbank subsidiary of the Corporation and are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any government agency.

This Prospectus may not be used to consummate the sale of Debt Securities unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS SEPTEMBER 27, 1993.

#### AVAILABLE INFORMATION

The Corporation is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Corporation, can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's Regional Offices in New York (7 World Trade Center, New York, New York 10048) and Chicago (Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661), and copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Corporation's Common Stock and Series 1990 Cumulative Perpetual Adjustable Rate Preferred Stock ("First Union Preferred Stock") are listed and traded on the New York Stock Exchange, Inc. (the "NYSE"). Reports, proxy statements and other information can also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005. This Prospectus does not contain all of the information set forth in the Registration Statement on Form S-3 of which this Prospectus is a part (together with all amendments and exhibits thereto, the "Registration Statement"), which the Corporation has filed with the Commission under the Securities Act, certain portions of which have been omitted pursuant to the rules and regulations of the Commission, and to which reference is hereby made for further information.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Corporation with the Commission (File No. 1-10000) under Section 13(a) or 15(d) of the Exchange Act are hereby incorporated by reference in this Prospectus:

- (1) the Corporation's Annual Report on Form 10-K for the year ended December 31, 1992 (the "Form 10-K");
- (2) the Corporation's Quarterly Reports on Form 10-Q for the periods ended March 31, 1993 (as amended by Form 10-Q/A dated July 15, 1993) and June 30, 1993, respectively; and
- (3) the Corporation's Current Reports on Form 8-K dated January 12, 1993, February 26, 1993, March 12, 1993, April 22, 1993, and July 16, 1993.

All documents filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the termination of the offering of any Debt Securities are hereby incorporated by reference into this Prospectus and shall be deemed a part hereof from the date of filing of such documents. Any statement contained herein, in any Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of the Registration Statement and this Prospectus to the extent that a statement contained herein, in any Prospectus Supplement or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement, this Prospectus or any Prospectus Supplement.

THE CORPORATION WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS IS DELIVERED, UPON THE WRITTEN OR ORAL REQUEST OF SUCH PERSON, A COPY OF ANY OR ALL OF THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN, EXCEPT FOR CERTAIN EXHIBITS TO SUCH DOCUMENTS. WRITTEN REQUESTS SHOULD BE SENT TO: INVESTOR RELATIONS, FIRST UNION CORPORATION, TWO FIRST UNION CENTER, CHARLOTTE, NORTH CAROLINA 28288-0206. TELEPHONE REQUESTS MAY BE DIRECTED TO

## THE CORPORATION

The Corporation was incorporated under the laws of North Carolina in 1967 and is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"). In 1968, the Corporation became the sole stockholder of First Union National Bank of North Carolina ("FUNB-NC") and First Union Mortgage Corporation, a mortgage banking firm acquired by FUNB-NC in 1964.

In addition to FUNB-NC, the Corporation also operates banks in Florida, South Carolina, Georgia, Tennessee, Virginia, Maryland and the District of Columbia. In addition to providing a wide range of commercial and retail banking and trust services through its banking subsidiaries, the Corporation also provides various other financial services, including mortgage banking, home equity lending, consumer lending, asset-based financing, insurance and securities brokerage services, through other subsidiaries.

The Corporation's principal executive offices are located at One First Union Center, Charlotte, North Carolina 28288-0013 (telephone number (704)374-6565).

Since the 1985 Supreme Court decision upholding regional interstate banking legislation, the Corporation has concentrated its efforts on building a large regional banking organization in the southeastern United States. Since November 1985, the Corporation has completed 38 banking related acquisitions, including the more significant acquisitions set forth in the following table.

&lt;TABLE&gt;

&lt;CAPTION&gt;

NAME <S>	HEADQUARTERS <C>	ASSETS/ DEPOSITS (1) <C>	CONSIDERATION/ ACCOUNTING	COMPLETION DATE <C>
			TREATMENT	
Atlantic Bancorporation	Florida	\$3.8 billion	common stock/ pooling	November 1985
Northwestern Financial Corporation	North Carolina	3.0 billion	common stock/ pooling	December 1985
Southern Bancorporation, Inc.	South Carolina	1.1 billion	cash and notes/ purchase	March 1986
First Bankers Corporation of Florida	Florida	1.3 billion	cash and notes/ purchase	May 1986
First Railroad & Banking Company of Georgia	Georgia	3.7 billion	common stock/ pooling	November 1986
Florida Commercial Banks, Inc.	Florida	1.0 billion	cash/purchase	March 1988
Florida National Banks of Florida, Inc.	Florida	7.9 billion	cash and preferred stock/purchase	January 1990
Southeast Banks	Florida	9.9 billion	cash, notes and preferred stock/purchase	September 1991
RTC acquisitions	Florida	3.8 billion	cash/purchase	1991/1992
PSFS Thrift Holding Company	Florida	1.2 billion	cash/purchase	December 1992
South Carolina Federal Corporation ("SCF")	South Carolina	.9 billion	common stock/ pooling	January 1993
DFSoutheastern, Inc. ("DFSE")	Georgia	2.6 billion	common stock/ pooling	January 1993
Dominion Bankshares Corporation ("Dominion")	Virginia	8.9 billion	common stock and preferred stock/pooling	March 1993
Georgia Federal Bank, FSB ("GFB")	Georgia	4.0 billion	cash/purchase	June 1993
First American Metro Corp. ("FAMC")	Virginia	\$4.6 billion	cash/purchase	June 1993

&lt;/TABLE&gt;

(1) The dollar amounts indicated represent assets of the related organization as of the last reporting period prior to acquisition except for (i) the dollar amount relating to RTC acquisitions, which represents savings and loan deposits acquired from the Resolution Trust Corporation, and (ii) the dollar amount relating to Southeast Banks, which represents assets of the two banking subsidiaries of Southeast Banking Corporation acquired from the Federal Deposit Insurance Corporation (the "FDIC").

Interstate banking legislation has greatly impacted the Corporation and the banking industry in general. North Carolina's regional interstate banking bill includes the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, South Carolina, Tennessee, Texas, Virginia and West Virginia and the District of Columbia, each of which has passed interstate banking legislation, either on a regional or national basis. In addition, various other states not named in the North Carolina legislation have also adopted interstate banking legislation, which, under certain conditions, would permit the Corporation to acquire banks in such states.

The Corporation is continually evaluating acquisition opportunities and



frequently conducts due diligence activities in connection with possible acquisitions. As a result, acquisition discussions and, in some cases, negotiations frequently take place and future acquisitions involving cash, debt or equity securities can be expected. Acquisitions typically involve the payment of a premium over book and market values, and therefore some dilution of the Corporation's book value and net income per common share may occur in connection with any future transactions.

