

IN THE MATTER OF THE
SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,
NEWFOUNDLAND, NOVA SCOTIA, ONTARIO, PRINCE EDWARD ISLAND AND
SASKATCHEWAN

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
WACHOVIA CORPORATION

AND

CONGRESS FINANCIAL CAPITAL COMPANY

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the, "Decision Makers" or the "Commissions") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Wachovia Corporation ("Wachovia"), on its own behalf and on behalf of its wholly-owned subsidiary, Congress Financial Capital Company ("FinanceCo", and together with Wachovia, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

A. the Applicants be exempted from the following requirements contained in the Legislation

(i) the requirements in section 2.5(i) of National Instrument 44-101 ("NI 44-101") that a person or company guaranteeing non-convertible debt issued by an issuer be a reporting issuer with a 12-month reporting history in a Canadian province or territory and have a current annual information form (an "AIF") (the "Eligibility Requirement"), in order to permit FinanceCo to issue (the "Offering") non-convertible debt securities, in particular medium term notes (the "Notes"), with an approved rating (as defined in NI 44-101) which will be fully and unconditionally guaranteed by Wachovia;

(ii) the requirement in NI 44-101 that the short form prospectus filed by FinanceCo in connection with the Offering include a reconciliation (the "Reconciliation Requirement") to Canadian generally accepted accounting principles ("GAAP") of the consolidated financial statements of Wachovia (or its

predecessor First Union Corporation) and its subsidiaries included in or incorporated by reference into the prospectus which have been prepared in accordance with foreign GAAP and that where such financial statements are audited in accordance with foreign generally accepted auditing standards ("GAAS"), FinanceCo provide a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to Canadian GAAS;

(iii) the requirement in NI 44-101 and under the Legislation of Ontario (Ontario Securities Commission Rule 51-501) and Saskatchewan (Saskatchewan Instrument 51.501) that FinanceCo have a current AIF and file renewal AIFs (the "AIF Requirement") with the Commissions;

(iv) the requirement that FinanceCo file with the Commissions and send, where applicable, to its security holders audited annual financial statements or annual reports, where applicable, including without limitation management's discussion and analysis thereon (the "Annual Financial Statement Requirement");

(v) the requirement that FinanceCo file with the Commissions and send, where applicable, to its securityholders unaudited interim financial statements, including, without limitation, management's discussion and analysis thereon (the "Interim Financial Statement Requirement");

(vi) the requirement that FinanceCo issue and file with the Commissions press releases and file material change reports (the "Material Change Requirement");

(vii) the requirement that the insiders of FinanceCo file with the Commissions insider reports (the "Insider Reporting Requirement"); and

(viii) the requirement that FinanceCo comply with the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof (the "Proxy Requirement" and together with the Annual Financial Statement Requirement, the Interim Financial Statement Requirement, the Material Change Requirement, and the Insider Reporting Requirement, the "Continuous Disclosure and Reporting Requirements"); and

B. the Application and the Decision, as defined below, be held in confidence by the Decision Makers subject to certain conditions.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Application (the "System"), the Nova Scotia Securities Commission is the principal regulator for this application;

AND WHEREAS it has been represented by the Applicants to the Decision Makers that:

1. First Union Corporation was incorporated under the laws of North Carolina in 1967. Wachovia Corporation ("Former Wachovia") was incorporated under the laws of North Carolina in 1985.
2. Wachovia was formed by the merger of First Union Corporation and Former Wachovia September 1, 2001. The surviving corporation of the merger is First Union Corporation, although the name of the surviving corporation has been changed to Wachovia Corporation. References herein to "Wachovia" refer to the merged entity.
3. Wachovia is registered as a financial holding company and a bank holding company under the U.S. *Bank Holding Company Act*. Wachovia provides a wide range of commercial and retail banking and trust services through full-service banking offices located throughout the United States. It also provides various other financial services in the United States, including mortgage banking, credit card, investment banking, investment advisory, home equity lending, asset-based lending, leasing, insurance, and international securities brokerage services through its subsidiaries.
4. None of Wachovia, First Union Corporation or Former Wachovia is (or has ever been) a reporting issuer in any of the provinces or territories of Canada.
5. Wachovia has been a reporting company under the United States *Securities Exchange Act* of 1934, as amended (the "1934 Act"), since 1967. More recently, both First Union Corporation Former Wachovia have filed with the United States Securities and Exchange Commission (the "SEC") annual reports on Form 10-K for the fiscal year ended December 31, 2000 and quarterly reports under Form 10-Q for the quarterly periods ended March 31, 2000, June 30, 2000, September 30, 2000, March 31, 2001 and June 30, 2000, in accordance with the filing obligations set out in sections 13 and 15(d) of the 1934 Act (collectively, the "Wachovia Disclosure Documents").
6. The aggregate market value of Wachovia's equity securities (which are listed and posted for trading over the facilities of the New York Stock Exchange (the "NYSE") calculated in accordance with NI 44-101, on October 12, 2001 was approximately US\$27.3 billion.
7. Wachovia's senior long-term debt is rated A by Standard & Poor's; A1 by Moody's; and A by Fitch. Wachovia's subordinated debt is rated A2 by Moody's; and A- by Fitch and its short-term obligations are rated A-1 by Standard & Poor's; P-1 by Moody's; and F-1 by Fitch.
8. FinanceCo is incorporated under the laws of Nova Scotia and is an indirect wholly-owned subsidiary of Wachovia.
9. FinanceCo is not currently a reporting issuer in any of the provinces or territories of Canada, FinanceCo's primary business will be to access Canadian, capital markets to raise funds on behalf of the Canadian subsidiary companies of Wachovia, and will have no other operations.
10. Wachovia satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS"), as set

