BB&T CORP
Form S-4
November 12, 2002
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As Filed with the Securities and Exchange Commission on November 12, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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	6060	56-0939887
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(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
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, PLCC
One West Fourth Street
Winston-Salem, North Carolina 27101

James S. Fleischer, P.C.
Silver, Freedman & Taff, L.L.P.
1700 Wisconsin Avenue, N.W.
Washington, D.C. 20007

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: ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value $5.00 per share (1)	1,560,000	(2)	$54,397,122 (3)	$5,005

(1) Each share of the registrant s common stock includes one preferred share purchase right.
(2) Not applicable.
(3) Computed in accordance with Rule 457(f) based on the average of the high ($35.40) and low ($34.37) sales price of the common stock of Equitable Bank on November 8, 2002 as reported on The Nasdaq National Market.

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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[Equitable Logo]

Special Meeting of Shareholders

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The Board of Directors of Equitable Bank has unanimously approved a merger where Equitable will be merged into Branch Banking and Trust Company, a wholly owned bank subsidiary of BB&T. **In the merger, you will receive one share of BB&T common stock for each share of Equitable common stock that you own.**

You generally will not recognize gain or loss for federal income tax purposes on your receipt of the BB&T common stock.

The merger will join Equitable s strengths as a customer-oriented and service-driven financial services company in the fast-growing Maryland suburbs of Washington, D.C., with BB&T s position as a leading bank throughout the Washington D.C. area, including Maryland and Virginia, as well as throughout the Carolinas, West Virginia, Georgia, Kentucky, Florida and Tennessee.

At the special meeting, you will consider and vote on the merger agreement, the related plan of merger and the combination agreement. **The merger cannot be completed unless holders of at least two-thirds of the shares of Equitable common stock entitled to vote approve the merger agreement, the plan of merger and the combination agreement. Equitable s Board of Directors believes the merger is in the best interests of Equitable s shareholders and recommends that the shareholders vote to approve the merger agreement, the plan of merger and the combination agreement.** No vote of BB&T shareholders is required to approve the merger agreement, plan of merger and combination agreement.

BB&T common stock is listed on the New York Stock Exchange under the symbol BBT. On , 200 , the closing price of BB&T common stock was $. This price will, however, fluctuate between now and the merger.

The special meeting will be held at : .m., Eastern Time, on , 2003 at .

This proxy statement/prospectus provides you with detailed information about the proposed merger. We encourage you to read this entire document carefully. In addition, this proxy statement/prospectus incorporates important business and financial information about BB&T and Equitable from other documents that we have not included in the proxy statement/prospectus. **You may obtain copies of these other documents without charge by requesting them in writing or by telephone at any time prior to [insert date five business days prior to meeting], 2003 from the appropriate company at the following addresses:**

BB&T Corporation	**Equitable Bank**
Shareholder Reporting	11501 Georgia Avenue
Post Office Box 1290	Wheaton, Maryland
Winston-Salem,	20902
North Carolina 27102	Attn: Kathleen Yamada
(336) 733-3021	(301) 949-6500

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. **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 agreement, the plan of merger and the combination agreement. Your vote is very important.** You can revoke your proxy at any time before its exercise by filing written revocation with, or by delivering a later-dated proxy to Equitable s corporate secretary before the meeting or by attending the meeting and voting in person. If your shares are registered in street name, you will need additional documentation from the record holder to vote in person at the meeting.

On behalf of the Board of Directors of Equitable, I urge you to vote FOR approval and adoption of the merger agreement.

Timothy F. Veith
President and Chief Executive Officer

Neither the Securities and Exchange Commission, the Office of Thrift Supervision, nor any state securities regulator has approved or disapproved of the 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.

This proxy statement/prospectus is dated , 200 and is expected to be first mailed to shareholders of Equitable on or about , 200 .

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Equitable Bank
11501 Georgia Avenue
Wheaton, Maryland 20902

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON , 2003

Equitable Bank will hold a special meeting of shareholders on , , 2003 at : .m. Eastern time, at , for the following purposes:

- To consider and vote upon a proposal to approve the Amended and Restated Agreement and Plan of Reorganization, dated as of November 12, 2002, between Equitable Bank, Branch Banking and Trust Company and BB&T Corporation, a related plan of merger and the combination agreement (collectively, the merger agreement), providing for the merger of Equitable with and into Branch Banking and Trust Company, a wholly-owned bank subsidiary of BB&T (the merger). In the merger, each share of Equitable common stock will be converted into the right to receive one share of BB&T common stock, all as described in more detail in the accompanying proxy statement/prospectus. A copy of the merger agreement, related plan of merger and the combination agreement is attached as Appendix A to the accompanying proxy statement/prospectus.