#### USE OF PROCEEDS

The Corporation currently intends to use the net proceeds from the sale of any Debt Securities for general corporate purposes, which may include the reduction of indebtedness, investments at the holding company level, investments in, or extensions of credit to, its banking and other subsidiaries and other banks and companies engaged in other financial service activities, possible acquisitions and such other purposes as may be stated in any Prospectus Supplement. Pending such use, the net proceeds may be temporarily invested. The precise amounts and timing of the application of proceeds will depend upon the funding requirements of the Corporation and its subsidiaries and the availability of other funds. Except as may be described in any Prospectus Supplement, specific allocations of the proceeds to such purposes will not have been made at the date of such Prospectus Supplement.

Based upon the historical and anticipated future growth of the Corporation and the financial needs of the Corporation and its subsidiaries, the Corporation may engage in additional financings of a character and amount to be determined as the need arises.

#### CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>

<CAPTION>

	SIX MONTHS	YEARS ENDED DECEMBER 31,*				
	ENDED JUNE 30, 1993	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Excluding interest on deposits.....	3.68x	2.29	1.60	1.34	1.50	1.73
Including interest on deposits.....	1.74x	1.28	1.15	1.11	1.16	1.23

</TABLE>

\* These ratios give effect to the pooling of interests acquisitions of SCF, DFSE, and Dominion consummated in the first quarter of 1993, but do not reflect the purchase acquisitions of GFB and FAMC consummated in June 1993.

For purposes of computing these ratios, earnings represent income from continuing operations before extraordinary items and cumulative effect of a change in accounting principle plus income taxes and fixed charges (excluding capitalized interest). Fixed charges, excluding interest on deposits, represent interest (other than on deposits, but including capitalized interest), one-third (the proportion deemed representative of the interest factor) of rents and all amortization of debt issuance costs. Fixed charges, including interest on deposits, represent all interest (including capitalized interest), one-third (the proportion deemed representative of the interest factor) of rents and all amortization of debt issuance costs.

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#### CERTAIN REGULATORY CONSIDERATIONS

##### GENERAL

As a bank holding company, the Corporation is subject to regulation under the BHCA and its examination and reporting requirements. Under the BHCA, bank holding companies may not directly or indirectly acquire the ownership or control of more than five percent of the voting shares or substantially all of the assets of any company, including a bank, without the prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). In addition, bank holding companies are generally prohibited under the BHCA from engaging in nonbanking activities, subject to certain exceptions.

The earnings of the Corporation's subsidiaries, and therefore the earnings of the Corporation, are affected by general economic conditions, management policies and the legislative and governmental actions of various regulatory authorities, including the Federal Reserve Board and the Comptroller of the Currency (the "Comptroller"). In addition, there are numerous governmental requirements and regulations which affect the activities of the Corporation and its subsidiaries.

##### PAYMENT OF DIVIDENDS

The Corporation is a legal entity separate and distinct from its banking and other subsidiaries. A major portion of the revenues of the Corporation result from amounts paid as dividends to the Corporation by its national bank subsidiaries. The Corporation's banking subsidiaries are subject to legal limitations on the amount of dividends they can pay. The prior approval of the Comptroller is required if the total of all dividends declared by a national bank in any calendar year will exceed the sum of such bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus. Federal law also prohibits national banks from paying dividends which would be greater than the bank's undivided profits after deducting statutory bad debt in excess of the bank's allowance for loan losses.

Under the foregoing dividend restrictions and certain restrictions applicable to certain of the Corporation's nonbanking subsidiaries, as of June 30, 1993, the Corporation's subsidiaries, without obtaining affirmative governmental approvals, could pay aggregate dividends of \$492 million to FUNC. During the first six months of 1993, the Corporation's subsidiaries paid \$150 million in cash dividends to FUNC.

In addition, both the Corporation and its bank subsidiaries are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The Comptroller has indicated that paying dividends that deplete a national bank's capital base to an inadequate level would be an unsafe and unsound banking practice. The Comptroller and the Federal Reserve Board have each indicated that banking organizations should generally pay dividends only out of current operating earnings.

**BORROWINGS BY THE CORPORATION**

There are also various legal restrictions on the extent to which the Corporation and its nonbank subsidiaries can borrow or otherwise obtain credit from its bank subsidiaries. In general, these restrictions require that any such extensions of credit must be secured by designated amounts of specified collateral and are limited, as to any one of the Corporation or such nonbank subsidiaries, to ten percent of the lending bank's capital stock and surplus, and as to the Corporation and all such nonbank subsidiaries in the aggregate, to 20 percent of such lending bank's capital stock and surplus.

**CAPITAL**

Under final risk-based capital requirements for bank holding companies, effective as of December 31, 1992, the minimum requirement for the ratio of capital to risk-weighted assets (including certain off-balance-sheet activities, such as standby letters of credit) is eight percent. At least half of the total capital is to be composed of common equity, retained earnings and qualifying perpetual preferred stock, less certain intangibles ("tier 1 capital" and together with tier 2 capital "total capital"). The remainder may consist of subordinated debt, qualifying preferred stock and a limited amount of the loan loss allowance ("tier 2 capital"). At June 30, 1993, the Corporation's tier 1 and total capital ratios were 7.97 percent and 12.21 percent, respectively.

In addition, the Federal Reserve Board has established minimum leverage ratio requirements for bank holding companies. These requirements provide for a minimum leverage ratio of tier 1 capital to adjusted average quarterly assets ("leverage ratio") equal to three percent for bank holding companies that meet certain specified criteria, including having the highest regulatory rating. All other bank holding companies will generally be required to maintain a leverage ratio of from at least four to five percent. The Corporation's leverage ratio at June 30, 1993, was 6.20 percent. The requirements also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Furthermore, the requirements indicate that the Federal Reserve Board will continue to consider a "tangible tier 1 leverage ratio" (deducting all intangibles) in evaluating proposals for expansion or new activity. The Federal Reserve Board has not advised the Corporation of any specific minimum tier 1 leverage ratio applicable to it.

Each of the Corporation's subsidiary banks is subject to similar capital requirements adopted by the Comptroller or other applicable federal regulatory agencies. As of June 30, 1993, each of the Corporation's subsidiary banks listed below had a leverage ratio in excess of 5.24 percent. Certain of the banks recently acquired by the Corporation are subject to certain regulatory agreements, including agreements specifying certain minimum capital levels. As of June 30, 1993, such minimum capital levels were satisfied. No other of such subsidiary banks has been advised of any specific minimum capital ratios applicable to it.

