

BB&T CORP
Form S-4/A
May 01, 2003
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As Filed with the Securities and Exchange Commission on May 1, 2003

Registration No. 333-103832

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BB&T CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction
of incorporation or organization)

6060
(Primary Standard Industrial
Classification Code Number)

56-0939887
(I.R.S. Employer
Identification Number)

200 West Second Street

Winston-Salem, North Carolina 27101

(336) 733-2000

(Address, including Zip Code, and telephone number, including
area code, of registrant's principal executive offices)

Jerone C. Herring, Esq.

200 West Second Street, 3rd Floor

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Winston-Salem, North Carolina 27101

(336) 733-2180

(Name, address, including Zip Code, and telephone number,

including area code, of agent for service)

The Commission is requested to send copies of

all communications to:

Christopher E. Leon, Esq.
Womble Carlyle Sandridge & Rice, PLLC
One West Fourth Street
Winston-Salem, North Carolina 27101

Edward D. Herlihy, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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Annual Meeting of Shareholders

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The Board of Directors of First Virginia Banks, Inc. has unanimously approved a merger combining First Virginia and BB&T Corporation. **In the merger, you will receive 1.26 shares of BB&T common stock for each share of First Virginia common stock that you own plus cash instead of any fractional shares.**

BB&T common stock is listed on the New York Stock Exchange under the symbol BBT. On January 17, 2003, the last full NYSE trading day before public announcement of the merger, the closing price of BB&T common stock was \$37.37. Since January 17, the price of BB&T common stock has declined, and on _____, 2003, the latest practicable date prior to the printing of this document, the closing price of BB&T common stock was \$ _____. Based on the 1.26 exchange ratio and the closing price of BB&T common stock on January 17, the implied dollar value of the merger consideration was approximately \$47.09 per share, and the implied transaction value was approximately \$3.38 billion based on that market value and the number of fully diluted shares of First Virginia common stock and preferred stock (on a fully converted basis) outstanding on that date. Based on the 1.26 exchange ratio and the closing price of BB&T common stock on _____, the implied dollar value of the merger consideration was approximately \$ _____ per share, and the implied transaction value was approximately \$ _____ based on that value and the number of fully diluted shares of First Virginia common stock outstanding on that date. BB&T expects to issue approximately [_____] shares of common stock in the merger (including as a result of the conversion of First Virginia stock options), which will represent approximately [_____]% of the outstanding BB&T common stock following completion of the merger.

The price of BB&T common stock will fluctuate prior to completion of the merger. As explained on page [_____] of this proxy statement/prospectus, the merger does not include a price-based termination right or other protection against declines in the market price of BB&T common stock, and First Virginia has not obtained an updated fairness opinion from its financial advisor. First Virginia shareholders do not have the right to seek an appraisal of the value of their First Virginia shares in the merger.

You generally will not recognize gain or loss for federal income tax purposes on your receipt of the BB&T common stock. However, BB&T will pay cash instead of issuing fractional shares of common stock in the merger, and you generally will recognize gain or loss on any cash you receive instead of a fractional share.

At the annual meeting, you will consider and vote on the merger. **The merger cannot be completed unless holders of more than two-thirds of the shares of First Virginia common stock entitled to vote approve the merger. The directors of First Virginia have agreed with BB&T to vote their shares of First Virginia common stock in favor of the merger. As of the record date, First Virginia's directors, executive officers and their respective affiliates owned approximately _____ shares of First Virginia common stock, representing approximately _____ % of the voting power of First Virginia common stock. At the annual meeting you will also vote on matters unrelated to the merger as explained in the accompanying Notice of Annual Meeting of Shareholders and the attached proxy statement/prospectus.**

The annual meeting will be held at 10:00 a.m., Eastern Time, on June 26, 2003 at McLean, Virginia.

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This proxy statement/prospectus provides you with detailed information about the proposed merger. We encourage you to read this entire document carefully.

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card to us or by utilizing the Internet or telephone voting requirements described on the reverse side of the proxy card that accompanies this document. **If you fail to return your proxy card and fail to vote in person, the effect will be the same as a vote against the merger.**

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On behalf of the First Virginia Board of Directors, I urge you to vote FOR approval and adoption of the merger and FOR the other proposals described in the Notice of Annual Meeting of Shareholders that follow.

Barry J. Fitzpatrick

Chairman, President and Chief Executive Officer

This proxy statement/prospectus is dated _____, 2003 and is expected to be first mailed to shareholders of First Virginia on or about _____, 2003.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the merger or BB&T common stock to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The shares of BB&T common stock to be issued in the merger are not savings or deposit accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about BB&T and First Virginia from other documents that we have not included in the proxy statement/prospectus. You may obtain copies of those documents by accessing the Securities and Exchange Commission's Internet website maintained at <http://www.sec.gov> or by requesting copies in writing by telephone from the appropriate company at the following address:

BB&T Corporation
Shareholder Reporting
Post Office Box 1290
Winston-Salem, North Carolina 27102
(336) 733-3021

First Virginia Banks, Inc.
Corporate Secretary
One First Virginia Plaza
6400 Arlington Boulevard
Falls Church, Virginia 22042

(800) 995-9416

If you would like to request documents, please do so by [], 2003 in order to receive them before the annual meeting.

See **Where You Can Find More Information** on pages - .

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First Virginia Banks, Inc.

6400 Arlington Boulevard

Falls Church, Virginia 22042-2336

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 26, 2003

First Virginia Banks, Inc. will hold its annual meeting of shareholders on June 26, 2003 at 10:00 a.m. Eastern time, at the McLean Hilton located at 7910 Jones Branch Drive, McLean, Virginia, for the following purposes:

- To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, dated as of January 20, 2003, between First Virginia Banks, Inc. and BB&T Corporation and a related plan of merger (collectively, the merger agreement), providing for the merger of First Virginia with and into BB&T (the merger). In the merger, each share of First Virginia common stock will be converted into the right to receive 1.26 shares of BB&T common stock plus cash instead of any fractional shares, all as described in more detail in the accompanying proxy statement/prospectus. A copy of the merger agreement and related plan of merger is attached as Appendix A to the accompanying proxy statement/prospectus.
- To elect 5 Class A directors for a term of three years.
- To approve the adjournment of the annual meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the annual meeting to approve the above proposals.
- To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

Additional information about the proposals set forth above may be found in the accompanying proxy statement/prospectus. Please carefully review the accompanying proxy statement and the merger agreement and related plan of merger attached as Appendix A.

Holders of shares of First Virginia common stock as of the close of business on _____, 2003 are entitled to notice of the meeting and to vote at the meeting or any adjournments or postponements of the meeting. If your shares are not registered in your own name, you will need additional documentation from the record holder in order to vote personally at the meeting.

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You are strongly urged to vote on the above proposals. First Virginia shareholders have three ways to vote by proxy: (1) by mail, (2) by telephone and (3) over the Internet. To vote by telephone or over the Internet, First Virginia shareholders should follow the instructions on the enclosed proxy form. To vote by mail, First Virginia shareholders should complete, sign, date and return the enclosed proxy form in the envelope provided, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the vote is taken by voting again by telephone or over the Internet, by delivering to the Secretary of First Virginia a written revocation or a proxy with a later date or by oral revocation in person to any of the persons named on the enclosed proxy card at the annual meeting. Attendance at the meeting will not by itself revoke a proxy.

By Order of the Board of Directors

Barbara J. Chapman

Vice President and Secretary

Falls Church, Virginia

, 2003

Regardless of the number of shares you hold, your vote is very important. Please complete, sign, date and promptly return the proxy card in the enclosed envelope or follow the instructions on the enclosed proxy form if voting by telephone or over the Internet so that your shares will be represented whether or not you plan to attend the annual meeting. Failure to secure a quorum on the date set for the annual meeting would require an adjournment that would cause us to incur considerable additional expense.

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Appendix A Agreement and Plan of Reorganization and the Plan of Merger (excluding certain annexes)

Appendix B Fairness Opinion of Morgan Stanley & Co. Incorporated

Appendix C Charter of the Audit Committee of the Board of Directors of First Virginia Banks, Inc.

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This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document and the documents to which we refer you. See [Where You Can Find More Information](#) on page [12](#).

Shareholders will receive 1.26 shares of BB&T common stock for each share of First Virginia common stock.

If the merger is completed, you will receive 1.26 shares of BB&T common stock for each outstanding share of First Virginia common stock you own plus cash instead of any fractional share of BB&T common stock that otherwise would be issued.

Please do not send your First Virginia common stock certificates until after receipt of written instructions following completion of the merger. See [What You Need to do Now](#).

The table below shows the closing price of BB&T common stock, First Virginia common stock and the implied dollar value of the merger consideration on January 17, 2003, (the last full NYSE trading day before public announcement of the merger) and on May [17](#), 2003. The implied dollar value of the merger consideration is calculated by multiplying BB&T's per share closing price by the exchange ratio of 1.26, which is the number of shares of BB&T common stock that First Virginia shareholders would receive in the merger for each share of First Virginia common stock they own.

	<u>January 17, 2003</u>	<u>May 17, 2003</u>
BB&T	\$ 37.37	
First Virginia	\$ 37.75	
Implied dollar value of the merger consideration	\$ 47.09	

Because the 1.26 exchange ratio is fixed but the market price of BB&T will fluctuate prior to the merger, the pro forma equivalent price for First Virginia common stock will also fluctuate prior to the merger and you will not know the final implied dollar value of the merger consideration when you vote upon the merger.

Set forth below is a table showing a range of prices for shares of BB&T common stock and the corresponding implied dollar value of the merger consideration that a First Virginia shareholder would receive in the merger for each share of First Virginia common stock. The table does not reflect the fact that cash will be paid instead of fractional shares.

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Closing Price of BB&T Common Stock

Implied Dollar Value of Merger Consideration

\$29.00	\$36.54
\$30.00	\$37.80
\$31.00	\$39.06
\$32.00	\$40.32
\$33.00	\$41.58
\$34.00	\$42.84
\$35.00	\$44.10
\$36.00	\$45.36
\$37.00	\$46.62
\$38.00	\$47.88
\$39.00	\$49.14
\$40.00	\$50.40
\$41.00	\$51.66
\$42.00	\$52.92
\$43.00	\$54.18
\$44.00	\$55.44

BB&T common stock is traded on the New York Stock Exchange under the symbol **BBT**. First Virginia common stock is traded on the New York Stock Exchange under the symbol **FVB**. You should obtain current stock price quotations from a newspaper, the Internet or your broker. We urge you to obtain information on the market value of BB&T and First Virginia common stock that is more recent than that provided in this proxy statement/prospectus. The merger does not include a price-based termination right or other protection against declines in the market price of BB&T common stock.

The merger is generally tax free to First Virginia shareholders for federal income tax purposes (page)

Neither company is required to complete the merger unless it receives a legal opinion from its

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respective counsel, dated as of the completion date, to the effect that, based on specified facts, representations and assumptions, the merger will be treated as a reorganization for federal income tax purposes. Therefore, we expect that, for federal income tax purposes, you generally will not recognize any gain or loss on the conversion of shares of First Virginia common stock into shares of BB&T common stock. You will be taxed, however, if you receive any cash instead of any fractional share of BB&T common stock that would otherwise be issued. **Tax matters are complicated, and the tax consequences of the merger may vary among shareholders.** We urge you to contact your own tax advisor to understand fully how the merger will affect you.

BB&T expects to continue to pay quarterly dividends

BB&T currently pays regular quarterly dividends of **[\$0.29]** per share of its common stock and, over the past five years, has had a dividend payout ratio typically in the range of **[40%]** of earnings and a compound annualized dividend growth rate of **[13.3%]**. BB&T has increased its quarterly cash dividend payments for 31 consecutive years. BB&T expects that it will continue to pay quarterly dividends consistent with this payout ratio, but may change that policy based on business conditions, BB&T's financial condition, earnings and other factors.

The First Virginia Board of Directors unanimously recommends shareholder approval (page)

The First Virginia Board of Directors believes that the merger is in the best interests of First Virginia shareholders and unanimously recommends that you vote **FOR** approval of the merger agreement and the related plan of merger.

Morgan Stanley provided a financial opinion letter to the First Virginia Board of Directors (page)

First Virginia's financial advisor, Morgan Stanley & Co. Incorporated (**Morgan Stanley**) has given an opinion to the First Virginia Board of Directors that, as of January 20, 2003 (the date the merger agreement was executed) and based on and subject to the considerations described in its opinion, the exchange ratio in the merger agreement was fair from a financial point of view to holders of First Virginia common stock. The full text of this opinion is attached as Appendix B to this proxy statement/prospectus. We encourage you to read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by Morgan Stanley in rendering its fairness opinion. The opinion of Morgan Stanley has not been updated prior to closing and does not reflect any change in circumstances after the January 20, 2003. First Virginia has agreed to pay Morgan Stanley a total fee of \$10 million, of which \$2 million became payable upon announcement of the merger and \$8 million shall be payable at the time the merger is completed.

First Virginia shareholders do not have dissent and appraisal rights (page)

First Virginia shareholders do not have the right to dissent from the merger and demand an appraisal of the fair value of their shares in connection with the merger.