- To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

Holders of shares of Equitable common stock as of the close of business on , 200 are entitled to notice of the meeting and to vote at 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.

A proxy card is enclosed. To ensure that your vote is counted, please complete, sign, date and return the proxy card in the enclosed, postage-paid return envelope, whether or not you plan to attend the meeting in person. You may revoke your proxy at any time before it is voted at the meeting. If you attend the meeting, you may revoke your proxy and vote your shares in person. However, attendance at the meeting will not by itself revoke a proxy.

By Order of the Board of Directors

Timothy F. Veith
President and Chief Executive Officer

Wheaton, Maryland
, 2002

Please complete, sign, date and return the enclosed proxy card promptly in the envelope provided, whether or not you plan to attend the meeting.

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A WARNING ABOUT FORWARD-LOOKING INFORMATION

BB&T and Equitable 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 Equitable 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 , information that was available to the managements of BB&T and Equitable 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 in its reports filed under the Securities Exchange Act of 1934, and Equitable in its reports filed with the OTS and attached to the proxy statement/prospectus. Forward-looking statements include the information concerning possible or assumed future results of operations of BB&T or Equitable 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 Inform page .

BB&T and Equitable 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 Equitable s fee income ratio and net interest margin, 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 Equitable, the amount of general and administrative expense consolidation, costs relating to converting Equitable 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 reserve 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 prove to be incorrect, 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:

- expected cost savings from the merger or other previously announced mergers may not be fully realized or realized within the expected time-frame;
- the loss of deposits, customers or revenues following the merger or other previously announced mergers may be greater than expected;
- competitive pressures among financial institutions may increase significantly;
- costs or difficulties related to the integration of the businesses of BB&T and its merger partners, including Equitable, may be greater than expected;
- changes in the interest rate environment may reduce margins or the volumes or values of loans made or held;
- general economic or business conditions, either nationally or in the states or regions in which BB&T and Equitable do business, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit;
- legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which BB&T and Equitable are engaged;

- adverse changes may occur in the securities markets; and
- competitors of BB&T and Equitable, which may have greater financial resources and develop products that enable such competitors to compete more successfully than BB&T and Equitable.

Management of each of BB&T and Equitable believes the forward-looking statements about its company are reasonable; however, shareholders of Equitable 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 Equitable 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 Equitable 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 Equitable 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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SUMMARY

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 .

What You Will Receive in the Merger

If the merger is completed, you will receive one share of BB&T common stock for each share of Equitable common stock you own.

On , 2002, the closing value of one share of BB&T common stock equaled $. Because the market price of BB&T common stock fluctuates, you will not know when you vote what BB&T common stock will be worth when issued in the merger.

No Federal Income Tax on Shares Received in Merger (Page)

Neither company is required to complete the merger unless it receives a legal opinion from BB&T s counsel 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 Equitable common stock into shares of BB&T common stock. **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 Dividend Policy Following the Merger

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 in the range of approximately 39% to 40% of earnings excluding merger-related charges 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.

Equitable Board of Directors Unanimously Recommends Shareholder Approval (Page)

The Equitable Board of Directors believes that the merger is in the best interests of Equitable shareholders and unanimously recommends that you vote FOR approval of the merger agreement, the related plan of merger and the combination agreement. The Equitable Board believes that, as a result of the merger, you will be able to achieve greater value on a long term basis than you would if Equitable remained independent.

Exchange Ratio Fair to Shareholders According to Equitable s Financial Advisor (Page)

Equitable s financial advisor, Keefe, Bruyette & Woods, Inc. has given an opinion to the Equitable Board that, as of September 27, 2002 (the date Equitable s Board approved the merger agreement), the exchange ratio in the merger was fair from a financial point of view to you as holders of Equitable common stock. The full text of this opinion is attached as Appendix C 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 Keefe, Bruyette & Woods in rendering its fairness opinion. At the time this proxy statement/prospectus is mailed to you, Equitable will have paid $75,000 to Keefe, Bruyette & Woods for such services. Equitable has agreed to pay Keefe, Bruyette & Woods an additional fee of $464,000, at the time the merger is completed.