As of June 30, 1993, the capital ratios of the following banking subsidiaries, FUNB-NC, First Union National Bank of South Carolina ("FUNB-SC"), First Union National Bank of Georgia ("FUNB-GA"), First Union National Bank of Florida ("FUNB-FL"), First Union National Bank of Tennessee ("FUNB-TN"), Dominion Bank, N.A. ("DBNA"), Dominion Bank of Washington, N.A. ("DB-W") and Dominion Bank of Maryland, N.A. ("DB-M"), were as follows:

<TABLE>  
<CAPTION>

	REGULATORY	FUNB-NC	FUNB-SC	FUNB-GA	FUNB-FL	FUNB-TN	DBNA	DB-W	DB-M
<S>	MINIMUM	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Tier 1 capital ratio.....	4%	7.63	8.61	8.75	9.34	14.17	10.24	14.87	32.51
Total capital ratio.....	8	10.87	12.88	11.56	11.05	15.44	12.81	16.15	33.94
Leverage ratio.....	3-5%	5.25	6.23	8.48	5.88	8.55	7.78	46.06	16.62

Banking regulators continue to indicate their desire to raise capital requirements applicable to banking organizations, including a proposal to add an interest rate risk component to risk-based capital requirements.

#### CORPORATION SUPPORT OF SUBSIDIARY BANKS

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), among other things, imposes liability on an institution the deposits of which are insured by the FDIC, such as the Corporation's subsidiary banks, for certain potential obligations to the FDIC incurred in connection with other FDIC-insured institutions under common control with such institution.

Under the National Bank Act, if the capital stock of a national bank is impaired by losses or otherwise, the Comptroller is authorized to require payment of the deficiency by assessment upon the bank's stockholders, pro rata, and to the extent necessary, if any such assessment is not paid by any stockholder after three months notice, to sell the stock of such stockholder to make good the deficiency. Under Federal Reserve Board policy, the Corporation is expected to act as a source of financial strength to each of its subsidiary banks and to commit resources to support each of such subsidiaries. This support may be required at times when, absent such Federal Reserve Board policy, the Corporation may not find itself able to provide it.

Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

#### FDICIA

In December 1991, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") was enacted, which substantially revises the bank regulatory and funding provisions of the Federal Deposit Insurance Act and makes revisions to several other federal banking statutes.

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Among other things, FDICIA requires the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital tiers: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized" and "critically undercapitalized." A depository institution's capital tier will depend upon where its capital levels compare to various relevant capital measures and certain other factors, as established by regulation.

The bank regulatory authorities have adopted regulations establishing relevant capital measures and relevant capital levels. The relevant capital measures are the total capital ratio, tier 1 capital ratio and the leverage ratio. Under the regulations, a bank will be: (i) well capitalized if it has a total capital ratio of ten percent or greater, a tier 1 capital ratio of six percent or greater and a leverage ratio of five percent or greater and is not subject to any order or written directive by any such regulatory authority to meet and maintain a specific capital level for any capital measure; (ii) adequately capitalized if it has a total capital ratio of eight percent or greater, a tier 1 capital ratio of four percent or greater and a leverage ratio of four percent or greater (three percent in certain circumstances) and is not well capitalized; (iii) undercapitalized if it has a total capital ratio of less than eight percent, a tier 1 capital ratio of less than four percent or a leverage ratio of less than four percent (three percent in certain circumstances); (iv) significantly undercapitalized if it has a total capital ratio of less than six percent, a tier 1 capital ratio of less than three percent or a leverage ratio of less than three percent; and (v) critically undercapitalized if its tangible equity is equal to or less than two percent of average quarterly tangible assets. As of June 30, 1993, all of the Corporation's subsidiary banks listed above under "Capital" had capital levels that qualify them as being well capitalized under such regulations, although certain of such banks that have recently been acquired by the Corporation may not be considered to be well capitalized because they have written agreements with their regulators specifying certain minimum capital levels.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to growth limitations and are required to submit a capital restoration plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of (i) an amount equal to five percent of the depository institution's total assets at the time it became undercapitalized, and (ii) the amount which is necessary (or would have been necessary) to bring the

institution into compliance with all capital standards applicable with respect to such institution as of the time it fails to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator.

FDICIA directs that each federal banking agency prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value for publicly traded shares and such other standards as the agency deems appropriate. The ultimate effect of these standards cannot be ascertained until final regulations are adopted.

FDICIA also contains a variety of other provisions that may affect the operations of the Corporation, including new reporting requirements, regulatory standards for real estate lending, "truth in savings" provisions, and the requirement that a depository institution give 90 days' prior notice to customers and regulatory authorities before closing any branch and a prohibition on the acceptance or renewal of brokered deposits by depository institutions that are not well capitalized or are adequately capitalized and have not received a waiver from the FDIC. Under regulations relating to the brokered deposit prohibition, all of the Corporation's subsidiary banks listed above under "Capital" are well capitalized and not subject to the prohibition.

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#### FDIC INSURANCE ASSESSMENTS

FUNC's subsidiary banks are subject to FDIC deposit insurance assessments. The FDIC set assessment rates for the Bank Insurance Fund ("BIF") of \$.23 per \$100 of deposits which became effective on June 30, 1991. In September 1992, the FDIC adopted a new risk-based premium schedule which increased the assessment rates for depository institutions. Under the new schedule, effective for the assessment period beginning January 1, 1993, the premiums initially will range from \$.23 to \$.31 for every \$100 of deposits. Each financial institution will be assigned to one of three capital groups -- well capitalized, adequately capitalized or undercapitalized -- and further assigned to one of three subgroups within a capital group, on the basis of supervisory evaluations by the institution's primary federal and, if applicable, state supervisors and other information relevant to the institution's financial condition and the risk posed to the applicable insurance fund. The actual assessment rate applicable to a particular institution will, therefore, depend in part upon the risk assessment classification so assigned to the institution by the FDIC.

#### DEPOSITOR PREFERENCE STATUTE

Legislation has been enacted providing that deposits and certain claims for administrative expenses and employee compensation against an insured depository institution would be afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the "liquidation or other resolution" of such an institution by any receiver.

#### DESCRIPTION OF THE DEBT SECURITIES

##### GENERAL

The following description of the terms of the Debt Securities sets forth certain general terms and provisions of the Debt Securities to which any Prospectus Supplement may relate. The particular terms of the Debt Securities offered by any Prospectus Supplement (the "Offered Debt Securities") will be described in the Prospectus Supplement or Prospectus Supplements relating to such Offered Debt Securities (the "Applicable Prospectus Supplement(s)").