First Virginia shareholders will vote on the merger at the annual shareholders meeting to be held on June 26, 2003 (page)

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First Virginia will hold the annual shareholders meeting at 10:00 a.m., Eastern Time, on June 26, 2003 at the McLean Hilton located at 7910 Jones Branch Drive, McLean, Virginia. At the meeting, you will vote on the merger agreement and the plan of merger, the election of 5 Class A directors, the proposal to adjourn the annual meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any other business that properly arises.

The companies (page ,)

BB&T Corporation

200 West Second Street

Winston-Salem, North Carolina 27101

(336) 733-2000

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BB&T is a financial holding company with approximately \$80.2 billion in assets as of December 31, 2002. As of that date, it was the [] largest financial holding company in terms of assets headquartered in the Southeast. Through its banking subsidiaries, BB&T currently operates [1,121] branch offices in the Carolinas, Georgia, Virginia, Maryland, West Virginia, Tennessee, Kentucky, Florida, Alabama, Indiana and the Washington, D.C. area. BB&T ranks first in deposit market share in West Virginia, third in North Carolina and South Carolina, fourth in Virginia, third in Kentucky and maintains a significant market presence in Maryland, Georgia and Washington, D.C. **[to be updated]**

First Virginia Banks, Inc.

6400 Arlington Boulevard

Falls Church, Virginia 22042-2336

(800) 995-9416

First Virginia is a multi-bank holding company registered under the Bank Holding Act of 1956, and is headquartered in Falls Church, Virginia. First Virginia was incorporated under the laws of the Commonwealth of Virginia in October 1949. First Virginia currently operates eight commercial banks (the banking companies). In addition, First Virginia owns, directly or indirectly through its banking companies, several nonbanking companies which offer bank-related services. The nonbanking companies operate offices in the banks' markets and adjoining states and provide services to customers of the banking companies. First Virginia is the largest bank holding company with headquarters in Virginia and the fifth largest banking organization in Virginia. Total assets were \$11.228 billion as of December 31, 2002.

The merger (Page)

If the First Virginia shareholders approve the merger agreement and the plan of merger at the annual meeting, First Virginia will merge into BB&T, with BB&T being the surviving corporation in the merger. First Virginia's banking and other subsidiaries, through which it operates, will become wholly owned subsidiaries of BB&T. We currently expect to complete the merger in the second quarter of 2003.

We have included the merger agreement as Appendix A to this proxy statement/prospectus. We encourage you to read the merger agreement in full, as it is the legal document that governs the merger.

More than two-thirds of First Virginia shareholder vote required to approve the merger (Page)

Approval of the merger agreement and the plan of merger requires the affirmative vote of the holders of more than two-thirds of the outstanding shares of First Virginia common stock entitled to vote. If you fail to vote or abstain, it will have the effect of a vote against the merger agreement and the plan of merger. At the record date, the directors and executive officers of First Virginia and their affiliates together owned approximately % of the First Virginia common stock entitled to vote at the meeting. The directors, acting as shareholders, have agreed to vote their shares in favor of the merger agreement and the plan of merger.

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Brokers who hold shares of First Virginia stock as nominees will not have authority to vote those shares on the merger unless the beneficial owners of those shares provide voting instructions. If you hold your shares in street name, please see the voting form provided by your broker for additional information regarding the voting of your shares. If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person. Shares that are not voted because you do not instruct your broker will have the effect of a vote against the merger.

The merger does not require the approval of BB&T's shareholders.

The record date is _____, 2003; First Virginia shareholders will have one vote per share (Page _____)

If you owned shares of First Virginia common stock at the close of business on _____, 2003, the record date, you are entitled to vote on the merger agreement, the plan of merger, the election of directors, the proposal to adjourn the annual meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any

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other matters that properly may be considered at the meeting.

On the record date, there were _____ shares of First Virginia common stock outstanding. At the meeting, you will have one vote for each share of First Virginia common stock that you owned on the record date.

First Virginia directors and executive officers have interests in the merger that differ from your interests (Page _____)

Some of First Virginia's directors and executive officers have interests in the merger that differ from, or are in addition to, their interests as First Virginia shareholders. These interests exist because of rights under benefit and compensation plans maintained by First Virginia and, in the case of some executive officers of First Virginia, under existing employment agreements with First Virginia, as well as under employment agreements that the executive officers have entered into with BB&T that will become effective only upon completion of the merger.

Employment agreements. First Virginia's Chairman, President and Chief Executive Officer, Barry J. Fitzpatrick, has entered into an employment agreement with Branch Banking and Trust Company of Virginia (Branch Bank-VA). The employment agreement provides for an employment term until the earlier of the fifth anniversary of completion of the merger or the effective date of an election by Mr. Fitzpatrick to become a consultant to Branch Bank-VA, which may occur at any time after the first anniversary of the merger.

The employment agreement of Mr. Fitzpatrick provides for a minimum annual base salary of \$780,000.

Shirley C. Beavers, Jr., Richard F. Bowman and Raymond E. Brann, Jr., executive officers of First Virginia, have also entered into employment agreements with Branch Bank-VA. Each employment agreement provides for a minimum annual base salary to Mr. Beavers of \$346,500, to Mr. Bowman of \$300,000, and to Mr. Brann of \$269,500. Messrs. Fitzpatrick, Beavers, Bowman and Brann are each entitled to receive an annual bonus, grants of stock options and other benefits on the same basis as similarly situated officers of Branch Bank-VA, and are entitled to receive severance payments and other benefits if employment is terminated under specified circumstances following the merger.

At the time of the merger, cash payments will be made by Branch Bank-VA in the amounts of \$525,000 to Mr. Fitzpatrick, \$350,000 to Mr. Beavers, \$500,000 to Mr. Bowman and \$425,000 to Mr. Brann as partial consideration for certain employee noncompetition and other covenants contained in the employment agreements, and Branch Bank-VA shall pay to Mr. Fitzpatrick and Mr. Brann a payment sufficient on an after-tax basis to satisfy existing insurance premium payment obligations. As to Mr. Beavers and Mr. Bowman, Branch Bank-VA shall continue the split-dollar life insurance policies in effect to provide for fully paid up insurance until age 65. Additional payments of \$3,601,200 to Mr. Fitzpatrick, \$1,433,535 to Mr. Beavers, \$1,144,500 to Mr. Bowman and \$1,128,305 to Mr. Brann are to be made pursuant to certain special pay agreements in exchange for their rights under employment agreements with First Virginia. See page _____ .

BB&T will also cause either Branch Bank-VA, Branch Banking and Trust Company of South Carolina, BB&T's South Carolina banking subsidiary (Branch Bank-SC) or Branch Banking and Trust Company, BB&T's North Carolina chartered subsidiary (Branch Bank) to offer to enter into three-year employment agreements with up to twenty-six additional First Virginia officers.

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Advisory Board. Following completion of the merger, the members of the Board of Directors of each First Virginia bank subsidiary will be offered a position on BB&T's advisory board for the area in which such subsidiary is located. For at least two years following the merger, the advisory board members who are neither employees of nor under contract with BB&T or any of its affiliates and who continue to serve will receive fees equal in amount (prorated for any partial year) to the retainer and schedule of attendance fees for directors of the corresponding First Virginia subsidiary in effect on January 1, 2003. Such annual fees (assuming attendance at all meetings) range from \$3,600 to \$8,700 depending upon the applicable subsidiary. Membership on any advisory board is conditional on execution of a noncompetition agreement with BB&T.

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Also following completion of the merger, the members of the advisory board of each First Virginia bank subsidiary will be offered a position on one of BB&T's local advisory boards. The advisory board members who are neither employees of BB&T or a BB&T affiliate or under contract with BB&T or any BB&T affiliate and who continue to serve shall receive fees equal in amount to BB&T's standard schedule of fees for service thereon as in effect from time to time. As of _____, advisory board member attendance fees range from \$75 to \$125 (depending upon the board) for each advisory board meeting that the advisory board member attends.

Board of Directors of BB&T and banking subsidiaries. Following completion of the merger, BB&T will increase the size of its Board of Directors by three positions and elect Mr. Fitzpatrick, along with two other members of the First Virginia Board of Directors, to serve on the BB&T Board of Directors until the next BB&T annual meeting of shareholders, at which time BB&T will nominate the three to serve an additional term on the BB&T Board of Directors. Members of the BB&T Board of Directors who are not employees of or under contract to BB&T or an affiliate are entitled to receive fees for service as a director in accordance with the policies of BB&T as in effect from time to time. As of _____, members of the BB&T Board of Directors receive an annual retainer fee equal to \$38,000 and attendance fees equal to \$1,500 for each board or committee meeting that the board member attends. BB&T will also appoint two members of the First Virginia Board of Directors to serve on the board of directors of its wholly-owned subsidiary, Branch Bank. All members of the First Virginia Board of Directors who are not selected to be members of either the BB&T Board of Directors or the Branch Bank Board of Directors will be appointed to serve as directors on the Branch Bank-VA Board of Directors. Members of the Branch Bank and Branch Bank-VA Boards who are not employees of or under contract to BB&T or an affiliate are entitled to receive fees for service as a director in accordance with the policies of Branch Bank and Branch Bank-VA in effect from time to time. As of _____, members of the Branch Bank Board receive an annual retainer fee equal to \$5,000 and attendance fees equal to \$1,000 for each board or committee meeting that the board member attends. As of _____, members of the Branch Bank-VA Board receive an annual retainer fee equal to \$2,000 and attendance fees ranging from \$500 to \$1500 (depending upon the nature of the meeting) for each board or committee meeting that the board member attends. Each of the persons appointed to a board position will serve until the end of the period for which he or she was appointed, subject to the right of removal for cause, and thereafter so long as the director is elected and qualifies, and BB&T shall nominate for election, in the case of the BB&T Board of Directors, and appoint, in the case of the other boards mentioned above, such persons for successive terms until the earlier of (1) the end of the year in which such person reaches the age of 70 or (2) the fifth anniversary of the date the merger is completed. BB&T will also appoint Mr. Fitzpatrick to the Executive Committee of its Board of Directors.

The First Virginia Board of Directors was aware of these and other interests and considered them when it approved and adopted the merger agreement. The material terms and financial provisions of these arrangements are described under the heading **Interests of First Virginia's Directors and Officers in the Merger** on page _____.

BB&T will assume First Virginia stock options (page ___)

When the merger is completed, outstanding options to purchase First Virginia common stock granted to First Virginia employees and directors under First Virginia's equity-based plans, will be assumed by BB&T and become options in respect of BB&T common stock (or substitute options to acquire BB&T common stock will be granted). The number of shares subject to these options and the exercise price thereof will be adjusted to reflect the exchange ratio. In addition, in connection with entering into the merger agreement, all outstanding and unvested First Virginia stock options vested and became immediately exercisable or will vest and become exercisable upon completion of the merger.

Regulatory approvals must be obtained before the merger can be completed (page _____)

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We cannot complete the merger unless the Board of Governors of the Federal Reserve System approves it. We have filed an application with the Federal Reserve Board seeking its approval. In addition, the merger is subject to the approval of, or notice to, certain state regulatory authorities,

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including the Virginia Bureau of Financial Institutions, the Virginia Bureau of Insurance, the Maryland Commissioner of Financial Regulation, the Tennessee Department of Financial Institutions and the Georgia Department of Banking and Financial Institutions. We have made the necessary filings with the Maryland Commissioner of Financial Regulation, the Virginia Bureau of Financial Institutions and the Virginia Bureau of Insurance and expect to make the necessary filings with the Tennessee Department of Financial Institutions and the Georgia Department of Banking and Financial Institutions.

Although we do not know of any reason why we would not obtain these regulatory approvals in a timely manner, we cannot be certain when we will obtain them or that we will obtain them at all. **[to be updated]**

There are other conditions that must be satisfied or waived before BB&T and First Virginia are able to complete the merger (page)

A number of other conditions must be met for us to complete the merger, including:

- approval of the merger agreement by the First Virginia shareholders;
- receipt of the opinion of BB&T's and First Virginia's respective counsel that the merger will constitute a reorganization under Section 368 of the Internal Revenue Code, as amended, and that First Virginia shareholders will not recognize gain or loss on the exchange of their shares of First Virginia common stock for shares of BB&T common stock (except with respect to cash received instead of fractional shares of BB&T common stock);
- the continuing accuracy of the parties' representations in the merger agreement;
- compliance, in all material respects, by each party with its obligations and covenants under the merger agreement;
- the continuing effectiveness of the registration statement filed with the Securities and Exchange Commission covering the shares of BB&T common stock to be issued in the merger;
- the shares of BB&T common stock issuable pursuant to the merger agreement must have been approved for listing on the New York Stock Exchange; and
- the absence of any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits completion of the transactions contemplated by the merger agreement.