Equitable Shareholders Do Not Have Dissent and Appraisal Rights (Page)

Holders of Equitable common stock 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.

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Meeting to be held , 2003 (Page)

Equitable will hold the special shareholders meeting at : .m., Eastern time, on , , 200 at . At the meeting, you will vote on the merger agreement, the plan of merger and combination agreement and conduct any other business that properly arises.

The Companies (Page)

BB&T Corporation
200 West Second Street
Winston-Salem, North Carolina 27101
(336) 733-2000

BB&T is a financial holding company with more than $78.2 billion in assets. It is the **[fourth]** largest financial holding company in the Southeast and, through its banking subsidiaries, operates 1,123 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.

Equitable Bank
11501 Georgia Avenue
Wheaton, Maryland 20902
(301) 949-6500

Equitable is a federally chartered savings bank headquartered in Wheaton, Maryland, with total assets of $477 million. In addition to its Wheaton headquarters, Equitable operates two banking offices in Silver Spring and one each in Rockville and Beltsville.

The Merger (Page)

Equitable will merge with and into Branch Banking and Trust Company, a wholly owned bank subsidiary of BB&T. If the Equitable shareholders approve the merger agreement, the plan of merger and the combination agreement at the special meeting, we currently expect to complete the merger in the first 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.

Two-Thirds Shareholder Vote Required (Page)

Approval of the merger agreement, the plan of merger and combination agreement requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Equitable common stock entitled to vote. If you fail to vote, it will have the effect of a vote against the merger agreement, the plan of merger and combination agreement. At the record date, the directors and executive officers of Equitable and their affiliates together owned about % of the Equitable common stock entitled to vote at the meeting. The directors and those shareholders as owners of or having voting control over shares of common stock of Equitable have committed to vote their shares in favor of the merger agreement, the plan of merger and combination agreement.

Brokers who hold shares of Equitable stock as nominees will not have authority to vote them 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.

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

Record Date Set at , 200 ; One Vote per Share of Equitable Stock (Page)

If you owned shares of Equitable common stock at the close of business on , 200 , the record date, you are entitled to vote on the merger agreement, the plan of merger and combination agreement and any other matters that may be properly considered at the meeting.

On the record date, there were **[ ]** shares of Equitable common stock outstanding. At the meeting, you will have one vote for each share of Equitable common stock that you owned on the record date.

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Interests of Equitable Directors and Executive Officers in the Merger that Differ From Your Interests (Page)

Some of Equitable s directors and executive officers have interests in the merger that differ from, or are in addition to, the interests of other Equitable shareholders. These interests exist because of rights under benefit and compensation plans maintained by Equitable and, in the case of certain executive officers of Equitable, under employment agreements that may be entered into upon completion of the merger.

Employment Agreements. Equitable s President and Chief Executive Officer, Timothy F. Veith has entered into an employment agreement with Branch Banking and Trust Company, BB&T s North Carolina bank subsidiary. The employment agreement provides for an employment term until the sixth anniversary after the merger is effective.

In addition, BB&T, or its specified BB&T subsidiary, will offer to enter into an employment agreement with Paul Merritt, an officer of Equitable, upon completion of the merger. The employment agreement would provide for an employment term until the third anniversary of the date of the employment agreement.

The employment agreements may provide for a minimum salary as well as severance payments and other benefits if employment is terminated following the merger.

As a result of the merger with BB&T, certain executive officers of Equitable will be entitled to receive payments under their existing employment agreements with Equitable.

Advisory Board. Following completion of the merger, the members of the Equitable Board will be offered a position on one of BB&T s local advisory boards.

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 to the retainer and schedule of attendance fees for directors of Equitable in effect on September 1, 2002. Membership on any advisory board is conditional on execution of a noncompetition agreement with BB&T.

The material terms and financial provisions of these arrangements are described under the heading Interests of Equitable s Directors and Officers in the Merger on page .

Regulatory Approvals We Must Obtain for the Merger to Occur (Page)

We cannot complete the merger unless the Federal Deposit Insurance Corporation (the FDIC) and the North Carolina Commissioner of Banks (NC Commissioner) approves it, and the Office of Thrift Supervision (OTS) does not object. A notice also is required to be filed with the Georgia Department of Financial Institutions. We **[have filed]** applications with the FDIC and the NC Commissioner seeking their approval, and **[have filed]** a required notice with the OTS. In addition, the option (discussed under Option Agreement), is subject to approval of the Board of Governors of the Federal Reserve System. We **[have made]** the necessary filings for that approval. **[to be updated]**

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.