Senior Debt Securities are to be issued under an Indenture, dated as of April 1, 1983, as amended by supplemental indentures dated as of May 17, 1986, July 1, 1988 and August 1, 1990 (the "Senior Indenture"), between the Corporation and Chemical Bank, as Trustee (the "Senior Trustee"). Subordinated Debt Securities are to be issued under an Indenture, dated as of March 15, 1986, as amended by supplemental indentures dated as of August 1, 1990 and November 15, 1992 (the "Subordinated Indenture"), between the Corporation and The Bank of New York (formerly Irving Trust Company), as Trustee (the "Subordinated Trustee"). Copies of the Senior Indenture and the Subordinated Indenture are incorporated by reference as exhibits to the Registration Statement. The Senior Indenture and the Subordinated Indenture are sometimes herein referred to collectively as the "Indentures" and the Senior Trustee and the Subordinated Trustee are sometimes herein referred to collectively as the "Trustees". The following summaries of certain provisions of the Senior Debt Securities, the Subordinated Debt Securities, the Senior Indenture and the Subordinated Indenture, as modified or superseded by the Applicable Prospectus Supplement(s), are brief summaries of certain provisions thereof, do not purport to be complete and are subject to,

and are qualified in their entirety by reference to, all the provisions of the Indenture applicable to a particular series of Debt Securities (the "Applicable Indenture"), including the definitions therein of certain terms. Whenever particular provisions or defined terms in one or both of the Indentures are referred to, such provisions or defined terms are incorporated herein by reference. Section references used herein are references to the Applicable Indenture. Capitalized terms not otherwise defined herein shall have the meaning given to them in the Applicable Indenture.

The Debt Securities will be limited to an aggregate initial offering price of \$1,000,000,000 (or, at the option of the Corporation if so specified in the Applicable Prospectus Supplement(s), the equivalent thereof in any other currency or currency unit such as the European Currency Unit), and will be direct, unsecured obligations of the Corporation. The Debt Securities will not be deposits or other obligations of a bank and will not be insured by the FDIC.

The Indentures do not limit the aggregate principal amount of Securities or of any particular series of Securities which may be issued thereunder and provide that Securities issued thereunder may be issued from time to time in one or more series, in each case with the same or various maturities, at par or at a discount. (SECTION 301).

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The Indentures provide that there may be more than one trustee under the Indentures with respect to different series of Securities. As of June 30, 1993, \$834 million aggregate principal amount of Senior Debt Securities was issued and outstanding as additional series of Securities under the Senior Indenture. The Senior Trustee is trustee for such additional series. As of June 30, 1993, \$1.2 billion aggregate principal amount of Subordinated Debt Securities was issued and outstanding as additional series of Securities under the Subordinated Indenture. The Subordinated Trustee is trustee for such additional series.

The Indentures do not limit the amount of other debt that may be issued by the Corporation and do not contain financial or similar restrictive covenants. As of June 30, 1993, the Corporation had an aggregate of \$1.0 billion of long-term Senior Indebtedness (as defined below) outstanding and an aggregate of \$315 million of short-term Senior Indebtedness outstanding which consisted primarily of commercial paper. The Corporation expects from time to time to incur additional indebtedness constituting Senior Indebtedness and Other Financial Obligations (as defined in the Subordinated Indenture). The Indentures do not prohibit or limit the incurrence of additional Senior Indebtedness or Other Financial Obligations.

Because the Corporation is a holding company and a legal entity separate and distinct from its subsidiaries, the rights of the Corporation to participate in any distribution of assets of any subsidiary upon its liquidation of assets or reorganization or otherwise (and thus the ability of Holders of Debt Securities to benefit indirectly from such distribution) would be subject to the prior claims of creditors of that subsidiary, except to the extent that the Corporation itself may be a creditor of that subsidiary with recognized claims. Claims on the Corporation's subsidiary banks by creditors other than the Corporation include long-term debt and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations. The Indentures do not contain any covenants designed to afford holders of Securities, including holders of the Debt Securities, protection in the event of a highly leveraged transaction involving the Corporation.

Reference is made to the Applicable Prospectus Supplement(s) for the following terms of the Offered Debt Securities offered thereby: (i) the title of the Offered Debt Securities; (ii) whether the Offered Debt Securities are Senior Debt Securities or Subordinated Debt Securities; (iii) any limit upon the aggregate principal amount of the Offered Debt Securities and the percentage of such principal amount at which such Offered Debt Securities may be issued; (iv) the date or dates on which the principal of the Offered Debt Securities is payable (the "Stated Maturity"); (v) the rate or rates (which may be fixed or variable) per annum at which the Offered Debt Securities will bear interest, or the method of determining such rate or rates, if any, the date or dates from which any such interest will accrue, the Interest Payment Dates on which any such interest will be payable, the Regular Record Date for the interest payable on any Interest Payment Date, the Person to whom any Offered Debt Security of such series will be payable, if other than the Person in whose name that Offered Debt Security (or one or more predecessor Debt Securities) is registered at the close of business on the Regular Record Date for such interest and the extent to which, or the manner in which, any interest payable on a permanent global Offered Debt Security on an Interest Payment Date will be paid; (vi) if other than the location specified in this Prospectus, the place or places where the principal of and premium, if any, and interest on the Offered Debt Securities will be payable; (vii) the period or periods within which, the price or prices at which and the terms and conditions upon which the Offered Debt Securities will, pursuant to any mandatory sinking fund provisions or otherwise, or may, pursuant to any optional sinking fund provisions or otherwise, be redeemed in whole or in part by the Corporation; (viii) the period or periods within which, the price or prices at which and the terms and conditions upon which the Offered Debt Securities may be repaid, in whole or in part, at the option of the Holders

thereof; (ix) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the Offered Debt Securities shall be issuable; (x) if other than the principal amount thereof, the portion of the principal amount of the Offered Debt Securities which shall be payable upon declaration of acceleration of the Maturity thereof; (xi) the currency or currency unit of payment of principal and premium, if any, and interest on such Offered Debt Securities, and any index used to determine the amount of payment of principal or premium, if any, and interest on such Offered Debt Securities; (xii) whether the Offered Debt Securities are to be issuable in permanent global form and, in such case, the initial depository with respect thereto and the circumstances under which such permanent global Debt Security may be exchanged; (xiii) whether the subordination provisions summarized below or different subordination provisions, including a different definition of "Senior Indebtedness", "Entitled Persons", "Existing Subordinated Indebtedness" or "Other Financial Obligations", shall apply to the Offered Debt Securities; and (xiv) any other terms of the Offered Debt Securities not specified in this Prospectus. (SECTION 301).

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Where appropriate, the Applicable Prospectus Supplement(s) will describe the United States federal income tax considerations relevant to the Offered Debt Securities.