Termination of the merger agreement (page)

We can mutually agree at any time to terminate the merger agreement without completing the merger. Either company can also unilaterally terminate the merger agreement if:

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- the merger is not completed by December 31, 2003;
- the shareholders of First Virginia do not approve the merger;
- any condition that must be satisfied to complete the merger is not met;
- the other company violates, in a material way, any of its representations, warranties or obligations under the merger agreement and the violation is not cured in a timely fashion; or
- any of the required regulatory approvals are denied, and the time period for appeals and requests for reconsideration have expired.

Generally, the company seeking to terminate cannot itself be in violation of the merger agreement in a way that would allow the other party to terminate.

BB&T may terminate the merger agreement if, prior to the completion of the merger, the First Virginia Board of Directors:

- withdraws its recommendation or refuses to recommend to the shareholders of First Virginia that they approve the merger agreement;
or
- recommends the approval of a competing acquisition proposal for First Virginia.

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BB&T and First Virginia may amend the merger agreement (page)

BB&T and First Virginia can agree to amend the merger agreement in any way, except that after the shareholders meeting we cannot decrease the consideration that you will receive in the merger. Either company can waive any of the requirements of the other company contained in the merger agreement, except that neither company can waive any required regulatory approval. However, if First Virginia fails to receive a favorable tax opinion from its counsel and determines to waive the tax opinion condition to its obligation to complete the merger, First Virginia will resolicit the approval of its stockholders prior to proceeding with completion of the merger if the U.S. federal income tax consequences to First Virginia stockholders are materially different from those described in this document.

In some circumstances, First Virginia may be required to pay BB&T a termination fee (page)

Under limited circumstances, First Virginia may be required to pay to BB&T a termination fee of \$155 million. The termination fee would be payable to BB&T if the merger agreement is terminated:

by either First Virginia or BB&T because the First Virginia shareholders do not vote to approve the merger agreement and either:

prior to the First Virginia shareholders meeting, the First Virginia Board of Directors withdraws its recommendation or refuses to recommend to the First Virginia shareholders that they approve the merger, or

at the time of the First Virginia shareholders meeting, a proposal exists and has been made public involving the acquisition of First Virginia by a party other than BB&T;

by BB&T because the First Virginia Board of Directors withdraws its recommendation or refuses to recommend to First Virginia shareholders that they approve the merger or recommends to First Virginia shareholders that they approve an acquisition of First Virginia by a third party;

by BB&T because First Virginia breaches its non-solicitation covenant or breaches its covenant to submit the merger for approval of the First Virginia shareholders and recommend to First Virginia shareholders that they approve the merger;

by BB&T because First Virginia has knowingly breached the merger agreement and at such time First Virginia is not entitled to terminate the merger agreement because of a breach by BB&T and a proposal was made public or communicated to the First Virginia Board of Directors at or before the time of First Virginia's breach of the merger agreement;

and in each case, within 15 months of termination of the merger agreement, First Virginia completes or enters into a definitive agreement with another party with respect to the acquisition of First Virginia. The termination fee, which was a condition to BB&T's willingness to enter into the merger agreement, limits the ability of First Virginia to pursue competing acquisition proposals and discourages other companies from offering to acquire First Virginia.

BB&T to use purchase accounting treatment (page)

BB&T will account for the merger using the purchase method of accounting. Under the purchase method, BB&T will record, at fair value, the acquired assets and assumed liabilities of First Virginia. To the extent the total purchase price exceeds the fair value of tangible and identifiable intangible assets acquired over the liabilities assumed, BB&T will record goodwill. Management of BB&T estimates that the total merger consideration (including issuance of common stock and assumption of options on common stock) will be approximately \$3.1 billion. Utilizing information as of December 31, 2002, estimated goodwill and other intangibles would total approximately \$2.0 billion. BB&T will include in its consolidated results of operations the results of First Virginia's operations after the merger is completed. Due to the immateriality of the proposed transaction to BB&T, no pro forma financial statements are included in this proxy statement/prospectus.

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There are differences between the rights of First Virginia shareholders and those of BB&T shareholders (page)

First Virginia shareholders' rights as shareholders are currently governed by First Virginia's articles of incorporation, bylaws and the Virginia Stock Corporation Act. Following the merger, First Virginia shareholders will become BB&T shareholders and their rights will be governed by BB&T's articles of incorporation, bylaws and the North Carolina Business Corporation Act. There are differences between the rights of First Virginia shareholders and the rights of BB&T shareholders, including:

- Special meetings of the shareholders of BB&T may be called only by BB&T's Chief Executive Officer, President or Secretary or by the BB&T Board of Directors; while special meetings of the shareholders of First Virginia may be called by the President or Secretary of First Virginia at the written request of a majority of directors or by holders of four-fifths (80%) of the voting power of all of the then outstanding shares of capital stock of First Virginia entitled to vote generally in the election of directors;
- Directors may be removed from office under BB&T's articles of incorporation and bylaws only for cause and only by the vote of a majority of the outstanding shares entitled to vote in the election of directors; while directors may be removed from office under First Virginia's articles of incorporation with or without cause by the vote of four-fifths (80%) of the stock entitled to vote generally in the election of directors at a meeting called for that purpose;
- BB&T's articles of incorporation and bylaws require the vote of more than two-thirds of the outstanding shares entitled to vote to approve an amendment that would amend, alter or repeal the provisions of the articles of incorporation or bylaws relating to classification and staggered terms of the BB&T Board of Directors, removal of directors or any requirement for a supermajority vote; while First Virginia's articles of incorporation provide that the articles of incorporation may be amended by the vote of a majority of all votes entitled to be cast by each voting group of First Virginia entitled to vote on the amendment at a meeting at which a quorum of each voting group exists, and First Virginia's bylaws require the vote of a majority of the First Virginia Board Directors or the affirmative vote of the shareholders holding 80% of the voting power of First Virginia common stock in order to adopt, amend or repeal the bylaws.

BB&T common stock issued in the merger will be listed on the New York Stock Exchange

BB&T will list the shares of its common stock to be issued in the merger on the New York Stock Exchange.

What You Need to Do Now

After you have carefully read this document, please vote your shares of First Virginia common stock over the Internet or by telephone by following the Internet and telephone instructions on the reverse side of the enclosed proxy form, or by signing and mailing the enclosed proxy form in the return envelope provided as soon as possible so that your shares will be represented at the annual meeting. If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the proposals. If you do not vote or you abstain, it will have the effect of a vote against the merger.

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After the merger, you will have to surrender your First Virginia common stock certificates to receive new certificates representing the number of shares of common stock of BB&T you are entitled to receive in the merger. Please **do not** send certificates until after receipt of written instructions following completion of the merger.

Table of Contents**Comparative Market Prices and Dividends**

BB&T common stock is listed on the New York Stock Exchange under the symbol BBT, and First Virginia common stock is listed on the New York Stock Exchange under the symbol FVB. The table below shows the high and low closing prices of BB&T common stock and First Virginia common stock and cash dividends paid per share for the last two fiscal years plus the interim period. The merger agreement restricts First Virginia's ability to increase dividends. See page .

	BB&T			First Virginia*		
	High	Low	Cash Dividend	High	Low	Cash Dividend
Quarter Ended						
March 31, 2003	\$ 38.63	\$ 31.15	\$.29	\$ 44.61	\$ 37.23	.28
June 30, 2003 (through , 2003)			.29			
Quarter Ended						
March 31, 2002	\$ 39.11	\$ 34.47	\$.26	\$ 36.60	\$ 32.60	\$.2667
June 30, 2002	39.23	36.60	.26	38.97	34.33	.2733
September 30, 2002	38.40	32.18	.29	39.98	30.93	.2733
December 31, 2002	38.23	31.26	.29	39.00	33.35	.2800
For year 2002	39.23	31.26	1.10	39.98	30.93	1.0933
Quarter Ended						
March 31, 2001	\$ 37.88	\$ 31.42	\$.23	\$ 32.83	\$ 25.69	\$.2533
June 30, 2001	37.01	34.25	.23	31.53	27.80	.2600
September 30, 2001	38.48	33.57	.26	32.50	27.07	.2600
December 31, 2001	36.96	32.10	.26	34.77	26.87	.2667
For year 2001	38.48	31.42	.98	34.77	25.69	1.0400

* The stock price and cash dividend information has been adjusted to reflect First Virginia's August 16, 2002 three-for-two stock split.

The table below shows the closing price of BB&T common stock and First Virginia common stock on January 17, 2003, the last full NYSE trading day before public announcement of the proposed merger.

BB&T historical	\$ 37.37
First Virginia historical	\$ 37.75
First Virginia pro forma equivalent**	\$ 47.09

** calculated by multiplying BB&T's per share closing price by the exchange ratio of 1.26.

Table of Contents**Selected Consolidated Financial Data**

We are providing the following information to help you analyze the financial aspects of the merger. We derived this information from BB&T's and First Virginia's audited financial statements for 1998 through 2002, and unaudited financial statements for the three months ended March 31, 2003. This information is only a summary, and you should read it in conjunction with our historical financial statements and the related notes contained in the annual and quarterly reports and other documents that we have filed with the Securities and Exchange Commission. See [Where You Can Find More Information](#) on page .

BB&T-Historical Financial Information

(Dollars in thousands, except for per share amounts)

	As of/For the Three Months		As of/For the Years Ended December 31,				
	Ended March 31,						
	2003	2002	2002	2001	2000	1999	1998
Net interest income	\$ 692,178	\$ 647,266	\$ 2,747,460	\$ 2,433,679	\$ 2,314,497	\$ 2,194,709	\$ 2,008,220
Net income	327,748	309,645	1,303,009	973,638	698,488	778,725	720,964
Basic earnings per share	.70	.67	2.75	2.15	1.55	1.74	1.63
Diluted earnings per share	.69	.66	2.72	2.12	1.53	1.71	1.60
Cash dividends per share	.29	.26	1.10	.98	.86	.75	.66
Book value per share	16.05	14.66	15.70	13.50	11.96	10.30	10.33
Total assets	79,647,890	74,949,720	80,216,816	70,869,945	66,552,823	59,380,433	54,373,105
Long-term debt	13,565,934	11,444,091	13,587,841	11,721,076	8,646,018	6,222,561	5,561,216

First Virginia-Historical Financial Information

(Dollars in thousands, except for per share amounts)

	As of/For the Three Months		As of/For the Years Ended December 31,				
	Ended March 31,						
	2003	2002	2002	2001	2000	1999	1998
Net interest income	\$ 115,727	\$ 118,504	\$ 487,849	\$ 440,554	\$ 424,495	\$ 433,708	\$ 429,299
Net income	46,232	42,219	183,937	164,451	142,031	150,860	130,162
Basic earnings per share	.66	.59	2.57	2.33	2.01	2.01	1.69
Diluted earnings per share	.66	.59	2.55	2.32	2.00	2.00	1.68
Cash dividends per share	.28	.2667	1.0933	1.0400	.9867	.9067	.8000
Book value per share	17.01	16.33	17.46	16.06	14.34	13.97	13.17

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Total assets	11,245,996	10,788,092	11,227,587	10,623,027	9,516,469	9,451,813	9,564,696
Long-term debt	8,478	13,516	13,488	19,526	1,116	2,205	3,217

Table of Contents**Comparative Per Share Data**

We have summarized below the per share information for our companies on a historical, pro forma combined and equivalent basis. You should read this information in conjunction with our historical financial statements (and related notes) contained in the annual and quarterly reports and other documents we have filed with the Securities and Exchange Commission. See [Where You Can Find More Information](#) on page .

The pro forma combined information gives effect to the merger accounted for as a purchase, assuming that 1.26 shares of BB&T common stock are issued for each outstanding share of First Virginia common stock and assuming that the merger occurred as of the beginning of the periods presented. Pro forma equivalents of one First Virginia common share amounts are calculated by multiplying the pro forma combined basic and diluted earnings per share, BB&T's historical per share dividend and the pro forma shareholders' equity by the exchange ratio of 1.26 shares of BB&T common stock, so that the per share amounts equate to the respective values for one share of First Virginia common stock. You should not rely on the pro forma information as being indicative of the historical results that we would have had if we had been combined or the future results that we will experience after the merger, nor should you rely on the three-month information as being indicative of results expected for the entire year or for any future interim period.

	As of/For the Three Months Ended March 31, 2003	As of/For the Year Ended December 31, 2002
Earnings per common share:		
Basic		
BB&T historical	.70	2.75
First Virginia historical	.66	2.57
Pro forma combined	.67	2.64
First Virginia pro forma equivalent of one First Virginia common share	.84	3.32
Diluted		
BB&T historical	.69	2.72
First Virginia historical	.66	2.55
Pro forma combined	.66	2.61
First Virginia pro forma equivalent of one First Virginia common share	.84	3.29
Cash dividends declared per common share:		
BB&T historical	.29	1.10
First Virginia historical	.28	1.093
Pro forma combined	.29	1.10
First Virginia pro forma equivalent of one First Virginia common share	.37	1.39
Shareholders' equity per common share:		
BB&T historical	16.05	15.70
First Virginia historical	17.01	17.46
Pro forma combined	15.65	15.41
First Virginia pro forma equivalent of one First Virginia common share	19.72	19.42

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A WARNING ABOUT FORWARD-LOOKING INFORMATION

BB&T and First Virginia have each made forward-looking statements in this document and in other documents to which this document refers that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of the managements of BB&T and First Virginia and on information currently available to them or, in the case of information that appears under the heading "The Merger Background of and Reasons for the Merger" on page [redacted], information that was available to the managements of BB&T and First Virginia as of the date of the merger agreement, and should be read in connection with the notices about forward-looking statements made by BB&T and First Virginia in their reports filed under the Securities Exchange Act of 1934. Forward-looking statements include the information concerning possible or assumed future results of operations of BB&T or First Virginia set forth under "Summary" and "The Merger Background of and Reasons for the Merger" and statements preceded by, followed by or that include the words "believes," "expects," "assumes," "anticipates," "intends," "plans," "estimates" or other similar expressions. See "Where You Can Find More Information" on page [redacted].