Other Conditions that Must be Satisfied for the Merger to Occur (Page)

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

- approval of the merger agreement, the plan of merger and the combination agreement by the Equitable shareholders and the board of directors of Branch Bank;
- receipt of the opinion of BB&T s counsel that Equitable shareholders will not recognize gain or loss to the extent they exchange their Equitable common stock for BB&T common stock;
- the continuing accuracy of the parties representations in 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; and
- execution by Timothy F. Veith of a certificate pertaining to the effectiveness of his employment agreement described above.

Termination and Amendment 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:

- the merger is not completed by June 30, 2003;
- the shareholders of Equitable do not approve the merger;
- any condition that must be satisfied to complete the merger is not met; or
- 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.

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 and Equitable 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. Neither company intends to waive the condition that it receives a tax opinion. If a tax opinion from BB&T s counsel is not available and the Equitable Board determines to proceed with the merger, Equitable will inform you and ask you to vote again on the merger agreement.

Option Agreement (Page)

As a condition to its offer to acquire Equitable, and to discourage other companies from attempting to acquire Equitable, BB&T required Equitable to grant BB&T a stock option that allows BB&T to buy up to 260,000 shares of Equitable s common stock. The exercise price of the option is $26.50 per share. Generally, BB&T can exercise the option only if another party attempts to acquire control of Equitable. As of the date of this proxy statement/prospectus, we do not believe that has occurred.

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 Equitable. 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. BB&T will include in its consolidated results of operations the results of Equitable s operations after the merger is completed.

Share Price Information (Page)

BB&T common stock is traded on the New York Stock Exchange under the symbol BBT . Equitable common stock is traded on the Nasdaq National Market under the symbol EQSB . On September 26, 2002, the last full NYSE trading day before public announcement of the merger, BB&T common stock closed at $36.18. On September 25, 2002, the last full Nasdaq trading day before public announcement of the proposed merger, Equitable common stock closed at $26.93. On , 200 , Equitable common stock closed at $, and BB&T common stock closed at $.

Listing of BB&T Common Stock

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

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Comparative Market Prices and Dividends

BB&T common stock is listed on the New York Stock Exchange under the symbol BBT, and Equitable common stock is listed on the Nasdaq National Market under the symbol EQSB. The table below shows the high and low sales prices of BB&T common stock and Equitable common stock and cash dividends paid per share for the last two fiscal years plus the interim period. The merger agreement restricts Equitable s ability to increase dividends. See page .

	BB&T			Equitable		
	High	Low	Cash Dividend	High	Low	Cash Dividend
Quarter Ended						
March 31, 2002	$ 39.11	$ 34.47	$ 0.26	$ 28.20	$ 25.10	$ 0.00
June 30, 2002	39.23	36.60	0.26	29.40	25.60	0.00
September 30, 2002	38.40	32.18	0.29	37.95	25.40	0.00
December 31, 2002			0.29			0.00
(through , 2002)			1.10			0.00
Quarter Ended						
March 31, 2001	$ 37.88	$ 31.42	$ 0.23	$ 21.00	$ 14.06	$ 0.00
June 30, 2001	37.01	34.25	0.23	22.35	20.20	0.00
September 30, 2001	38.48	33.57	0.26	23.65	21.60	0.00
December 31, 2001	36.96	32.10	0.26	26.75	22.30	0.00
For year 2001	38.48	31.42	0.98	26.75	14.06	0.00
Quarter Ended						
March 31, 2000	$ 29.19	$ 22.00	$ 0.20	$ 17.25	$ 12.00	$ 0.00
June 30, 2000	31.75	23.875	0.20	13.50	12.13	0.00
September 30, 2000	30.4375	24.06	0.23	13.625	12.00	0.00
December 31, 2000	38.25	27.38	0.23	13.875	13.00	0.00
For year 2000	38.25	22.00	0.86	17.25	12.00	0.00
Quarter Ended						
March 31, 1999	$ 40.625	$ 34.5625	$ 0.175	$ 20.50	$ 16.75	$ 0.00
June 30, 1999	40.25	33.50	0.175	18.50	16.63	0.00
September 30, 1999	36.6875	30.1875	0.20	19.50	18.00	0.00
December 31, 1999	37.125	27.1875	0.20	18.25	16.00	0.00
For year 1999	40.625	27.1875	0.75	20.50	16.00	0.00

The table below shows the closing price of BB&T common stock on September 26, 2002, the last full NYSE trading day before public announcement of the proposed merger, and the closing price of Equitable common stock on September 25, 2002, the last full Nasdaq trading day before public announcement of the proposed merger.