Unless otherwise indicated in the Applicable Prospectus Supplement(s), principal, premium, if any, and interest, if any, on the Debt Securities will be payable, and the Debt Securities will be transferable, at the Corporate Trust Office of FUND-NC in Charlotte, North Carolina, except that interest may be paid at the option of the Corporation by check mailed to the address of the Holder entitled thereto as it appears on the Security Register. (SECTIONS 301, 305 AND 1002).

Unless otherwise indicated in the Applicable Prospectus Supplement(s), the Debt Securities will be issued only in fully registered form, without coupons, in denominations of \$1,000 and any integral multiple thereof. (SECTION 302). The Indentures provide that Offered Debt Securities of any series may be issuable in permanent global form (SECTION 301). No service charge will be made for any registration of transfer or exchange of the Debt Securities, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (SECTION 305).

Both Senior Debt Securities and Subordinated Debt Securities may be issued as Original Issue Discount Securities to be offered and sold at a substantial discount below their stated principal amount. Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities will be described in the Applicable Prospectus Supplement(s). "Original Issue Discount Security" means any security which provides for an amount less than the principal amount thereof to be due and payable upon the declaration of acceleration of the Maturity thereof in accordance with the terms of the related Indenture. (SECTION 101).

Reference is made to the Applicable Prospectus Supplement(s) relating to any series of Offered Debt Securities that are Original Issue Discount Securities for the particular provisions relating to acceleration of the maturity of a portion of the principal amount of such series of Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

The Corporation's Credit Agreement, dated as of June 30, 1993 (the "Credit Agreement"), between the Corporation and various credit banks, contains certain financial covenants of the Corporation. As of the date of this Prospectus the Corporation is in compliance with such covenants.

#### PERMANENT GLOBAL DEBT SECURITIES

If any Debt Securities of a series are issuable in permanent global form, the Applicable Prospectus Supplement(s) will describe the circumstances, if any, under which beneficial owners of interests in any such permanent global Debt Securities may exchange such interests for Debt Securities of such series and of like tenor and principal amount in any authorized form and denomination. Principal of and any premium and interest on any permanent global Debt Security will be payable in the manner described in the Applicable Prospectus Supplement(s).

#### SUBORDINATION OF THE SUBORDINATED DEBT SECURITIES

The obligations of the Corporation to make any payment on account of the principal of and interest on any Subordinated Debt Securities will, to the extent set forth in the Subordinated Indenture, be subordinate and junior in right of payment to all Senior Indebtedness of the Corporation. Unless otherwise specified in the Applicable Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby, "Senior Indebtedness" of the Corporation is defined in the Subordinated Indenture to mean the principal of, premium, if any, and interest on (i) all indebtedness of the Corporation for money borrowed (including indebtedness of others guaranteed by the Corporation) other than the Subordinated Debt Securities, whether outstanding on the date of execution of the Indenture or thereafter created, assumed or incurred, except (a) any obligations on account of Existing Subordinated Indebtedness, and (b) such indebtedness as is by terms expressly stated to be not superior in right of payment to the Subordinated Debt Securities or to rank PARI PASSU with the

Subordinated Debt Securities, and (ii) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Corporation for money borrowed" is defined in the Subordinated Indenture to mean any obligation of, or any obligation guaranteed by, the Corporation for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for the payment of the purchase price of property or assets. (SECTION 101 and ARTICLE FOURTEEN of the Subordinated Indenture).

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The payment of the principal of and interest on the Subordinated Debt Securities will, to the extent set forth in the Subordinated Indenture, be subordinated in right of payment to the prior payment in full of all Senior Indebtedness. Unless otherwise specified in the Applicable Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby, in certain events of insolvency, the payment of the principal of and interest on the Subordinated Debt Securities, other than Subordinated Debt Securities that are also Existing Subordinated Indebtedness (as defined in the Subordinated Indenture), will, to the extent set forth in the Subordinated Indenture, also be effectively subordinated in right of payment to the prior payment in full of all Other Financial Obligations. Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, marshalling of assets or any bankruptcy, insolvency or similar proceedings of the Corporation, the holders of all Senior Indebtedness will first be entitled to receive payment in full of all amounts due or to become due thereon before the Holders of the Subordinated Debt Securities will be entitled to receive any payment in respect of the principal of or interest on the Subordinated Debt Securities. If upon any such payment or distribution of assets to creditors, there remains, after giving effect to such subordination provisions in favor of the holders of Senior Indebtedness, any amount of cash, property or securities available for payment or distribution in respect of Subordinated Debt Securities (defined in the Subordinated Indenture as "Excess Proceeds") and if, at such time, any Entitled Persons (as defined in the Subordinated Indenture) in respect of Other Financial Obligations have not received payment in full of all amounts due or to become due on or in respect of such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay or provide for the payment in full of such Other Financial Obligations before any payment or distribution may be made in respect of the Subordinated Debt Securities which are not Existing Subordinated Indebtedness. In the event of the acceleration of the maturity of any Subordinated Debt Securities, the holders of all Senior Indebtedness will first be entitled to receive payment in full of all amounts due thereon before the Holders of the Subordinated Debt Securities will be entitled to receive any payment upon the principal of or interest on the Subordinated Debt Securities.

By reason of such subordination in favor of the holders of Senior Indebtedness, in the event of insolvency, creditors of the Corporation who are not holders of Senior Indebtedness or Holders of the Subordinated Debt Securities may recover less, ratably, than the holders of Senior Indebtedness and may recover more, ratably, than the Holders of the Subordinated Debt Securities. By reason of the obligation of the Holders of Subordinated Debt Securities (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations, in the event of insolvency, holders of Existing Subordinated Indebtedness may recover less, ratably, than Entitled Persons in respect of Other Financial Obligations and may recover more, ratably, than the Holders of Subordinated Debt Securities (other than Existing Subordinated Indebtedness).

Unless otherwise specified in the Applicable Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby, "Existing Subordinated Indebtedness" means Securities issued pursuant to the Subordinated Indenture prior to November 15, 1992. (SECTION 101 of the Subordinated Indenture).

Unless otherwise specified in the Applicable Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby, "Other Financial Obligations" means all obligations of the Corporation to make payment pursuant to the terms of financial instruments, such as (i) securities contracts and foreign currency exchange contracts, (ii) derivative instruments, such as swap agreements (including interest rate and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange rate agreements, options, commodity futures contracts, commodity option contracts, and (iii) in the case of both (i) and (ii) above, similar financial instruments, other than (a) obligations on account of Senior Indebtedness, and (b) obligations on account of indebtedness for money borrowed ranking PARI PASSU with or subordinate to the Subordinated Debt Securities. Unless otherwise specified in the Applicable Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby, "Entitled Persons" means any person who is entitled to payment pursuant to the terms of Other Financial Obligations.