BB&T and First Virginia have made statements in this document and in other documents to which this document refers regarding estimated earnings per share of BB&T on a stand-alone basis, expected cost savings from the merger, estimated merger or restructuring charges relating to the merger, estimated increases in First Virginia's fee income ratio and decreases in First Virginia's net interest margin, estimate of financial impacts from deposit divestitures, the anticipated accretive effect of the merger and BB&T's anticipated performance in future periods. With respect to estimated cost savings and merger or restructuring charges, BB&T has made assumptions about, among other things, the extent of operational overlap between BB&T and First Virginia, the number of shares to be repurchased by BB&T and/or First Virginia, the amount of general and administrative expense consolidation, costs relating to converting First Virginia's bank operations and data processing to BB&T's systems, the size of anticipated reductions in fixed labor costs, the amount of severance expenses, the extent of the charges that may be necessary to align the companies' respective accounting policies and the costs related to the merger. The realization of cost savings and the amount of merger or restructuring charges relating to the merger are subject to the risk that the foregoing assumptions are inaccurate, and actual results may be materially different from those expressed or implied by the forward-looking statements.

Any statements in this document about the anticipated accretive effect of the merger and BB&T's anticipated performance in future periods are subject to risks relating to, among other things, the following possibilities:

- expected cost savings from the merger or other previously announced mergers may not be fully realized or realized within the expected time-frame;
- deposit attrition, customer loss or revenue loss following pending or recently completed mergers may be greater than expected;
- competitive pressure among depository and other financial institutions may increase significantly;
- costs or difficulties related to the integration of the businesses of BB&T and its merger partners, including First Virginia, may be greater than expected;
- changes in the interest rate environment may reduce net interest margins and/or the volumes and values of loans made or held as well as the value of other financial assets held;
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general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit or other services;

- legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which BB&T and First Virginia are engaged;

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- inability of BB&T and/or First Virginia to complete the contemplated share repurchases;
- adverse changes may occur in the securities markets; and
- competitors of BB&T and First Virginia may have greater financial resources and develop products that enable such competitors to compete more successfully than BB&T and First Virginia.

Management of each of BB&T and First Virginia believes the forward-looking statements about its company are reasonable; however, shareholders of First Virginia should not place undue reliance on them. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of BB&T following completion of the merger may differ materially from those expressed or implied in these forward-looking statements. Many of the factors that will determine these results and values are beyond BB&T's and First Virginia's ability to control or predict.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to BB&T or First Virginia or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither BB&T nor First Virginia undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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MEETING OF SHAREHOLDERS

General

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies by the First Virginia Board of Directors from holders of First Virginia common stock, for use at the annual meeting of shareholders to be held at the McLean Hilton located at 7910 Jones Branch Drive, McLean, Virginia on June 26, 2003 at 10:00 a.m., Eastern Time, and at any adjournments or postponements of the annual meeting. At the annual meeting of shareholders, holders of First Virginia common stock will be asked to vote upon the following proposals:

- approval and adoption of the Agreement and Plan of Reorganization, dated January 20, 2003 between BB&T and First Virginia and the related plan of merger pursuant to which First Virginia would merge into BB&T. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization and the related plan of merger as the "merger agreement". A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A;
- the election of 5 Class A directors; and
- adjournment of the annual meeting, if necessary, to solicit additional proxies to approve of the matters being voted upon at the meeting, and such other matters as may properly come before the annual meeting.

Proxies may be voted on other matters that may properly come before the meeting, if any, at the discretion of the proxy holders. The First Virginia Board of Directors knows of no such other matters except those incidental to the conduct of the meeting.

Who Can Vote at the Meeting

The First Virginia Board of Directors has fixed the close of business (p.m., Eastern Time) on , 2003 as the record date for determining the holders of First Virginia common stock entitled to notice of, and to vote at, the annual meeting. Only holders of record of First Virginia common stock at the close of business on the record date will be entitled to notice of, and to vote at, the annual meeting.

On the record date, there were shares of First Virginia common stock issued and outstanding and entitled to vote at the annual meeting, held by approximately holders of record. Holders of record of First Virginia common stock are entitled to one vote per share on any matter which may properly come before the annual meeting. Votes may be cast at the annual meeting in person or by proxy.

The presence at the annual meeting, either in person or by proxy, of the holders of a majority of the outstanding First Virginia common stock entitled to vote, is necessary to constitute a quorum in order to transact business at the annual meeting. However, in the event that a quorum is not present at the annual meeting, it is expected that the meeting will be adjourned or postponed in order to solicit additional proxies.

Attending the Meeting

If you are a beneficial owner of First Virginia common stock held by a broker, bank or other nominee (i.e., in street name), you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of First Virginia common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Vote Required

Approval of the proposal to approve and adopt the merger agreement will require the affirmative vote of more than two-thirds of the shares of First Virginia common stock outstanding on the record date. Under applicable Virginia law, in determining whether the proposal to approve and adopt the merger agreement has received the requisite number of affirmative votes, non-votes and abstentions will have the same effect as a vote

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against the proposal. Brokers who hold shares of First Virginia common stock as nominees will not have discretionary authority to vote such shares in the absence of instructions from the beneficial owners of those shares. Any shares which are not voted because the nominee-broker lacks such discretionary authority (broker non-votes) will have the same effect as a vote against the proposal.

With respect to the election of directors, the five nominees receiving the greatest number of votes cast for the election of directors will be elected, if a quorum is present at the meeting. The presence in person or by proxy of a majority of the outstanding shares of First Virginia common stock entitled to vote on the matter will constitute a quorum. Shares for which the holder has elected to abstain or withhold the proxy's authority to vote (including broker non-votes) will count toward a quorum but will not count for or against the election of directors.

Action on any other matter that is properly presented at the meeting for consideration of the shareholders, except as described above, will be approved if a quorum is present for that matter and a majority of the votes present approve the action. A quorum will be present for a particular matter if a majority of the outstanding shares of First Virginia common stock entitled to vote on that matter is represented at the meeting in person or by proxy. For purposes of determining whether a quorum is present for a particular matter, shares with respect to which proxies have been marked as abstentions will be treated as shares present, but broker non-vote shares will not be treated as shares present. The First Virginia Board of Directors is not aware of any other business to be presented at the meeting other than matters incidental to the conduct of the meeting.

Because approval of the merger agreement requires the affirmative vote of the holders of more than two-thirds of the outstanding shares of First Virginia common stock entitled to vote, failures to vote, abstentions and broker non-vote shares will have the same effect as votes against the merger. Accordingly, the First Virginia Board of Directors urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed postage-prepaid envelope or to otherwise vote your shares in another approved manner.

You should not return your stock certificates with your proxy cards. The procedure for surrendering your stock certificates is described under "The Merger Exchange of First Virginia Stock Certificates" on page .

As of the record date, First Virginia's directors and executive officers and their affiliates may be deemed to be the beneficial owners of approximately outstanding shares of First Virginia common stock (not including shares that may be acquired upon the exercise of stock options) (collectively representing approximately % of the voting power of First Virginia common stock). The directors of First Virginia are obligated pursuant to an agreement with BB&T to vote the shares beneficially owned by them for approval and adoption of the merger agreement. We expect that the executive officers of First Virginia will also vote the shares beneficially owned by them in favor of the merger agreement, and we also expect that the directors and executive officers will vote the shares beneficially owned by them in favor of the directors nominated by First Virginia. As of the record date, the directors and officers of BB&T, their affiliates, BB&T and its subsidiaries owned no outstanding shares of First Virginia common stock.

Voting and Revocation of Proxies

Shares represented by properly executed proxies (through the return of the enclosed proxy card or by Internet or telephone voting) received in time for the annual meeting will be voted at the annual meeting in the manner specified by such proxies unless the proxies are revoked as described below. If your proxy is properly executed but does not contain voting instructions, your proxy will be voted **for** approval of the merger agreement. Also, proxies received from shareholders will be voted in favor of the five nominees for director unless the shareholders specify otherwise on their proxies. Proxies marked **for** approval of the merger agreement and proxies that are executed but unmarked will be voted in the discretion of the proxy holders named in the proxies as to any proposed adjournment of the meeting. Proxies that are voted **against** approval of the merger agreement will not be voted in favor of any motion to adjourn the meeting to solicit more votes in favor of the merger. If other

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matters are properly presented before the annual meeting, the persons named in such proxy will have authority to vote in accordance with their judgment on any other such matters. It is not expected that any matter other than as described in this proxy statement/prospectus will be brought before the annual meeting.

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The grant of a proxy on the enclosed proxy card does not preclude a shareholder from voting in person. You may revoke a proxy at any time prior to your proxy being voted at the annual meeting by:

- voting again by telephone or over the Internet;
- delivering, prior to the annual meeting, to Barbara J. Chapman, Vice President and Secretary of First Virginia at 6400 Arlington Boulevard, Falls Church, Virginia 22042-2336, a written notice of revocation bearing a later date or time than the proxy;
- submitting another proxy by mail that is later dated and that is properly signed, dated and completed; or
- oral revocation at the annual meeting in person to any of the persons named on the enclosed proxy card.

Attendance at the annual meeting will not by itself constitute revocation of a proxy. If you hold your shares in street name, please see the voting form provided by your broker for additional information regarding the voting of your shares.

Your broker may allow you to deliver your voting instructions via the telephone or the Internet. Please see the voting instruction form from your broker. If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person.

Solicitation of Proxies

BB&T and First Virginia will each pay 50% of the cost of printing this proxy statement/prospectus, and First Virginia will pay all other costs of soliciting proxies from record and beneficial owners of First Virginia common stock. Directors, officers and other employees of First Virginia or its subsidiaries may solicit proxies personally, by telephone or facsimile or otherwise. None of these people will receive any special compensation for solicitation activities. First Virginia will arrange with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such brokerage firms and other custodians, nominees and fiduciaries, and First Virginia will reimburse these record holders for their reasonable out-of-pocket expenses. First Virginia has engaged Morrow & Co. to assist in distributing proxy materials and contacting record and beneficial owners of First Virginia common stock. First Virginia has agreed to pay Morrow & Co. approximately \$8,000, in addition to out of pocket expenses for its services to be rendered on behalf of First Virginia.

The annual meeting may be adjourned for the purpose of soliciting additional proxies in favor of the merger. Any adjournment of the annual meeting may be made without notice, other than by an announcement made at the annual meeting. Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow First Virginia shareholders who have already sent in their proxies to revoke them at any time prior to their use.

Recommendation of the First Virginia Board of Directors

The First Virginia Board of Directors has unanimously approved the merger agreement and believes that the proposed transaction is fair to and in the best interests of First Virginia and its shareholders. **The First Virginia Board of Directors unanimously recommends that First Virginia's shareholders vote FOR approval of the merger agreement.** See The Merger Background of and Reasons for the Merger on page

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THE MERGER

The following information describes the material aspects of the merger. This description does not purport to be complete and is qualified in its entirety by reference to the appendices to this proxy statement/prospectus, including the merger agreement, which is attached to this proxy statement/prospectus as Appendix A and incorporated herein by reference. All shareholders are urged to read the appendices in their entirety.

General

The merger agreement provides for the merger of First Virginia into BB&T, with BB&T being the surviving corporation in the merger. As a result of the merger, holders of First Virginia common stock will exchange their shares of First Virginia, a Virginia corporation, which is governed by the Virginia Stock Corporation Act, First Virginia's Articles of Incorporation and First Virginia's bylaws, for shares of common stock of BB&T, a North Carolina corporation, which is governed by the North Carolina Business Corporation Act, BB&T's Articles of Incorporation and BB&T's bylaws. On the effective date of the merger, each share of First Virginia common stock then issued and outstanding will be converted into and exchanged for the right to receive 1.26 shares of BB&T common stock plus cash instead of any fractional shares. Shares held by First Virginia or BB&T, other than shares held in a fiduciary capacity or as collateral for debts previously contracted, will not be converted to BB&T common stock.

Background of and Reasons for the Merger

Background of the Merger

The management of First Virginia periodically has explored and assessed, and has discussed with the First Virginia Board of Directors, strategic options for First Virginia, including strategies to grow First Virginia's business through business and marketing initiatives and through targeted acquisitions of other financial institutions. These strategic discussions also included the possibility of business combinations involving First Virginia and larger financial institutions, particularly in view of the increasing competition, continuing consolidation and other developments in the financial services industry.