BB&T historical	$ 36.18
Equitable historical	$ 26.93
Equitable pro forma equivalent*	$ 36.18

* calculated by multiplying BB&T s per share closing price by the exchange ratio of 1.

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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 Equitable s audited financial statements for 1997 through 2001, and unaudited financial statements for the nine months ended September 30, 2002 with respect to BB&T and the unaudited financial statements for Equitable for the twelve months ended September 30, 2002. 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 BB&T has filed with the Securities and Exchange Commission and that Equitable has filed with the OTS, along with the financial information contained herein. Equitable s filings are attached to this proxy statement/prospectus as Appendix B. See Where You Can Find More Information on page . You should not rely on the nine-month information as being indicative of results expected for the entire year or for any future interim period. See Recent Developments on page .

BB&T Historical Financial Information

(Dollars in thousands, except for per share amounts)

	As of/For the Nine Months Ended September 30,		As of/For the Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
Net interest income	$ 2,039,389	$ 1,801,612	$ 2,434,485	$ 2,314,497	$ 2,194,709	$ 2,008,220	$ 1,856,142
Net income	965,754	695,695	973,638	698,488	778,725	720,964	565,103
Basic earnings per share	2.04	1.54	2.15	1.55	1.74	1.63	1.29
Diluted earnings per share	2.02	1.51	2.12	1.53	1.71	1.60	1.26
Cash dividends per share	.81	.72	.98	.86	.75	.66	.58
Book value per share	15.68	13.18	13.50	11.96	10.30	10.33	9.38
Total assets	78,186,831	70,309,046	70,869,945	66,552,823	59,380,433	54,373,105	49,240,765
Long-term debt	13,384,826	11,408,329	11,721,076	8,646,018	6,222,561	5,561,216	4,202,137

Equitable Historical Financial Information

(Dollars in thousands, except for per share amounts)

	As of/For the Years Ended September 30,				
	2002	2001	2000	1999	1998
Net interest income	$ 11,559	$ 9,244	$ 9,170	$ 8,696	$ 7,333
Net income	3,538	2,325	2,571	2,444	3,195
Basic earnings per share	2.69	1.78	1.98	1.89	2.50
Diluted earnings per share	2.48	1.68	1.90	1.78	2.31
Cash dividends per share	0	0	0	0	0
Book value per share	23.25	20.60	18.88	17.80	15.83
Total assets	460,394	477,873	465,199	438,832	359,857
Long-term debt	91,000	92,000	81,000	75,300	59,500

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 and the Office of Thrift Supervision. See Where You Can Find More Information on page . See also Appendix B for historical financial information of Equitable.

The pro forma combined information gives effect to the merger accounted for as a purchase, assuming that one share of BB&T common stock is issued for each outstanding share of Equitable common stock and assuming that the merger occurred as of the beginning of the periods presented. Pro forma equivalents of one Equitable common share amounts are calculated by multiplying the pro forma basic and diluted earnings per share, BB&T s historical per share dividend and the pro forma shareholders equity by the exchange ratio of one share of BB&T common stock, so that the per share amounts equate to the respective values for one share of Equitable common stock. The following presentation presents 2002 per share amounts recasting Equitable s 2002 data to conform to BB&T s calendar year presentation. The 2001 presentation for Equitable is as of the fiscal year ended September 30, 2001 and has been taken from Equitable s audited financial statements for that period. 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 nine-month information as being indicative of results expected for the entire year or for any future interim period. **[to be updated]**

	As of/For the Nine Months Ended September 30, 2002	As of/For the Year Ended December 31, 2001
Earnings per common share:		
Basic		
BB&T historical	2.04	2.15
Equitable historical	1.94	1.78
Pro forma combined	2.04	2.15
Equitable pro forma equivalent of one Equitable common share	2.04	2.15
Diluted		
BB&T historical	2.02	2.12
Equitable historical	1.78	1.68
Pro forma combined	2.02	2.12
Equitable pro forma equivalent of one Equitable common share	2.02	2.12
Cash dividends declared per common share:		
BB&T historical	.81	.98
Equitable historical	0.00	0.00
Pro forma combined	.81	.98
Equitable pro forma equivalent of one Equitable common share	.81	.98
Shareholders equity per common share:		
BB&T historical	15.68	13.50
Equitable historical	23.25	20.60
Pro forma combined	15.70	13.52
Equitable pro forma equivalent of one Equitable common share	15.70	13.52