The Corporation's obligations under the Subordinated Debt Securities shall rank PARI PASSU in right of payment with each other and with the Existing Subordinated Indebtedness, subject (unless otherwise specified in the Applicable

Prospectus Supplement relating to the particular series of Subordinated Debt Securities offered thereby) to the obligations of the Holders of Subordinated Debt Securities (other than Existing Subordinated Indebtedness) to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as provided in the Subordinated Indenture.

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The Applicable Prospectus Supplement may further describe the provisions, if any, applicable to the subordination of the Subordinated Debt Securities of a particular series.

#### LIMITATION ON DISPOSITION OF STOCK OF FUNB-NC

##### THE SENIOR INDENTURE

The Senior Indenture contains a covenant by the Corporation that, so long as any of the Senior Debt Securities issued thereunder before August 1, 1990 are outstanding, but subject to the rights of the Corporation in connection with its consolidation with or merger into another corporation or a sale of the Corporation's assets, it will not sell, assign, transfer, grant a security interest in or otherwise dispose of any shares of, securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of FUNB-NC, nor will it permit the FUNB-NC to issue (other than to the Corporation) any shares (other than directors' qualifying shares) of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of FUNB-NC, unless (i) any such sale, assignment, transfer, issuance, grant of a security interest or other disposition is made for fair market value, as determined by the Board of Directors of the Corporation, and (ii) the Corporation will own at least 80 percent of the issued and outstanding Voting Stock of FUNB-NC (or any successor to FUNB-NC) free and clear of any security interest after giving effect to such transaction. (SECTION 1006).

The foregoing covenant is not a covenant for the benefit of any series of Senior Debt Securities issued on or after August 1, 1990.

##### THE SUBORDINATED INDENTURE

The Subordinated Indenture contains a covenant by the Corporation that, so long as any of the Subordinated Debt Securities issued thereunder before August 1, 1990 are outstanding, but subject to the rights of the Corporation in connection with its consolidation with or merger into another corporation or a sale of the Corporation's assets, it will not sell, assign, transfer, grant a security interest in or otherwise dispose of any shares of, securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of FUNB-NC (other than to a Wholly-owned Subsidiary), nor will it permit FUNB-NC to issue (other than to the Corporation or to a Wholly-owned Subsidiary) any shares (other than directors' qualifying shares) of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of FUNB-NC, unless (i) any such sale, assignment, transfer, issuance, grant of a security interest or other disposition is made for fair market value, as determined by the Board of Directors of the Corporation, and (ii) the Corporation and/or its Wholly-owned Subsidiaries will own at least 80 percent of the issued and outstanding Voting Stock of FUNB-NC (or any successor to FUNB-NC) free and clear of any security interest after giving effect to such transaction. (SECTION 1006).

The foregoing covenant is not a covenant for the benefit of any series of Subordinated Debt Securities issued on or after August 1, 1990.

#### RESTRICTION ON SALE OR ISSUANCE OF VOTING STOCK OF MAJOR SUBSIDIARY BANKS

The Indentures each contain a covenant by the Corporation that it will not, and will not permit any Subsidiary to, sell, assign, transfer, grant a security interest or otherwise dispose of any shares of Voting Stock, or any securities convertible into shares of Voting Stock, of any Major Subsidiary Bank or any Subsidiary owning, directly or indirectly, any shares of Voting Stock of any Major Subsidiary Bank and that it will not permit any Major Subsidiary Bank or any Subsidiary owning, directly or indirectly, any shares of Voting Stock of a Major Subsidiary Bank to issue any shares of its Voting Stock or any securities convertible into shares of its Voting Stock, except for sales, assignments, transfers or other dispositions which: (i) are for the purpose of qualifying a Person to serve as a director; (ii) are for fair market value (as determined by the Board of Directors of the Corporation) and, after giving effect to such dispositions and to any potential dilution, the Corporation will own not less than 80 percent of the shares of Voting Stock of such Major Subsidiary Bank or any such Subsidiary owning any shares of Voting Stock of such Major Subsidiary Bank; (iii) are made (x) in compliance with an order of a court or regulatory authority of competent jurisdiction, or (y) in compliance with a condition imposed by any such court or authority permitting the acquisition by the Corporation, directly or indirectly, of any other Bank or entity the activities of which are legally permissible for a Person such as the Corporation or a Subsidiary to engage in, or (z) in compliance with an undertaking made to such authority in connection with such an acquisition (provided that, in the case of clauses (y) and (z), the assets of the Bank or entity being acquired and its

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consolidated subsidiaries equal or exceed 75 percent of the assets of such Major Subsidiary Bank or such Subsidiary owning, directly or indirectly, any shares of Voting Stock of a Major Subsidiary Bank and its respective consolidated subsidiaries on the date of acquisition); or (iv) are made to the Corporation or any Wholly-Owned Subsidiary. Notwithstanding the foregoing, any Major Subsidiary Bank may be merged into or consolidated with another banking institution organized under the laws of the United States, any State thereof or the District of Columbia, if after giving effect to such merger or consolidation the Company or any Wholly-Owned Subsidiary owns at least 80 percent of the Voting Stock of such other banking institution then issued and outstanding free and clear of any security interest and if, immediately after giving effect thereto, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing. (SECTION 1007). A Major Subsidiary Bank is defined in each Indenture to mean any Subsidiary which is a Bank and has total assets equal to 25 percent or more of the consolidated assets of the Corporation determined as of the date of the most recent audited financial statements of such entities. At present, the only Major Subsidiary Banks are FUNB-NC and FUNB-FL and the only Subsidiary as to which the foregoing covenant is applicable is First Union Corporation of Florida.

The foregoing covenant is not a covenant for the benefit of any series of Debt Securities issued before August 1, 1990, or, in the case of Subordinated Debt Securities, issued after November 15, 1992.

#### DEFAULTS

##### THE SENIOR INDENTURE

An Event of Default is defined in the Senior Indenture as, with respect to Debt Securities of any series issued thereunder: default in payment of principal of or premium, if any, on any Security of that series at Maturity; default for 30 days in payment of interest of any Debt Security of that series; failure to deposit any sinking fund payment when due in respect of that series; failure by the Corporation for 60 days after due notice in performance of any other of the covenants or warranties in the Indenture (other than a covenant or warranty included in the Indenture solely for the benefit of a series of Securities other than that series); failure to pay when due any indebtedness of the Corporation or, in the case of any series of Senior Debt Securities issued on or after August 1, 1990, any Major Subsidiary Bank, or, in the case of any series of Senior Debt Securities issued before August 1, 1990, FUNB-NC, for borrowed money in excess of \$5,000,000, or acceleration of the maturity of any such indebtedness in excess of such amount if acceleration results from a default under the instrument giving rise to such indebtedness and is not annulled within 30 days after due notice, unless in either case such default is contested in good faith by appropriate proceedings; certain events of bankruptcy, insolvency or reorganization of the Corporation or, in the case of any series of Senior Debt Securities issued on or after August 1, 1990, any Major Subsidiary Bank, or, in the case of any series of Senior Debt Securities issued before August 1, 1990, FUNB-NC; and any other Event of Default provided with respect to Debt Securities of that series. (SECTION 501).