In October 2002, a senior executive of BB&T contacted Mr. Barry J. Fitzpatrick, the Chairman, Chief Executive Officer and President of First Virginia and suggested that the two meet to discuss strategic alternatives. At a meeting in November, Barry J. Fitzpatrick and another senior executive of First Virginia met with a senior executive of BB&T and discussed the potential fit between their companies. Early in December, John A. Allison, IV, Chairman and Chief Executive Officer of BB&T and another senior executive of BB&T met with Barry J. Fitzpatrick and the other senior executive of First Virginia and discussed the potential fit between the companies and BB&T presented a general outline of possible terms (including general price parameters) for a potential transaction. At this meeting, BB&T and First Virginia determined to have further discussions beginning in the first part of the new year. Following this meeting, Mr. Fitzpatrick met with Edward L. Breeden, III, L. H. Ginn, III, Lawrence T. Jennings and Robert H. Zalokar, each of whom except for Mr. Jennings, serves as a member of the executive committee of the First Virginia Board of Directors, which generally exercises all the powers of the First Virginia Board of Directors when the First Virginia Board of Directors is not in session. Messrs. Breeden, Ginn and Jennings are each independent directors. After discussing the conversations between Mr. Fitzpatrick and BB&T, they agreed that Mr. Fitzpatrick and members of the First Virginia management team should continue to explore the possibility of a transaction with BB&T. In view of the full Board's prior general discussions regarding the possibility of a transaction of the type proposed by BB&T and the exploratory stage of the discussions, the committee members did not consider a full Board meeting

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necessary prior to the time that the terms of a proposed transaction were more fully developed and due diligence had progressed.

In early January 2003, Mr. Fitzpatrick met again with Mr. Allison and other senior executives of BB&T. After discussing a range of issues, including the strategic benefits of a merger and a range of potential exchange ratios, they determined to commence mutual due diligence investigations and negotiations regarding a potential

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merger. Over the next two and a half weeks, senior management and advisors to BB&T and First Virginia conducted their respective due diligence investigations. Also during this time, First Virginia and BB&T managements, working with their respective legal and financial advisors, held a series of discussions with respect to the proposed combination, including negotiating the exchange ratio and the other principal financial and business terms of the transaction. While these discussions proceeded, legal counsel to BB&T and First Virginia began to draft definitive documentation with respect to the proposed merger.

On January 17, 2003, the First Virginia Board of Directors held a special meeting to review and discuss the proposed merger, the terms of the proposed merger agreement, the status of the negotiations with BB&T and the results of the due diligence investigation of BB&T. Mr. Fitzpatrick also reviewed the First Virginia Board's prior discussions of strategic alternatives for First Virginia, including the possibility of a sale to another financial institution or remaining as an independent company and seeking growth through internal initiatives and/or strategic acquisitions of other financial institutions. Mr. Fitzpatrick noted that, as discussed in prior board meetings, size and diversification beyond the level First Virginia believed to be reasonably achievable on an independent basis was becoming increasingly important to continued success in the current financial services environment.

Mr. Fitzpatrick also reviewed the course of discussions with BB&T and outlined the strategic rationale for the proposed merger. Mr. Fitzpatrick noted that the parties had held discussions regarding the terms and price parameters of the transaction during the period preceding the First Virginia Board meeting, but that while some of the details of the transaction had been revised and clarified since the December meeting, BB&T had not been willing to materially increase the exchange ratio from the number that it had originally indicated that it was prepared to offer because beyond that price the proposal would not be accretive to BB&T earnings within a reasonable time frame. Mr. Fitzpatrick noted that First Virginia and BB&T had finalized the exchange ratio at 1.26 in arms-length negotiations following the satisfactory completion of the parties diligence investigations. Mr. Fitzpatrick noted that the exchange ratio was fixed and that the merger agreement did not include any price-based termination right or other protections against potential declines in the BB&T trading price. The First Virginia Board of Directors believed that this term was acceptable in view of the fact that First Virginia stockholders also had the ability to share in any potential increase in the BB&T market price both before and after completion of the merger, in view of the fact that the merger proposal was subject to approval of First Virginia shareholders and in view of the right of First Virginia to not complete the merger if BB&T suffered a material adverse change. Mr. Fitzpatrick and management also reviewed the strategic rationale of the transaction, including the ability of shareholders to participate in a larger more diversified financial institution, the ability to combine the relative strengths and geographies of the two institutions, the ability of the First Virginia shareholders to achieve a premium based on recent market valuations and other matters discussed below under First Virginia's Reasons for the Merger.

Morgan Stanley discussed financial information regarding BB&T and the proposed merger with BB&T. Morgan Stanley's discussion with the First Virginia Board of Directors covered a range of matters, including the key financial terms of the proposed merger, review of relevant business and financial information regarding the two companies, historical stock price performance, valuation methodologies and analyses and the other matters set forth in Opinion of First Virginia's Financial Advisor. After this discussion, Morgan Stanley orally confirmed that it would deliver its opinion that, as of the date of the merger agreement, and based on and subject to the considerations set forth in its opinion, the exchange ratio pursuant to the agreement was fair to the holders of shares of First Virginia common stock from a financial point of view (which opinion was subsequently delivered in writing as of the date of the merger agreement). The full text of the Morgan Stanley opinion is attached as Appendix B to this proxy statement/prospectus. Also, at this meeting, the First Virginia Board of Directors discussed with Wachtell, Lipton, Rosen & Katz the terms of the definitive agreements governing the transaction and the legal and fiduciary standards applicable to its decision to approve the agreements and the transactions contemplated by the agreements. Following these discussions, the Board of Directors determined to adjourn the meeting until the following morning.

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On January 18, 2003, the First Virginia Board of Directors reconvened to consider and vote on the proposed merger agreement. After follow up discussions regarding some of the matters discussed the prior evening, as well as discussions regarding the process for announcing the transaction, the regulatory approval process and other similar matters, the First Virginia Board of Directors determined that the transactions contemplated by the merger agreement were fair to and in the best interests of First Virginia and its stockholders. The First Virginia Board of Directors then voted unanimously to approve the merger agreement and the transactions contemplated by that agreement.

The merger agreement and the transactions contemplated by that agreement were approved by the BB&T Board of Directors on January 17, 2003.

On January 20, 2003, First Virginia and BB&T finalized and executed the merger agreement, and the transaction was announced on January 21, 2003 by a joint press release issued by BB&T and First Virginia before the beginning of trading on the New York Stock Exchange (NYSE).

For the reasons set forth below, the First Virginia Board of Directors has unanimously approved and adopted the merger agreement as advisable and in the best interests of First Virginia and its shareholders and unanimously recommends that the First Virginia shareholders vote for the approval and adoption of the merger agreement.

First Virginia's Reasons for the Merger

In reaching its decision to approve the merger agreement and recommend the merger to its shareholders, the First Virginia Board of Directors consulted with First Virginia's management, as well as its legal and financial advisors, and considered a number of factors, including:

- the fact that, based on the closing price of BB&T common stock on the NYSE on January 17, 2003 (the last trading day prior to announcement of the merger), the value of the merger consideration to be received by First Virginia shareholders in the merger represented a premium of approximately 25% over the closing price of First Virginia common stock on the NYSE on January 17, 2003;
- its knowledge of First Virginia's business, operations, financial condition, earnings and prospects and of BB&T's business, operations, financial condition, earnings and prospects, taking into account the results of First Virginia's due diligence review of BB&T; and its belief that, particularly in view of the factors described in the bullet-points above, a combination with BB&T would allow First Virginia shareholders as shareholders of the combined entity to participate in a company with better future prospects than First Virginia was likely to achieve on a stand-alone basis;
- its knowledge of the current environment in the financial services industry, including continued consolidation, evolving trends in technology and increasing nationwide and global competition and the current financial market conditions and the historical market prices of First Virginia's common stock;
- the financial analyses presented by Morgan Stanley to the First Virginia Board of Directors, and the opinion delivered to First Virginia by Morgan Stanley, to the effect that, as of January 20, 2003, and based upon and subject to the considerations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of

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First Virginia common stock;

- the structure of the merger and the financial and other terms of the merger agreement, including the fact that the transaction was a stock-for-stock merger that would allow shareholders to continue to participate in the future growth prospects of both companies, the absence of any downside price protection or upside price limitation mechanics, the premium described in the first bullet above, the termination fee described below and the other terms of the agreement which are generally customary for similar financial institutions transactions;
- the likelihood that the merger would be completed, given the regulatory and other approvals required in connection with the merger, and the experience, reputation and resources of BB&T;

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- the expected treatment of the merger as a reorganization for United States federal income tax purposes which would generally allow First Virginia shareholders to avoid recognizing gain or loss upon the conversion of shares of First Virginia common stock into shares of BB&T common stock in the merger;
- the challenges of combining the businesses, assets and workforces of two major companies, which could impact the post-merger success of the combined company but was an acceptable risk particularly in view of BB&T's past experience and success in integrating transactions;
- the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;
- the termination fee of up to \$155 million to be paid by First Virginia to BB&T if the merger agreement is terminated under limited circumstances, which the Board understood would limit its ability to pursue or support competing acquisition proposals but was a condition to BB&T's willingness to enter into the merger agreement; and
- the fact that some of First Virginia's directors and executive officers have interests in the merger that are in addition to their interests as First Virginia shareholders, which had the potential to influence such directors' and officers' views and actions in connection with the merger proposal. See *Interests of First Virginia's Directors and Officers in the Merger*.

The foregoing discussion of the factors considered by the First Virginia Board of Directors is not intended to be exhaustive, but, rather, includes all material factors considered by the First Virginia Board of Directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the First Virginia Board of Directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The First Virginia Board of Directors considered all these factors as a whole, and overall considered them to be favorable to, and to support, its determination.

BB&T's Reasons for the Merger

One of BB&T's announced objectives is to pursue in-market and contiguous state acquisitions of banks and thrifts in the \$250 million to \$10 billion asset size range. While slightly above the upper end of this target size range, BB&T's management believes that the acquisition of First Virginia is consistent with this strategy, and will give BB&T a substantial presence in the high growth and economically attractive markets of Virginia and the Washington D.C. metropolitan statistical area and enhance BB&T's network in Maryland and Tennessee. The merger also provides opportunities for cost savings as the combined branch franchise is consolidated, while simultaneously offering BB&T the opportunity for ongoing revenue enhancements through the cross-selling of its more extensive array of products and services to First Virginia's approximately 850,000 households. In conducting its analyses of the transaction, BB&T has assumed projected annual pre-tax cost savings of \$131 million and has assumed that First Virginia's projected noninterest income will grow by the seventh full year following the merger to achieve a fee income ratio of 35% from a fee income ratio of 22% as of December 31, 2002. **[to be updated]**.

In evaluating the merger, BB&T analyzed the projected financial effects of the merger against established investment criteria which BB&T consistently applies, using the assumptions described below in *Assumptions Made By BB&T*. BB&T does not require that every individual investment criterion be met, and a failure to meet one of the criteria may be offset or compensated for by favorable results in evaluating other criteria. Below are BB&T's seven investment criteria and the projected results of the First Virginia merger with respect to each:

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- Criteria: The transaction must be accretive to cash earnings per share by the second full year following the merger. BB&T's analysis indicated that the merger would be accretive to cash earnings per share the first full year following the merger

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- Criteria: The transaction must be accretive to earnings per share, as determined in accordance with generally accepted accounting principles, by the fourth full year following the merger. BB&T's analysis indicated that the merger would be accretive in the third full year following the merger
- Criteria: The transaction must be accretive to cash basis return on equity by the third full year following the merger. BB&T's analysis indicated that the merger would be accretive to cash basis return on equity in the first full year following the merger
- Criteria: The transaction must be accretive to cash basis return on assets by the third full year following the merger. BB&T's analysis indicated that the merger would be accretive to cash basis return on assets in the first full year following the merger
- Criteria: The transaction must be accretive to tangible book value by the fifth full year following the merger. BB&T's analysis indicated that the merger would be accretive to tangible book value in the sixth full year following the merger
- Criteria: The combined leverage ratio following the merger must not be below 7%. BB&T's analysis indicated that the combined leverage ratio will remain over 7%
- Criteria: The projected performance of First Virginia must conform to BB&T's internal rate of return criteria. BB&T's current minimum internal rate of return for this type of investment is 15% or better. BB&T's analysis indicated the projected internal rate of return will be better than 15%.

In conducting its analysis, BB&T excluded the effect of estimated one-time after-tax charges of \$35.0 million, net of an expected 8% premium from deposit divestiture equal to \$31.2 million, related to completing the merger on earnings per share, return on assets and return on equity, as well as cash basis earnings per share, cash basis return on assets and cash basis return on equity.

None of the above information has been updated since the date of the merger agreement. There can be no certainty that actual results will be consistent with the results described above. For more information concerning the factors that could affect actual results, see "A Warning About Forward-Looking Information" on page .