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MEETING OF SHAREHOLDERS

General

We are providing this proxy statement/prospectus to Equitable shareholders of record as of , 2002, along with a form of proxy that the Equitable Board is soliciting for use at a special meeting of shareholders of Equitable to be held on , , 2003 at : .m., Eastern time, at . At the meeting, the shareholders of Equitable will vote upon a proposal to approve the amended and restated agreement and plan of reorganization, dated as of September 27, 2002, the related plan of merger pursuant to which Equitable will be merged with and into Branch Banking and Trust Company (Branch Bank) a wholly-owned bank subsidiary of BB&T and the combination agreement. In this proxy statement/prospectus, we refer to the amended and restated reorganization agreement, the related plan of merger and the combination agreement as the merger agreement. Proxies may be voted on other matters that may properly come before the meeting, if any, at the discretion of the proxy holders. The Equitable Board knows of no such other matters except those incidental to the conduct of the meeting. A copy of the merger agreement (excluding certain annexes) is attached as Appendix A.

Who Can Vote at the Meeting

You are entitled to vote your Equitable common stock if the records of Equitable show that you held your shares as of the record date, which is , 200 . On the record date, there were **[ ]** shares of Equitable common stock outstanding, held by approximately holders of record representing approximately beneficial owners. Each such share of Equitable common stock is entitled to one vote on each matter submitted at the meeting.

Attending the Meeting

If you are a beneficial owner of Equitable 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 Equitable 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 merger agreement requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Equitable common stock entitled to vote. The proposal to adopt the merger agreement is a non-discretionary item, meaning that brokerage firms cannot vote shares in their discretion on behalf of a client if the client has not given voting instructions. Accordingly, shares held in street name that have been designated by brokers on proxy cards as not voted with respect to that proposal (broker non-vote shares) will not be counted as votes cast on it.

The merger agreement requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Equitable common stock entitled to vote. Abstentions and broker non-votes will have the same effect as votes against the merger. Accordingly, the Equitable Board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed postage-prepaid envelope.

Action on other matters, if any, that are properly presented at the meeting for consideration of the shareholders will be approved if a quorum is present for that matter and the votes cast favoring the action exceed the votes cast opposing the action. A quorum will be present for a particular matter if a majority of the outstanding shares of Equitable 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 Equitable Board is not aware of any other business to be presented at the meeting other than matters incidental to the conduct of the meeting.

You should not send in your stock certificates with your proxy cards. The procedure for surrendering your stock certificates is described under The Merger Exchange of Equitable Stock Certificates on page .

As of the record date, the directors and executive officers of Equitable and their affiliates beneficially owned a total of shares, or %, of the issued and outstanding shares of Equitable common stock (not including shares that may be acquired upon the exercise of stock options). The directors and executive officers of BB&T, their affiliates, BB&T and its subsidiaries owned less than % of the outstanding shares of Equitable common stock, excluding shares subject to the stock option granted to BB&T in connection with the merger agreement and described under the heading Stock Option Agreement on page .

Voting and Revocation of Proxies

The shares of Equitable stock represented by properly completed proxies received at or before the time for the meeting (or any adjournment) will be voted as directed by the respective shareholders unless the proxies are revoked as described below. If no instructions are given, executed proxies will be voted FOR approval of the merger agreement. Proxies marked FOR approval of the merger agreement and executed but unmarked proxies 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. The proxies will be voted in the discretion of the proxy holders on other matters, if any, that are properly presented at the meeting and voted upon.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either: notify the Corporate Secretary of Equitable in writing at Equitable s principal executive offices; submit a later-dated proxy to the Corporate Secretary of Equitable; or attend the meeting and vote your shares in person. Your attendance at the meeting will not automatically revoke your 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 Equitable will each pay 50% of the cost of printing this proxy statement/prospectus, and Equitable will pay all other costs of soliciting proxies. Directors, officers and other employees of Equitable 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. Equitable 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 Equitable will reimburse these record holders for their reasonable out-of-pocket expenses. Equitable has engaged to assist in distributing proxy materials and contacting record and beneficial owners of Equitable common stock. Equitable has agreed to pay approximately $ plus out of pocket expenses for its services to be rendered on behalf of Equitable.