The Senior Indenture provides that, if any Event of Default with respect to Debt Securities of any series at the time Outstanding thereunder occurs and is continuing, either the Senior Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all Debt Securities of that series to be due and payable immediately (provided that no such declaration is required upon certain events of bankruptcy), but upon certain conditions such declaration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of or premium, if any, or interest on the Debt Securities of that series and certain other specified defaults) may be waived by the Holders of a majority in principal amount of the Outstanding Securities of that series on behalf of the Holders of all Securities of that series. (SECTIONS 502 AND 513). See the penultimate paragraph under "General" above. In the event of the bankruptcy, insolvency or reorganization of the Corporation, the claims of Holders would be subject as to enforcement to the broad equity power of a Federal Bankruptcy Court, and to the determination by that court of the nature of the rights of the Holders.

The Senior Indenture contains a provision entitling the Senior Trustee, subject to the duty of the Senior Trustee upon the occurrence and continuation of an Event of Default to act with the required standard of care, to be indemnified by the Holders of any series of Outstanding Securities thereunder before proceeding to exercise any right or power under the Indenture at the request of the Holders of such series of Securities. (SECTION 603). The Senior Indenture provides that the Holders of a majority in principal amount of Outstanding Securities thereunder of any series may direct the time, method and place of conducting any proceeding for any remedy available

to the Senior Trustee, or exercising any trust or other power conferred on the Senior Trustee, with respect to the Securities of such series, provided that the Senior Trustee may decline to act if such direction is contrary to law or the Senior Indenture or would involve the Senior Trustee in personal liability.

(SECTION 512).

The Corporation will file annually with the Senior Trustee a certificate as to compliance with all conditions and covenants in the Senior Indenture.

(SECTION 1007).

#### THE SUBORDINATED INDENTURE

Payment of principal of the Subordinated Debt Securities may be accelerated only upon an Event of Default (as defined below). There is no right of acceleration in the case of a default in the payment of interest or the payment of principal prior to the date of maturity or a default in the performance of any other covenant of the Corporation in the Subordinated Indenture, unless the terms of a particular series of Subordinated Debt Securities specifically provide otherwise, in which case any such extension of such right of acceleration will be described in the Applicable Prospectus Supplement(s).

An Event of Default is defined in the Subordinated Indenture as, with respect to Subordinated Debt Securities of any series issued thereunder, certain events involving the bankruptcy, insolvency or reorganization of the Corporation and any other Event of Default which may be provided for with respect to the Subordinated Debt Securities of that series. (SECTION 501). A Default, with respect to Securities of that series, is defined in the Subordinated Indenture to include: (i) any Event of Default; (ii) a default in the payment of principal or premium, if any, of any Security of that series at its Maturity; (iii) default in the payment of any interest when due, continued for 30 days; (iv) a default in any required designation of funds as Available Funds; or (v) default in the performance, or breach, of any other covenant of the Corporation in the Subordinated Indenture or in the Securities of that series, continued for 90 days after written notice to the Corporation by the Subordinated Trustee or to the Corporation and the Subordinated Trustee by the Holders of not less than 25 percent in aggregate principal amount of the Outstanding Securities of such series. (SECTION 503). If an Event of Default with respect to the Securities of any series occurs and is continuing, either the Subordinated Trustee or the Holders of not less than 25 percent in aggregate principal amount of the Outstanding Securities of that series may accelerate the maturity of all Outstanding Securities of such series. The Holders of a majority in aggregate principal amount of the Outstanding Securities of that series may waive an Event of Default resulting in acceleration of the Securities of such series, but only if all Events of Default have been remedied and all payments due on the Securities of that series (other than those due as a result of acceleration) have been made and certain other conditions have been met. (SECTION 502). Subject to the provisions of the Subordinated Indenture relating to the duties of the Subordinated Trustee, in case a Default shall occur and be continuing, the Subordinated Trustee will be under no obligation to exercise any of its rights or powers under the Subordinated Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Subordinated Trustee reasonable indemnity. (SECTION 603). Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Subordinated Trustee or exercising any trust or power conferred on the Subordinated Trustee. (SECTION 512). The Holders of a majority in aggregate principal amount of the Outstanding Securities of that series may waive any past default under the Subordinated Indenture with respect to such series, except a default in the payment of principal or interest or a default in respect of a covenant in the Subordinated Indenture which cannot be modified without the consent of the Holder of each Outstanding Security of the series affected. (SECTION 513). See the penultimate paragraph under "General" above. In the event of the bankruptcy, insolvency or reorganization of the Corporation, the claims of the Holders would be subject as to enforcement to the broad equity power of a Federal Bankruptcy Court, and to the determination by that court of the nature of the rights of the Holders.

The Corporation will file annually with the Subordinated Trustee a certificate as to compliance with all conditions and covenants in the Subordinated Indenture. (SECTION 1007).

#### MODIFICATION AND WAIVER

Certain modifications and amendments of each of the Senior Indenture or the Subordinated Indenture may be made by the Corporation and the Trustee under the Applicable Indenture only with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of each series issued under such Indenture and affected by the modification or amendment, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Security issued under such Indenture and

affected thereby: (i) change the Stated Maturity of the principal of, or any instalment of principal of or interest on, any such Security; (ii) reduce the principal amount of, or the premium, if any, or the interest on, any such Security (including in the case of an Original Issue Discount Security the amount payable upon acceleration of the maturity thereof); (iii) change the place of payment where, or the coin or currency or currency unit in which, any

principal of, or premium, if any, or interest on, any such Security is payable; (iv) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); (v) reduce the above-stated percentage of Outstanding Securities of any series the consent of the Holders of which is necessary to modify or amend the Applicable Indenture; or (vi) modify the foregoing requirements or reduce the percentage of aggregate principal amount of Outstanding Securities of any series required to be held by Holders seeking to waive compliance with certain provisions of the Applicable Indenture or seeking to waive certain defaults. (SECTION 902).

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any series may on behalf of the Holders of all Securities of that series waive, insofar as that series is concerned, compliance by the Corporation with certain restrictive provisions of the Applicable Indenture. (SECTION 1008). The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any series may on behalf of the Holders of all Securities of that series waive any past default under the Applicable Indenture with respect to that series, except a default in the payment of the principal of, or premium, if any, or interest on any Security of that series or in respect of a covenant or provision which under the Applicable Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Security issued thereunder of the series affected. (SECTION 513).