out in 71-101, for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

11. Except for the fact that FinanceCo is not incorporated under United States law, the Offering would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in Section 3.2 of NI71-101.

12. FinanceCo is ineligible to issue the Notes by way of a prospectus in the form of a short form prospectus under NI 44-101 as neither FinanceCo nor Wachovia, as credit supporter for the payments to be made; by FinanceCo under the Notes, is a reporting issuer in my province or territory of Canada, and Wachovia does not itself have a current AIF or meet the criteria set out in clause 2.5(1)2 of NI44-101.

13. As a result of the Offering, FinanceCo will become a reporting issuer or the equivalent under the Legislation and would therefore be subject to the Continuous Disclosure and Reporting Requirements unless the relief requested herein is granted.

14. In connection with the Offering:

(i) prior to filing a preliminary short form prospectus for the Offering:

(a) Wachovia will file with the Commissions an AIF in the form of First Union Corporation's annual report on Form 10-K for the year ended December 31, 2000 (the "First Union Form 10-K"), in electronic format through SEDAR (as defined in National Instrument 13-101) under FinanceCo's SEDAR profile, and

(b) Wachovia will file with the Commissions, in electronic format under FinanceCo's SEDAR profile, the documents that each of First Union Corporation and Former Wachovia has filed under the 1934 Act during the last year being, as of the date, hereof, an annual report on Form 10-K for the year ended December 31, 1999 and quarterly reports on Form 10-Q for the periods ending June 30, 2001 (which quarterly report contains pro forma financial statements for the periods ending December 31, 2000 and June 30, 2001), March 31, 2001, September 30, 2000, June 30, 2000 and March 31, 2000;

(ii) the prospectus will be prepared pursuant to the short form prospectus requirements contained in NI 44-101 and will comply with the requirements set out in Form 44-101F3 of NI 44-101 with the disclosure required by item 12 of Form 44-101F3 of NI 44-101 being addressed by incorporating by reference First Union Corporation's public disclosure documents, including the First Union Form 10-K and with the disclosure required by item 7 of Form 44-101F3 of NI 44-101

being addressed by disclosure with respect to Wachovia in accordance with United States requirements;

(iii) the prospectus will include or incorporate by reference all material disclosure concerning FinanceCo;

(iv) the prospectus will incorporate by reference the First Union Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and Form 8-K's of First Union Corporation (and by Wachovia, following September 1, 2001) filed under the 1934 Act in respect of the financial year following the year that is the subject of the First Union Form 10-K, as would be required were Wachovia to file a registration statement on Form S-4 in the United States, and will incorporate by reference any documents of the foregoing type filed after the date of the prospectus and prior to termination of the Offering and will state that purchasers of the Notes will not receive separate continuous disclosure information regarding FinanceCo;

(v) the consolidated annual and interim financial statements of Wachovia and its subsidiaries that will be included in or incorporated by reference into the short form prospectus are prepared in accordance with U.S. GAAP and otherwise comply with the requirements of U.S. law, and in the case of audited annual financial statements, such financial statements are audited in accordance with U.S. GAAS;

(vi) Wachovia will fully and unconditionally guarantee the payments to be made by FinanceCo as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes (the "Noteholders") such that the Noteholders shall be entitled to receive payment from Wachovia within 15 days of any failure by FinanceCo to make a payment as stipulated;

(vii) the Notes will have an approved rating;

(viii) Wachovia will sign the prospectus as credit supporter and promoter; and

(ix) Wachovia will undertake to file with the Commissions, in electronic format under FinanceCo's SEDAR profile, all documents that it files under Sections 13 (other than sections 13(d), (f) and (g) which relate, inter alia, to holdings by Wachovia of securities of other public companies) and 15(d) of the 1934 Act, together with the appropriate filing fees, until such time as the Notes are no longer outstanding;

15. In the circumstances, were Wachovia to have effected the Offering of the Notes under the MJDS it would be unnecessary for it to reconcile to Canadian GAAP its financial statements included in or incorporated by reference into the short form prospectus in connection with the issuance of the Notes.