In reaching its determination that the merger agreement is fair to, and in the best interests of, BB&T and its shareholders, the BB&T Board of Directors considered the above factors, as well as the following:

- The acquisition is consistent with BB&T's strategy of pursuing in-market (Carolinas/Virginia/West Virginia/D.C./Maryland/Georgia/Kentucky/Tennessee/Florida) and contiguous state acquisitions of high quality banks and thrifts.
- The acquisition is consistent with past acquisitions which have been successfully executed.
- BB&T has a proven track record of successfully integrating large in-market acquisitions, such as Southern National Corporation (1995), United Carolina Bancshares (1997) and F&M National Corporation (2001).

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- The transaction optimizes BB&T's Virginia banking franchise, creating an operation that is commensurate with BB&T's highly efficient franchises in North and South Carolina.
- The acquisition would add approximately 850,000 new households that can be cross-sold with BB&T's array of products and services which is more extensive than that of First Virginia.
- The acquisition would provide BB&T with a significant expansion of its branch network in the high growth and economically attractive markets in Virginia.
- The merger would significantly enhance BB&T's network in Maryland, Tennessee, and the Washington, D.C. metropolitan statistical area.

In addition to the foregoing, the Board was presented with a thorough financial analysis of the merger by BB&T's financial advisor and was advised by such advisor that the consideration to be paid in the merger is fair from a financial point of view to the shareholders of BB&T, and BB&T's legal counsel summarized certain provisions of the merger agreement.

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The BB&T Board of Directors did not assign any specific or relative weight to the factors in its consideration. The Board collectively made its determination with respect to the merger based on the conclusion reached by its members, in light of the factors that each of them considered appropriate, that the merger is in the best interests of the shareholders of BB&T.

The terms of the merger, including the exchange ratio, were the result of arms-length negotiation between representatives of First Virginia and representatives of BB&T. Based upon its consideration of the foregoing factors, the BB&T Board of Directors approved the merger agreement and the merger as being in the best interests of BB&T and its shareholders.

Assumptions Made by BB&T

For the purpose of the analysis, described above in BB&T's Reasons for the Merger, BB&T made the following assumptions:

- BB&T's earnings per share (EPS) for 2003 would be in line with the estimate published by First Call Corporation of \$2.97;
- BB&T's earnings per share for subsequent years would increase at an assumed annual rate, determined solely for the purpose of assessing the impact of the merger as described above, of 12%;
- First Virginia's 2003 projected financial statements would be based on First Virginia's EPS on a stand-alone basis for 2003 being \$2.69, as estimated by First Call Corporation;
- Annual pre-tax cost savings of approximately \$131 million, or 40% of First Virginia's 2002 noninterest expense base (excluding intangibles amortization expense) would be fully realized in the first twelve months following conversion;
- Income statement and balance sheet growth rates attributable to First Virginia would be 12% in all years except First Virginia's noninterest income was projected to grow to achieve a fee income ratio of 35% by year 7;
- First Virginia's core net interest margin (non-fully taxable equivalent) was estimated at 4.68% post-divestiture and was held at this level in all years;
- 4.2 million shares will be repurchased;
- First Virginia's loan loss allowance would be 1.30% in all years;
- First Virginia's net charge-off rate for loan losses would be 0.20% in 2003, 0.25% in 2004 and 0.35% in 2005 and thereafter;
- Post-merger deposit divestitures would total approximately \$390 million; and

- The effective tax rate would be 32% for all years.

Opinion of First Virginia's Financial Advisor

Morgan Stanley was engaged to provide financial advisory services to First Virginia. First Virginia selected Morgan Stanley to act as its financial advisor in connection with strategic alternatives based on Morgan Stanley's qualifications, expertise and reputation, as well as its knowledge of the business and affairs of First Virginia. On January 17, 2003, Morgan Stanley delivered its oral opinion, subsequently confirmed in writing as of January 20, 2003 to the First Virginia Board of Directors, that subject to and based on the factors considered in its opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of shares of First Virginia common stock.

The full text of Morgan Stanley's written opinion, dated as of January 20, 2003, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix B of this document. Holders of First Virginia's common stock are urged to, and should, read this opinion carefully

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and in its entirety. Morgan Stanley's opinion is directed to the board of directors of First Virginia, addresses only the fairness from a financial point of view to the holders of First Virginia common stock of the exchange ratio pursuant to the merger agreement, and does not address any other aspect of the acquisition or constitute a recommendation to any First Virginia shareholder as to how to vote at the annual meeting. This summary is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other information of First Virginia and BB&T, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning First Virginia and BB&T, including financial forecasts and profit plans for each company, prepared by the management of First Virginia and BB&T, respectively;
- discussed the past and current operations and financial condition and the prospects of First Virginia and BB&T, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of First Virginia and BB&T, respectively;
- reviewed the pro forma impact of the merger on BB&T's earnings per share and consolidated capitalization;
- reviewed the reported prices and trading activity for First Virginia common stock and BB&T common stock;
- compared the financial performance of First Virginia and BB&T and the prices and trading activity of the First Virginia common stock and BB&T common stock with that of certain other comparable publicly traded companies and their securities;
- reviewed the financial terms, to the extent publicly available, of certain precedent transactions;
- participated in discussions and negotiations among representatives of First Virginia and BB&T and their financial and legal advisors;
- reviewed the draft merger agreement and certain related documents; and
- considered such other factors and performed such other analyses as Morgan Stanley deemed appropriate.

Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by it for the purposes of this opinion. With respect to financial forecasts and profit plans, including certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley has assumed that they have been reasonably prepared on bases reflecting the best available estimates and judgments of the future financial performance of First Virginia and BB&T. Morgan Stanley has assumed that the merger will be consummated in accordance with the terms of the merger agreement, including, among other things, that the merger will be treated as a tax-free reorganization, pursuant to the Internal Revenue Code of 1986, as amended. Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of First Virginia and BB&T, nor has Morgan Stanley been furnished with any such appraisals and Morgan Stanley has not made any independent examination of the loan loss reserves or examined any individual loan credit files of BB&T or First Virginia. Morgan Stanley's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion.

Morgan Stanley has not updated its opinion from its opinion letter dated January 20, 2003 and the Morgan Stanley opinion does not speak as of the date of this document, the completion of the merger or any other date except for January 20, 2003.

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The following is a brief summary of the material financial analyses performed by Morgan

Stanley, in connection with preparing its oral opinion and its written opinion letter, dated January 20, 2003. Some of these summaries of financial analyses include information presented in tabular format. In order to understand fully the financial analysis used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Comparable Company Analysis. As part of its analysis, Morgan Stanley compared certain financial information of First Virginia with the Peer Group and the Morgan Stanley Mid Cap Bank Index.

The Peer Group included:

- M&T Bank Corp.
- SouthTrust Corp.
- Regions Financial Corp.
- AmSouth Bancorp.
- Union Planters Corp.
- North Fork Bancorp., Inc.
- National Commerce Financial Corp.
- First Tennessee National Corp.
- Compass Bancshares, Inc.
- Zions Bancorporation
- Hibernia Bancshares, Inc.
- Commerce Bancorp, Inc.
- Mercantile Bankshares Corp.
- Valley National Bancorp.
- Wilmington Trust Corp.

The Morgan Stanley Mid Cap Bank Index included:

- M&T Bank Corp.
- Regions Financial Corp.
- AmSouth Bancorp.
- UnionBanCal Corp.
- Marshall & Ilsley Corp.
- Union Planters Corp.
- National Commerce Financial Corp.
- First Tennessee National Corp.
- Huntington Bancshares, Inc.
- Compass Bancshares, Inc.
- Zions Bancorporation
- Hibernia Bancshares, Inc.
- Commerce Bancshares, Inc.

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- FirstMerit Corp.
- BOK Financial Corp.

Morgan Stanley compared, for the Peer Group, the Morgan Stanley Mid Cap Bank Index, and First Virginia, the market price to 2003 cash earnings per share estimate from Institutional Brokers Estimate System, or I/B/E/S, available as of January 16, 2003, as well as historical information as of September 30, 2002. I/B/E/S is a database owned and operated by Thompson Financial, which contains estimated and actual earnings, cash flows, dividends, sales, and pre-tax income data for companies in the United States, Europe, Asia and emerging markets. I/B/E/S estimates are based on the consensus of many contributing analysts and are recognized as one of the industry standard sources for data of this type.

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The following table reflects the results of the analysis:

	<u>Price/2003E Cash Earnings</u>
First Virginia (as of January 16, 2003)	13.6x
Peer Group Median	12.1
Morgan Stanley Mid Cap Bank Index Median	11.8

The implied range of values for First Virginia common stock, derived from the analysis of the market price to 2003 estimated cash earnings per share for the Peer Group and for the Morgan Stanley Mid Cap Bank Index, ranged from approximately \$30 to \$36 per share. Morgan Stanley noted that the closing price of First Virginia common stock as of January 16, 2003, was \$37.66 per share. In comparison, based on the merger exchange ratio of 1.26 and BB&T's closing price of \$37.26 as of January 16, 2003, the implied value of the merger consideration was \$46.95 per share of First Virginia common stock.

Dividend Discount Analysis. Morgan Stanley performed a dividend discount analysis to determine a range of present values of First Virginia common stock, assuming First Virginia continued to operate as a stand-alone entity. The range was determined by adding:

- the present value of an estimated future dividend stream for First Virginia over the five-year period from 2003 through 2007, and
- the present value of the terminal value of First Virginia common stock at the end of the year 2007.

For a projected dividend stream, Morgan Stanley assumed a constant tangible common equity/tangible assets ratio of 7.0%. The earnings projections that formed the basis for the analyses were based on I/B/E/S estimates for 2003 and 2004, with an assumed earnings growth rate of 7% for 2005 through 2008, which is consistent with I/B/E/S long-term growth estimate for First Virginia. The terminal value of First Virginia common stock at the end of the period was determined by applying two price-to-cash earnings multiples (10x and 12x) to year 2008 projected earnings. The dividend stream and terminal values were discounted to present values using discount rates of 10% and 13%. Based on the above assumptions, the fully diluted stand-alone value of First Virginia common stock ranged from approximately \$31 to \$38 per share. In comparison, as described above under *Comparable Company Analysis*, as of January 16, 2003, the implied value of the merger consideration was \$46.95 per share of First Virginia common stock.

Implied Acquisition Value. Morgan Stanley performed an analysis of the acquisition valuation of First Virginia in which it assumed that the net present value of assumed cost savings was added to the stand-alone value of First Virginia common stock as described above under *Dividend Discount Analysis*. Based on pre-tax synergies ranging from 15% to 40% of First Virginia's non-interest expense base, discount rates of 10% and 13%, phase-in of synergies over two years, and a synergies growth rate of 3%, Morgan Stanley estimated the implied acquisition value of First Virginia common stock to range from approximately \$36 to \$51 per share. In comparison, as described above under *Comparable Company Analysis*, as of January 16, 2003, the implied value of the merger consideration was \$46.95 per share of First Virginia common stock.

Precedent Transaction Analysis. Morgan Stanley performed an analysis of eight precedent transactions with announced deal values of over \$500 million since December 31, 2000 (the *Precedent Transactions*) by selected holding companies of commercial banks that shared characteristics with the merger to compare the multiples of book value and projected earnings indicated by the merger consideration to those multiples indicated for the *Precedent Transactions*. For each transaction, the acquired company's book value was based on its most recently

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reported book value per share prior to the announcement of the transaction and the acquired company's estimated earnings per share was based on I/B/E/S estimates of its earnings per share prior to announcement of the transaction.

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The eight transactions constituting the Precedent Transactions were :

Acquiror	Target
M&T Bank	Allfirst
Marshall & Ilsley	Mississippi Valley
BNP Paribas	United California Bank
BNP Paribas	BancWest
First Union	Wachovia
Citigroup	EAB
Royal Bank of Canada	Centura Banks
BB&T	F&M National

The following table reflects the results of the analysis:

	Price/Book Value	Price/Forward Earnings
First Virginia/BB&T merger	2.7x	17.5x
Median of Precedent Transaction	2.3x	16.1x
Range of Precedent Transactions	1.7-3.0x	12.0-20.5x

The foregoing First Virginia multiples indicated by the merger consideration were based on the closing prices of BB&T common stock as of January 16, 2003, First Virginia's book value per share as of September 30, 2002, and First Virginia's 2003 I/B/E/S earnings per share estimate as of January 16, 2003.

Using a range of price to estimated forward earnings per share multiples of 16x to 18x resulted in a value of First Virginia common stock ranging from approximately \$43 to \$48 per share. In comparison, as described above under *Comparable Company Analysis*, as of January 16, 2003, the implied value of the merger consideration was \$46.95 per share of First Virginia common stock.

No company or transaction used in the comparable company and comparable transaction analyses is identical to First Virginia or the merger. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning financial and operating characteristics of First Virginia and other factors that could affect the public trading value of the companies to which they are being compared. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable transaction data or comparable company data.