Certain modifications and amendments of each of the Senior Indenture and the Subordinated Indenture may be made by the Corporation and the Trustee under the Applicable Indenture without the consent of Holders of the Outstanding Securities issued under such Indenture. (SECTION 901).

Each Indenture provides that in determining whether the Holders of the requisite principal amount of the Outstanding Securities issued under such Indenture have given any request, demand, authorization, direction, notice, consent or waiver thereunder or are present at a meeting of Holders of Securities for quorum purposes, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof, and (ii) the principal amount of a Security denominated in a foreign currency or currency unit shall be the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the principal amount of such Security or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the amount determined as provided in (i) above. (SECTION 101).

#### CONSOLIDATION, MERGER AND SALE OF ASSETS

The Indentures each provide that the Corporation may not consolidate with or merge into any other corporation or transfer its properties and assets substantially as an entirety to any Person unless (i) the corporation formed by such consolidation or into which the Corporation is merged or the Person to which the properties and assets of the Corporation are so transferred shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume by supplemental indenture the payment of the principal of and premium, if any, and interest on the Senior Debt Securities or the Subordinated Debt Securities, as the case may be, and the performance of the other covenants of the Corporation under the Applicable Indenture; (ii) immediately after giving effect to such transaction, no Event of Default or Default, as applicable, and no event which, after notice or lapse of time or both, would become an Event of Default or Default, as applicable, shall have occurred and be continuing; and (iii) certain other conditions are met. (SECTION 801).

#### TRUSTEES

Either or both of the Trustees may resign or be removed with respect to one or more series of Securities and a successor Trustee may be appointed to act with respect to such series. (SECTION 610). In the event that two or more persons are acting as Trustee with respect to different series of Securities, each such Trustee shall be a Trustee of a trust under the related Indenture separate and apart from the trust administered by any other such Trustee (SECTION 611), and any action described herein to be taken by the "Trustee" may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Securities for which it is Trustee.

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In the normal course of business, the Corporation and its subsidiaries conduct banking transactions with the Trustees, and the Trustees conduct banking transactions with the Corporation and its subsidiaries.

#### VALIDITY OF OFFERED DEBT SECURITIES

The validity of any Offered Debt Securities will be passed upon for the Corporation by Marion A. Cowell, Jr., Esq., Executive Vice President, Secretary and General Counsel of the Corporation, and for any underwriters or agents by Sullivan & Cromwell, 125 Broad Street, New York, New York. Sullivan & Cromwell will rely upon the opinion of Mr. Cowell as to matters of North Carolina law, and Mr. Cowell will rely upon the opinion of Sullivan & Cromwell as to matters of New York law. Mr. Cowell owns shares of the Corporation's Common Stock and

holds options to purchase additional shares of such Common Stock. Sullivan & Cromwell regularly performs legal services for the Corporation and its subsidiaries. Members of Sullivan & Cromwell performing these legal services own shares of the Corporation's Common Stock.

#### EXPERTS

The supplemental consolidated balance sheets of the Corporation as of December 31, 1992 and 1991 and the related supplemental consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1992, included in the Corporation's Current Report on Form 8-K dated March 12, 1993 and incorporated by reference, have been incorporated herein in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and the report of other auditors insofar as it relates to the consolidated financial statements of Dominion as of December 31, 1992 and 1991 and for the years then ended, and upon the authority of said firms as experts in accounting and auditing.

The consolidated balance sheets of Dominion as of December 31, 1992 and 1991 and the related consolidated statements of income (loss), changes in stockholders' equity, and cash flows for the years then ended, included in the Corporation's Current Report on Form 8-K dated March 12, 1993, and incorporated herein by reference, have been incorporated herein in reliance on the report of Coopers & Lybrand, independent accountants, given on the authority of that firm as experts in accounting and auditing.

The consolidated statements of loss, changes in stockholders' equity and cash flows of Dominion for the year ended December 31, 1990, included in the Corporation's Current Report on Form 8-K dated March 12, 1993, and incorporated herein by reference, have been incorporated herein in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

#### PLAN OF DISTRIBUTION

The Corporation may sell Debt Securities to or through underwriters to be designated from time to time, and also may sell Debt Securities directly to other purchasers or through agents. The distribution of the Debt Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

The Debt Securities will be new issues of securities with no established trading market. It has not presently been established whether the underwriters, if any, of the Debt Securities will make a market in the Debt Securities. If a market in the Debt Securities is made by any such underwriters, such market making may be discontinued at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

In connection with the sale of Debt Securities, underwriters may receive compensation from the Corporation or from purchasers of Debt Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters may sell Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them from the Corporation and any profit on the resale of Debt Securities by them may be deemed to be underwriting discounts and commissions, under the Securities Act. Any such underwriter or agent will be identified, and any

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such compensation received from the Corporation will be described, in the Prospectus Supplement relating to such Debt Securities.

Unless otherwise indicated in the Applicable Prospectus Supplement(s), the obligations of any such underwriters to purchase the Debt Securities will be subject to certain conditions precedent, and each of the underwriters with respect to a sale of Debt Securities will be obligated to purchase all of its Debt Securities if any are purchased. Unless otherwise indicated in the Applicable Prospectus Supplement(s), any such agent involved in the offer and sale of the Debt Securities in respect of which this Prospectus is being delivered will be acting on a best efforts basis for the period of its appointment.

Under agreements which may be entered into by the Corporation, underwriters, agents and their controlling persons who participate in the distribution of Debt Securities may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under the Securities Act.

If so indicated in the Prospectus Supplement relating to any Offered Debt Securities, the Corporation will authorize dealers or other persons acting as the Corporation's agents to solicit offers by certain institutions to purchase any Offered Debt Securities from the Corporation pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies,

pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the Corporation. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of any Offered Debt Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

Underwriters or agents and their associates may be customers of (including borrowers from), engage in transactions with, and/or perform services for, the Corporation and its subsidiaries, the Senior Trustee and the Subordinated Trustee, in the ordinary course of business.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS SUPPLEMENT OR AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF SUCH INFORMATION.

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\$150,000,000  
FIRST UNION CORPORATION  
6 3/8% SUBORDINATED NOTES  
DUE JANUARY 15, 2009

(Logo, see appendix)

GOLDMAN, SACHS & CO.  
CS FIRST BOSTON  
LEHMAN BROTHERS  
MERRILL LYNCH & CO.  
J.P. MORGAN SECURITIES INC.

\*\*\*\*\*APPENDIX\*\*\*\*\*

On the first page of this document, a First Union Logo appears where indicated.

It also appears on the last page of this document where indicated.