16. Part 7 of NI 44-101 and Item 20.1 of Form 44-101 F3 of NI 44-101 would seem to require the reconciliation to Canadian GAAP of financial statements prepared in accordance with foreign GAAP, that are included in a short form prospectus.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides each Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicants be exempted from the Eligibility Requirement and the Reconciliation Requirement in connection with the Offering provided that:

- (i) each of FinanceCo and Wachovia complies with paragraph 14 above;
- (ii) FinanceCo complies with all of the filing requirements and procedures set out in NI 44-101 except as varied by the Decision;
- (iii) Wachovia remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of FinanceCo; and
- (iv) Wachovia continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that, in connection with the Offering, the AIF Requirement shall not apply to FinanceCo, provided that (i) Wachovia complies with the AIF requirements of NI 44-101 as if it is the issuer and (ii) the Applicants comply with all of the conditions in the Decisions above and below,

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that, in connection with the Offering:

- A. the Annual Financial Statement Requirement shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the annual reports on Form 10-K filed by Wachovia with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to Noteholders whose last address as shown on the books of FinanceCo is in Canada in the manner and at the time required by applicable United States law;
- B. the Interim Financial Statement Requirement shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the quarterly reports on

Form 10-Q filed by Wachovia with the SEC within one business day after they are filed with the SEC; and (ii) such documents are provided to Noteholders whose last address as shown on the books of FinanceCo is in Canada in the manner and at the time required by applicable United States law;

C. the Material Change Requirement shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the mandatory reports on Form 8-K (including press releases) filed by Wachovia with the SEC forthwith after the earliest of the date the report is filed with the SEC and the date it is required to be filed with the SEC; (ii) Wachovia complies with the requirements of the NYSE in respect of making public disclosure of material information on a timely basis and forthwith issues in each Jurisdiction any press release issued in this regard; (iii) Wachovia forthwith issues in each Jurisdiction and FinanceCo files with the Commissions any press release that discloses material information and which is required to be issued in connection with the mandatory Form. 8-K requirements applicable to Wachovia; and (iv) if there is a material change in respect of the business, operations or capital of FinanceCo that is not a material change in respect of Wachovia, FinanceCo will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be material in respect of Wachovia;

D. the Insider Reporting Requirement shall not apply to insiders of FinanceCo, provided that such insiders file with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder and

E. the Proxy Requirements shall not apply to FinanceCo, provided that (i) Wachovia complies with the requirements of the 1934 Act and the rules and regulations thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meetings of its noteholders (if any); (ii) FinanceCo files with the Commissions the materials relating to the meeting filed by Wachovia with the SEC promptly after they are filed by it with the SEC; and (iii) such documents are provided to Noteholders whose last address as shown on the books of FinanceCo is in Canada in the manner, at the, time and if required by applicable United States law;

for so long as (i) Wachovia maintains an approved rating in respect of the Notes; (ii) Wachovia maintains direct or indirect 100% beneficial ownership of the outstanding voting securities of FinanceCo; (iii) Wachovia maintains a class of securities registered pursuant to section 12 of the 1934 Act (iv) Wachovia continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; (v) FinanceCo carries on no other business than that set out in paragraph 9 of the Decision; (vi) Wachovia continues to fully and unconditionally guarantee the Notes as to the payments required to be made by FinanceCo to the Noteholders; (vii) FinanceCo does not issue additional securities

other than the Notes (or any other series of Notes which may hereinafter be issued), debt securities ranking *pari passu* with the Notes, debentures issued in connection with the security granted by FinanceCo to the Noteholder or debt ranking *pari passu* with the Notes, other than to Wachovia or to wholly-owned subsidiaries of Wachovia; and (viii) if notes of another series or debt securities ranging *pari passu* with the Notes are hereinafter issued by FinanceCo, Wachovia shall fully and unconditionally guarantee such notes or debt securities as to the payments required to be made by FinanceCo to holders of such notes or debt securities.

THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of the date that this preliminary prospectus is filed in connection with the Offering and December 15, 2001.

DATED on November "15th", 2001.