Pro Forma Merger Analysis. Morgan Stanley analyzed the financial impact of the merger on the estimated earnings per share and estimated cash earnings per share for BB&T and First Virginia, as well as the estimated dividend per share for the current holders of First Virginia common stock, using the estimated cost savings expected by BB&T management to result from the merger as well as BB&T's earnings estimates from 2003 through 2006. This analysis indicated that the merger would be accretive to the estimated dividend per share for the current holders of First Virginia common stock, and with synergies, the merger would be accretive to BB&T's current estimate of its 2004 cash earnings per share and its 2006 earnings per share as well as First Virginia's current estimate of its 2004 cash earnings per share and its 2004 earnings per share.

In connection with the review of the acquisition by the First Virginia Board of Directors, Morgan Stanley performed a variety of financial and comparative analyses for the purpose of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any particular analysis or factor considered by it. Furthermore, Morgan Stanley believes that selecting any portion of its analyses, without considering all of its analyses, would create an incomplete view of the process underlying its analyses and the opinion. In addition, Morgan Stanley may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of First Virginia or BB&T.

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In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of First Virginia or BB&T. Any estimates contained in the analyses performed by Morgan Stanley are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. Such analyses were prepared solely as a part of Morgan Stanley's analysis of the fairness from a financial point of view to the holders of shares of First Virginia common stock of the consideration to be paid to such holders pursuant to the merger agreement and were provided to the First Virginia Board of Directors in connection with the delivery of the Morgan Stanley opinion. The analyses do not purport to be appraisals of value or to reflect the prices at which First Virginia or BB&T might actually trade. In addition, as described above, the Morgan Stanley opinion was one of the many factors taken into consideration by the First Virginia Board of Directors in making its determination to approve the merger agreement. The consideration to be paid to holders of shares of First Virginia common stock pursuant to the merger agreement was determined through arm's-length negotiations between First Virginia and BB&T and was approved by the First Virginia Board of Directors. Morgan Stanley did not recommend any specific consideration to First Virginia or advise that any given consideration constituted the only appropriate consideration for the acquisition. Consequently, the Morgan Stanley analyses as described above should not be viewed as determinative of the opinion of the First Virginia Board of Directors with respect to the value of First Virginia or of whether the First Virginia Board of Directors would have been willing to agree to different consideration.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the past (but not during the most recent two years), Morgan Stanley and its affiliates have provided financing services for BB&T and have received fees for the rendering of these services. In addition, Morgan Stanley and its affiliates may from time to time act as a counter-party to either First Virginia or BB&T and have received compensation for such activities. In the ordinary course of its business, Morgan Stanley and its affiliates may, from time to time, trade in the securities and indebtedness of First Virginia or BB&T for its own accounts or the account of investment funds and other clients under the management of Morgan Stanley and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or indebtedness for any such account.

Pursuant to a letter agreement dated as of March 30, 2001, Morgan Stanley was retained to provide financial advisory services and a financial fairness opinion in connection with the acquisition, and First Virginia agreed to pay Morgan Stanley fees for its services in connection with the merger in a total amount equal to \$10 million, of which \$2 million became payable upon announcement of the merger and \$8 million shall be payable at the time the merger is completed.

First Virginia also agreed to reimburse Morgan Stanley for expenses incurred by Morgan Stanley in performing its services. In addition, First Virginia has also agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions.

Exchange Ratio

Upon completion of the merger, each outstanding share of First Virginia common stock will be converted into the right to receive 1.26 shares of BB&T common stock plus cash instead of any fractional shares of BB&T common stock that would otherwise be issued.

You should be aware that the market value of a share of BB&T common stock will fluctuate and that neither BB&T nor First Virginia can give you any assurance as to what the price of BB&T common stock will be when the merger becomes effective or when certificates for those shares

are delivered following surrender and

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exchange of your certificates for shares of BB&T stock. We urge you to obtain information on the market value of BB&T common stock that is more recent than that provided in this proxy statement/prospectus. See Summary Comparative Market Prices and Dividends on page .

No fractional shares of BB&T common stock will be issued in the merger. If you would otherwise be entitled to a fractional share of BB&T common stock in the merger, you will be paid an amount in cash determined by multiplying the fractional part of the share of BB&T common stock by the closing price per share of BB&T common stock on the NYSE at 4:00 p.m., Eastern Time, on the date that the merger becomes effective, as reported on NYSEnet.com.

Exchange of First Virginia Stock Certificates

When the merger is completed, without any action on the part of First Virginia or the First Virginia shareholders, shares of First Virginia common stock will be converted into and will represent the right to receive, upon surrender of the certificate representing such shares as described below, whole shares of BB&T common stock (and any declared and unpaid dividends on such shares) and cash instead of any fractional share of BB&T common stock that would otherwise be issued. Promptly after the merger becomes effective, BB&T will deliver or mail to you a form of letter of transmittal and instructions for surrender of your First Virginia stock certificates. When you properly surrender your certificates, or provide other satisfactory evidence of ownership, and return the letter of transmittal duly executed and completed in accordance with its instructions and any other documents as may be reasonably requested, BB&T will promptly deliver to you the shares of BB&T common stock (and any declared and unpaid dividends on such shares) and cash, if any, to which you are entitled.

You should not send in your stock certificates until you receive the letter of transmittal and instructions.

After the merger is completed, and until surrendered as described above, each outstanding First Virginia stock certificate will be deemed for all purposes to represent only the right to receive the merger consideration. No interest will be paid or accrued on any cash payable for fractional shares as part of the merger consideration. With respect to any First Virginia stock certificate that has been lost or destroyed, BB&T will pay the merger consideration attributable to the shares represented by such certificate upon receipt of a surety bond or other adequate indemnity, as required in accordance with BB&T's standard policy, and evidence reasonably satisfactory to BB&T of ownership of the shares in question. After the merger is completed, First Virginia's transfer books will be closed and no transfer of the shares of First Virginia stock outstanding immediately before the time that the merger becomes effective will be made on BB&T's stock transfer books.

BB&T and First Virginia will coordinate the declaration of any dividends in respect of BB&T and First Virginia common stock and the record dates and payment dates for the fiscal quarter in which the merger becomes effective. Holders of First Virginia common stock will not receive two dividends, nor will they fail to receive one dividend for any quarter with respect to their shares of First Virginia common stock and any shares of BB&T common stock the holder receives in exchange therefor in the merger.

To the extent permitted by law, after the merger becomes effective, you will be entitled to vote at any meeting of BB&T shareholders the number of whole shares of BB&T common stock into which your shares of First Virginia stock are converted, regardless of whether you have exchanged your First Virginia stock certificates for BB&T stock certificates. Whenever BB&T declares a dividend or other distribution on the BB&T common stock which has a record date after the merger becomes effective, the declaration will include dividends or other distributions on all shares of BB&T common stock issuable under the merger agreement. However, no dividend or other distribution payable to the holders of record of BB&T common stock will be delivered to you until you surrender your First Virginia stock certificate for exchange as described above. Upon surrender of your First Virginia stock certificate, the certificate representing the BB&T common stock into which your shares of

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First Virginia stock have been converted, together with cash instead of any fractional share of BB&T common stock to which you would otherwise be entitled and any undelivered dividends, will be delivered and paid to you, without interest.

The Merger Agreement

Effective Date and Time of the Merger

The merger agreement provides that the merger will be completed on a business day designated by BB&T that is within 5 business days following the satisfaction of the conditions to the completion of the merger, or a later date mutually acceptable to the parties. The merger will become effective at the time and date specified in the articles of merger to be filed with the North Carolina Secretary of State and the Virginia State Corporation Commission. It is currently anticipated that the merger will become effective in the third quarter of 2003, assuming all conditions to the respective obligations of BB&T and First Virginia to complete the merger have been satisfied.

Conditions to the Merger

The obligations of BB&T and First Virginia to carry out the merger are subject to satisfaction (or, if permissible, waiver) of the following conditions at or before the time the merger becomes effective:

- all corporate action necessary to authorize the performance of the merger agreement must have been duly and validly taken, including the approval of the shareholders of First Virginia of the merger agreement;
- BB&T's registration statement on Form S-4 relating to the merger (including any post-effective amendments) must be effective under the Securities Act of 1933, no proceedings may be pending or, to BB&T's knowledge, threatened by the Securities and Exchange Commission to suspend the effectiveness of the registration statement and the BB&T common stock to be issued in the merger must either have been registered or exempt from registration under applicable state securities laws;
- the parties must have received all regulatory approvals required in connection with the transactions contemplated by the merger agreement. All notice periods and waiting periods required with respect to the approvals must have passed, and all approvals must be in effect;
- neither BB&T nor First Virginia nor any of their respective subsidiaries may be subject to any order, decree or injunction of a court or agency of competent jurisdiction that enjoins or prohibits completion of the transactions provided in the merger agreement;
- First Virginia and BB&T must each have received an opinion of their respective legal counsel, in form and substance satisfactory to First Virginia and BB&T, on the basis of specified facts, representations and assumptions, to the effect that the merger will constitute one or more reorganizations under Section 368 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code) and that the shareholders of First Virginia will not recognize any gain or loss on the exchange of their shares of First Virginia common stock for shares of BB&T common stock (except with respect to any cash received instead of fractional shares of BB&T common stock); and

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- the shares of BB&T common stock issuable pursuant to the merger must have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

The obligations of First Virginia to carry out the transactions in the merger agreement are subject to the satisfaction of the following additional conditions at or before the time the merger becomes effective, unless, where permissible, waived by First Virginia:

- BB&T must have performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement; and
- First Virginia must have received closing certificates from BB&T.

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All representations and warranties of BB&T will be evaluated as of the date of the merger agreement and at the time the merger becomes effective as though made at the time the merger becomes effective (or, in the case of any representation and warranty that specifically relates to an earlier date, on the date designated), except as otherwise provided in the merger agreement or consented to in writing by First Virginia. The representations and warranties of BB&T concerning the following must be true and correct in all material respects:

- its capitalization;
- its and its subsidiaries' organization and authority to conduct business;
- its authorization of, and the binding nature of, the merger agreement; and
- the absence of any conflict between the transactions in the merger agreement and BB&T's Articles of Incorporation or bylaws.

Moreover, there must not be inaccuracies in the representations and warranties of BB&T in the merger agreement that, individually or in the aggregate, have or are reasonably likely to have a material adverse effect on BB&T and its subsidiaries taken as a whole.

The obligations of BB&T to carry out the transactions in the merger agreement are subject to satisfaction of the following additional conditions at or before the time the merger becomes effective, unless, where permissible, waived by BB&T:

- no regulatory approval required to complete the merger shall have imposed any condition or requirement that would have a material adverse effect on BB&T;
- First Virginia must have performed in all material respects all of its obligations and complied in all material respects with all of its covenants required by the merger agreement;
- BB&T must have received agreements from specified affiliates of First Virginia concerning their shares of First Virginia common stock and the shares of BB&T common stock to be received by them; and
- BB&T must have received closing certificates from First Virginia.

All representations and warranties of First Virginia will be evaluated at the date of the merger agreement and at the time the merger becomes effective as though made at the time the merger becomes effective (or, in the case of any representation and warranty that specifically relates to an earlier date, on the date designated), except as otherwise provided in the merger agreement or consented to in writing by BB&T. The representations and warranties of First Virginia concerning the following must be true and correct in all material respects:

- its capitalization;

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- its and its subsidiaries organization and authority to conduct business;
- its ownership of its subsidiaries and other equity interests;
- its authorization of, and the binding nature of, the merger agreement;
- the absence of conflict between the transactions in the merger agreement and First Virginia's Articles of Incorporation or bylaws;
- actions taken to exempt the merger from any applicable anti-takeover laws; and
- its forbearance from taking any actions that would negatively affect the tax-free treatment of the merger under the Internal Revenue Code or the receipt of necessary regulatory approvals.

Moreover, there must not be inaccuracies in the representations and warranties of First Virginia in the merger agreement that, individually or in the aggregate, have or are reasonably likely to have a material adverse effect on First Virginia and its subsidiaries taken as a whole (evaluated without regard to whether the merger is completed).