Recommendation of the Equitable Board

The Equitable Board has approved the merger agreement and plan of merger and believes that the proposed transaction is fair to and in the best interests of Equitable and its shareholders. **The Equitable Board unanimously recommends that Equitable 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 that Equitable will merge with and into Branch Bank, a wholly-owned bank subsidiary of BB&T. As a result of the merger, holders of Equitable common stock will be exchanging their shares of a federally chartered savings association, which is governed by the rules and regulations of the OTS, Equitable s charter and Equitable 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 Equitable common stock then issued and outstanding will be converted into and exchanged for the right to receive one share of BB&T common stock. Shares held by Equitable, BB&T, or their subsidiaries, other than shares held in a fiduciary capacity or in satisfaction of debts previously contracted, will not be converted to BB&T common stock.

Background of and Reasons for the Merger

Background of the Merger

In December 2000, PL Capital and its affiliated entities filed a Schedule 13D announcing its ownership of 6.3% of Equitable s outstanding stock. In its 13D, PL Capital stated, among other things, that it believed the optimal way to maximize the value of the franchise and dramatically increase shareholder value is for Equitable to investigate a sale to a larger banking organization. PL Capital also stated that members of the group may seek election or appointment to Equitable s board of directors.

In January 2001, Equitable engaged Keefe, Bruyette & Woods, Inc. (KBW) to provide planning and financial advisory services regarding the strategic direction of the Bank and its shareholder enhancement efforts. Specifically, KBW reviewed and evaluated capital management alternatives, assisted in the development of additional business strategies, assisted in reviewing and updating current business plan strategies, including advice on strategy execution and shareholder communications. In March 2001, after an initial due diligence review, KBW presented its analysis to the board of Equitable. Included in the presentation were current market conditions for publicly traded savings institutions, comparative information of peer thrift institutions, a financial review of Equitable s budget and business plan and an overview of the merger and acquisition market.

KBW continued to advise Equitable on an on-going basis consistent with the goals of its financial advisory engagement. KBW generally presented a quarterly review to Equitable on its progress in relation to its strategic plan and also provided a quarterly comparison to peer institutions and a general market overview, which included an update on the capital markets and merger and acquisition trends.

In September 2001, a representative of PL Capital contacted Equitable to request representation on Equitable s board of directors. After considering the matter, Equitable determined that Mr. Goodbody, a member of the PL Capital group, would be nominated to fill a newly created vacancy on Equitable s board of directors. Equitable requested that in return for a board seat, PL Capital sign an agreement which provided, among other things, for a standstill agreement (the standstill agreement). In November, 2001 such agreement between PL Capital and Equitable was signed. Mr. Goodbody was appointed as a director as of January 1, 2002 for a term to expire in 2003. Equitable agreed to renominate Mr. Goodbody, or another individual selected by PL Capital, in 2003. PL Capital agreed not to, directly or indirectly, (1) initiate or encourage others to enter into merger negotiations with Equitable; (2) solicit proxies or participate in the solicitation of proxies in opposition to any

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recommendation of Equitable s board of directors; (3) propose, submit or otherwise solicit stockholders of Equitable for the approval of one or more stockholder proposals; (4) vote for any nominee for election other than those nominated by Equitable s board of directors; (5) make any statements in opposition to, or that would reflect negatively against Equitable or its directors or officers, or participate in any litigation against Equitable. Both PL Capital and the directors of Equitable agreed to vote their shares for Equitable s nominees and PL Capital s representative, respectively.

The standstill agreement terminates upon the earlier of (i) Equitable ceasing to exist by reason of merger, sale of assets, liquidation, exchange of shares or otherwise, or (ii) a representative of PL Capital ceases to be a member of Equitable s board of directors.