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Conduct of First Virginia's and BB&T's Businesses Before the Merger Becomes Effective

Except with the consent of BB&T, until the merger is effective, neither First Virginia nor any of its subsidiaries may:

- carry on its business other than in the usual, regular and ordinary course in substantially the same manner as previously conducted, or establish or acquire any new subsidiary or engage in any new type of activity or expand any existing activities;
- declare, set aside, make or pay any dividend or other distribution in respect of its capital stock, other than regularly scheduled quarterly dividends of \$.28 per share (increasing to \$.29 per share in respect of the second quarter of 2003 and increasing to \$.30 per share in respect of the fourth quarter of 2003) payable with respect to First Virginia common stock on record dates consistent with past practices, and other than dividends with respect to First Virginia Preferred Stock made in accordance with the applicable articles of serial designation and consistent with past practices;
- issue any shares of capital stock (including treasury shares), except pursuant to the stock option plans with respect to the stock options outstanding as of January 20, 2003 (or that may become outstanding after January 20, 2003 other than in violation of the merger agreement) or any conversion of First Virginia preferred stock pursuant to its terms;
- issue, grant or authorize any rights to acquire capital stock or effect any recapitalization, reclassification, stock dividend, stock split or similar change in capitalization;
- amend its articles of incorporation or bylaws;
- impose or permit the imposition or existence of any lien, charge or encumbrance on any share of stock held by it in any First Virginia subsidiary, or permit any such lien, charge or encumbrance to exist; or waive or release any material right or cancel or compromise any debt or claim, in each case other than in the ordinary course of business;
- except to fulfill the fiduciary responsibilities of the Board of Directors under the following bullet point, merge with any other entity or permit any other entity to merge into it, or consolidate with any other entity; acquire control over any other entity; or liquidate, sell or otherwise dispose of any material assets or acquire any material assets other than in the ordinary course of its business consistent with past practices;
- solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning, any acquisition or purchase of all or a substantial portion of the assets of or a substantial equity interest in, or any recapitalization, liquidation or dissolution involving or a business combination or similar transaction with, First Virginia or any First Virginia subsidiary other than as contemplated by the merger agreement; or authorize any officer, director, agent or affiliate of First Virginia or any First Virginia subsidiary to do any of the above; or fail to notify BB&T within forty-eight (48) hours if any such inquiries or proposals are received, any such information is requested or required, or any such negotiations or discussions are sought to be initiated; provided, that this paragraph does not apply to furnishing information to or participating in negotiations or discussions with any person that has made, or that the First Virginia Board of Directors determines in good faith is reasonably likely to make, a superior offer if the First Virginia Board of Directors determines in good faith, after consultation with outside legal counsel, that it should take such actions in light of its fiduciary duty to First Virginia's shareholders;

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- superior offer means a proposal or offer to acquire or purchase all or a substantial portion of the assets of or a substantial equity interest in, or to effect any recapitalization, liquidation or dissolution involving or a business combination or other similar transaction with, First Virginia or any First Virginia subsidiary (including, without limitation, a tender offer or exchange offer to purchase First Virginia common stock) other than as contemplated by the merger agreement: (i) that did not arise from or involve a breach or violation by First Virginia of any provision of the merger agreement; (ii) that the First Virginia Board of Directors determines in its good faith

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judgment, based, among other things, on advice of the financial advisor, to be more favorable to the First Virginia shareholders than the merger; and (iii) the financing for the implementation of which, to the extent required, is then committed or in the good faith reasonable judgment of the First Virginia Board of Directors, based, among other things, on advice of the financial advisor, is capable of being obtained by the party making the proposal or offer;

- dispose of or acquire any material assets, other than in the ordinary course of its business;
- fail to comply in any material respect with any laws, regulations, ordinances or governmental actions applicable to it and to the conduct of its business;
- increase the rate of compensation of any of its directors, officers or employees (excluding increases in compensation resulting from the exercise of stock options, or the distribution of shares or amounts in connection with other equity based awards), or pay or agree to pay any bonus to, or provide any new employee benefit or incentive to, any of its directors, officers or employees, except for increases or payments made in the ordinary course of business consistent with past practice for annual or merit- based increases in base salary to employees, other than executive officers, or pursuant to plans or arrangements in effect on the date of the merger agreement;
- enter into or substantially modify (except as may be required by applicable law or regulation) any pension, retirement, stock option, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related to any of those contracts, plans or arrangements, in respect of any of its directors, officers or other employees; provided, however, that this subparagraph will not prevent renewal of any of the foregoing consistent with past practice;
- enter into (i) any material agreement, arrangement or commitment not made in the ordinary course of business, (ii) any material agreement, indenture or other instrument not made in the ordinary course of business relating to the borrowing of money by First Virginia or a First Virginia subsidiary or guarantee by First Virginia or a First Virginia subsidiary of any obligation, (iii) any agreement, arrangement or commitment relating to the employment or severance of a consultant or the employment, severance, election or retention in office of any present or former director, officer or employee (this clause will not apply to the election of directors by shareholders or the reappointment of officers in the normal course) except with respect to the termination of an employee other than an executive officer in the ordinary course of business consistent with past practice, or (iv) any contract, agreement or understanding with a labor union;
- change its lending, investment or asset liability management policies in any material respect, except as may be required by applicable law, regulation or directives or as provided for in the merger agreement;
- change its methods of accounting in effect at December 31, 2001, except as required by changes in GAAP or regulatory accounting principles as concurred in by BB&T (which may not unreasonably withhold its concurrence) or change in any material respect its methods of reporting income and deductions for federal income tax purposes from those used in the preparation of its federal income tax returns for the year ended December 31, 2001, except as required by changes in law or regulation;
- incur any commitments for capital expenditures or obligations to make capital expenditures in excess of \$500,000, for any one expenditure, or \$1,000,000, in the aggregate;
- incur any indebtedness other than deposits from customers, advances from the Federal Home Loan Bank or the Federal Reserve Bank and reverse repurchase arrangements in the ordinary course of business;
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take any action that would or could reasonably be expected to (a) result in any inaccuracy of a representation or warranty that would permit termination of the merger agreement or (b) cause any of the conditions precedent to the transactions contemplated by the merger agreement to fail to be satisfied; or

- agree to do any of the foregoing.

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In addition, First Virginia has agreed:

- to convene and hold a meeting of shareholders to obtain the necessary vote to approve the merger as soon as reasonably practicable following the effectiveness of BB&T's registration statement filed in connection with the merger. Subject to its fiduciary duties, the First Virginia Board of Directors will recommend to the First Virginia shareholders the approval of the merger agreement.
- to take such actions as may be reasonably necessary to modify the structure of or to substitute parties to (so long as such substitute is BB&T or a wholly owned BB&T subsidiary) the transactions, as long as the modification does not change the consideration to be received by First Virginia shareholders, abrogate the covenants and other agreements contained in the merger agreement or substantially delay the completion of the merger;
- to cooperate with BB&T in certain respects concerning (a) accounting and financial matters necessary to facilitate the merger, including issues arising in connection with record keeping, loan classification, valuation adjustments, levels of loan loss reserves and other accounting practices, and (b) First Virginia's lending, investment or asset/liability management policies;
- to keep BB&T advised of all material developments relevant to its business prior to completion of the merger;
- to provide BB&T access to First Virginia's books and records;
- use its best efforts to cause all First Virginia affiliates to execute and deliver to BB&T agreements concerning the shares of BB&T common stock to be received by them as necessary to promote compliance with federal securities laws; and
- redeem as soon as reasonably practicable (and in any event prior to completion of the merger) all the issued and outstanding shares of First Virginia preferred stock.

Except with the consent of First Virginia, until the merger is effective, neither BB&T nor any of its subsidiaries may:

- enter into any agreement to acquire all or substantially all of the capital stock or assets of any other person or business unless such transaction would not substantially delay completion of, or substantially impair the prospects of completing the merger pursuant to the merger agreement;
- take any action that would or might be expected to result in any inaccuracy of a representation or warranty that would allow termination of the merger agreement;
- amend its Articles of Incorporation or bylaws in a manner that would adversely affect the economic benefits of the merger to holders of First Virginia common or preferred stock;
- take any action that would or might be expected to cause any of the conditions precedent to the transactions contemplated in the merger agreement to fail to be satisfied;

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- fail to comply in any material respect with any laws, regulations, ordinances or governmental actions applicable to it and to the conduct of its business; or
- agree to do any of the foregoing.

BB&T has also agreed to keep First Virginia advised of all material developments relevant to its business before the completion of the merger.

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Other Agreements

In addition to the agreements above relating to the conduct of First Virginia's and BB&T's businesses before completion of the merger, First Virginia and BB&T have also agreed to:

- submit all notices and applications for prior approval of the transactions contemplated by the merger agreement to the Federal Reserve and any other federal, state or local government agency, department or body to which notice is required or from which approval is required to complete the merger;
- promptly furnish all information as may be required by any federal, state or local government agency, department or body properly asserting jurisdiction in order to obtain the requisite approvals for the transactions contemplated by the merger agreement and to request any applicable waiting periods to expire as promptly as practicable;
- take all other action required to obtain as promptly as practicable all necessary permits, consents, approvals, authorizations and agreements of, and to give all notices and reports and make all other filings with the Federal Reserve and any other federal, state or local government agency, department or body to which notice is required or from which approval is required to complete the merger;
- furnish the information required in connection with and to cooperate in the preparation of the registration statement to be filed by BB&T in connection with the merger, this document and all other necessary documentation required to be filed with the appropriate governmental authorities with respect to the merger;
- take or cause to be taken all action necessary for the satisfaction of the conditions to the parties' obligations to complete the merger and to complete the transactions contemplated by the merger agreement at the earliest possible date;
- agree as to the form and substance of any press release related to the merger agreement or the transactions contemplated by the merger agreement and to consult with the other party as to the form and substance of other related public disclosures;
- file all reports required to be filed by it with the Securities and Exchange Commission and any other regulatory authorities having jurisdiction over such party and deliver to the other party copies of such reports promptly after filing;
- use its reasonable best efforts to take such action as may be necessary to cause the merger to qualify as a reorganization under Section 368(a) of the Internal Revenue Code; and
- coordinate with each other regarding the declaration of any dividends with respect to BB&T common stock and First Virginia common stock for the fiscal quarter during which the merger is completed.

BB&T has also agreed to:

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pay or cause to be paid when due the merger consideration and reserve for issuance that number of shares of BB&T common stock necessary to pay the merger consideration; and

- use its reasonable best efforts to list, prior to the completion of the merger, the shares of BB&T common stock to be issued to First Virginia shareholders pursuant to the merger agreement on the New York Stock Exchange, subject to official notice of issuance.

Waiver; Amendment; Termination; Expenses

Except with respect to any required regulatory approval, BB&T or First Virginia may at any time (whether before or after approval of the merger agreement by the First Virginia shareholders) extend the time for the performance of any of the obligations or other acts of the other party and may waive (a) any inaccuracies of the other party in the representations or warranties contained in the merger agreement or any document delivered pursuant to the merger agreement, (b) compliance with any of the covenants, undertakings or agreements of the

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other party, or satisfaction of any of the conditions precedent to its obligations, contained in the merger agreement, or (c) the performance by the other party of any of its obligations set out in the merger agreement. The parties may also mutually amend or supplement the merger agreement in writing at any time. However, no extension, waiver, amendment or supplement which would reduce the exchange ratio to be provided to holders of First Virginia common stock upon completion of the merger will be made after the First Virginia shareholders approve the merger agreement. If any condition to the obligation of either party to complete the merger is not fulfilled, that party will consider the materiality of such nonfulfillment.

The merger agreement may be terminated, and the merger may be abandoned:

- at any time before the merger becomes effective, by the mutual consent in writing of BB&T and First Virginia;
- at any time before the merger becomes effective, by either party: (a) in the event of a material breach by the other party of any covenant or agreement contained in the merger agreement or (b) in the event of an inaccuracy of any representation or warranty of the other party contained in the merger agreement if such inaccuracy or breach would allow the nonbreaching party to refuse to complete the merger under the applicable standard in the merger agreement (see Conditions to the Merger on page) and if the inaccuracy or breach is not cured by the earlier of December 31, 2003 or 30 days following notice of the breach or inaccuracy to the breaching party;
- at any time before the merger becomes effective, by either party in writing, if any of the conditions precedent to the obligations of that party to complete the transactions contemplated by the merger agreement cannot be satisfied or fulfilled before the time the merger becomes effective, and the party giving the notice is not in material breach of any of its representations, warranties, covenants or undertakings;
- at any time, by either party in writing, if any of the applications for the regulatory approval required to complete the merger are denied, and the time period for appeals and requests for reconsideration has run;
- at any time, by either party in writing, if the shareholders of First Virginia do not approve the merger agreement by the required vote;
- at any time following December 31, 2003 by either party in writing, if the merger has not yet become effective and the party giving the notice is not in material breach of any of its representations, warranties, covenants or undertakings; and
- at any time prior to the completion of the merger by BB&T if the First Virginia Board of Directors (i) withdraws its recommendation or refuses to recommend to shareholders of First Virginia that they vote to approve the merger agreement or (ii) recommends to the shareholders of First Virginia approval of a competing acquisition proposal for First Virginia.

If the merger agreement is terminated pursuant to any of the provisions described above, the merger agreement will become void and have no effect, except that (a) provisions in the merger agreement relating to confidentiality, the termination fee and expenses will survive the termination and (b) a termination for an uncured breach of a covenant or agreement or inaccuracy in a representation or warranty will not relieve the breaching party from liability for that breach or inaccuracy.

Each party will pay the expenses it incurs in connection with the merger agreement and the merger, except that printing expenses and Securities and Exchange Commission filing fees incurred in connection with the registration statement and this proxy statement/prospectus will be paid 50% by BB&T and 50% by First Virginia.

Termination Fee

In the event that the merger agreement is terminated:

- by either First Virginia or BB&T because the shareholders of First Virginia fail to approve the merger agreement and either (1) at the time of the First Virginia shareholders meeting there has been an

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acquisition proposal for First Virginia made public and not withdrawn or (2) prior to such shareholders meeting, the First Virginia Board of Directors withdraws its recommendation or refuses to recommend to the shareholders of First Virginia that they vote to approve the merger agreement;

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