In April 2002, the board of directors of Equitable requested that KBW meet with them to review current operations of the Bank, with a focus on the strategic opportunities to enhance shareholder value over the next several years, the related risks and rewards of these options, and the current merger and acquisition market. After a thorough review, the Equitable board and management identified certain factors which could potentially limit the ability of Equitable to continue to further enhance shareholder value. These factors included, among others, (i) the absence of a holding company structure; (ii) the increased competition for deposits, and specifically the increasing strategic challenges of attracting low cost core checking, savings and money market deposits; (iii) the interest rate risk associated with a balance sheet containing predominantly residential real estate loans and mortgage backed securities funded by certificates of deposit and wholesale borrowings; (iv) the challenge of reducing the future volatility of Equitable s earnings stream through asset and liability management and balance sheet restructuring; (v) the execution risk that accompanies a strategy of remaining an independent community banking institution in an increasingly competitive banking environment; (vi) the future valuation assigned to a small capitalization, traditional thrift franchise by the capital markets; (vii) the low average trading volume and liquidity of Equitable s common stock; (viii) the record level of current earnings and the prospects for net interest margin contraction in future years, given the high levels of mortgage refinancing and significantly lower levels of reinvestment rates in the current interest rate environment; and (ix) anticipated expenditures required to implement new technology to remain competitive.

After considering these challenges, as well as the ability of the Bank to continue increasing shareholder value, the board decided to explore opportunities for a strategic alliance with a potential strategic partner having a broad and diversified business strategy, a strong currency with high liquidity, a solid reputation in executing a community banking strategy and a strong profile among institutional and individual investors.

In May 2002, KBW was engaged by Equitable to explore strategic alternatives to enhance shareholder value, including a possible strategic alliance with a larger partner. KBW, working with Equitable, prepared a confidential information memorandum (the Memorandum) containing financial and operating information about the Bank. Upon completion of the Memorandum, KBW was authorized by the board in June 2002 to begin the process of identifying potential strategic partners, and if possible, begin the negotiation of a strategic alliance.

KBW subsequently identified 24 potential strategic partners that could enhance the shareholder value of Equitable. Eighteen of the aforementioned potential strategic partners executed confidentiality agreements, and the Memorandum was sent out accordingly. By mid-July, four parties had submitted written preliminary non-binding indications of interest, including BB&T Corporation. On July 18, 2002, after receipt of the preliminary non-binding indications of interest, KBW reviewed with the board the pricing and terms of each proposal. After discussion with the board and its legal counsel, it was determined that three of the parties submitted non-binding indications of interest that were attractive enough to merit further consideration by Equitable. The fourth proposal was at a very low price level and not deemed attractive enough to merit additional consideration. KBW was instructed to explore the possibility of more favorable terms, including price, from the three parties and seek clarification of certain items not addressed by the three parties in their preliminary non-binding indications of interest. The three potential strategic partners were invited to perform on-site due diligence and were given

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access to additional non-public information and management of Equitable during this time period. All three potential strategic partners were asked to submit a second non-binding indication of interest by August 19, 2002. As a result of this process, three revised non-binding indications of interest were received by the deadline.

On August 22, 2002 and August 26, 2002, the Equitable board met with KBW and Equitable s legal counsel to review the revised non-binding indications of interest. The pricing and terms of each non-binding indication of interest were reviewed by the Equitable board.

Proposal 1 was an all stock, fixed exchange ratio proposal from a local bank holding company with slightly over $2 billion in assets. Like the BB&T proposal, the ultimate value of this proposal was dependent upon the price of the buyer s stock at closing and thereafter. Using a price based on the closing price of the prospective buyer s common stock on August 19, 2002, KBW valued this proposal at $40.23 per share.

The second proposal was for 50% cash and 50% stock from a local bank holding company with assets of nearly $2 billion. The stock component was based on a floating exchange ratio so that together the cash and stock offered would have a value of $38.00 per share at closing, based on the average closing price of the buyer s common stock for the 20 trading days prior to the closing date. KBW valued this proposal at $38.00 per share.

The third proposal was from BB&T and was identical to the terms ultimately agreed upon by Equitable. Using a price based on the closing price of BB&T common stock on August 19, 2002, KBW valued this proposal at $38.25 per share. Because the BB&T proposal and proposal one are based on a fixed exchange ratio, the ultimate value of either proposal would depend on the future stock price of the prospective buyers.

Equitable s Reasons for the Merger and Recommendation of Directors

The Equitable board determined that the BB&T proposal was the most attractive proposal and provided the best potential to maximize long term shareholder value for several reasons, including:

- The attractive relative valuation of BB&T s stock on a price to earnings basis when compared to the other potential strategic partners. As of the August 19, 2002 date when final indications of interest were submitted, BB&T s common stock had the lowest price to earnings ratio of the three potential strategic partners based upon published 2002 mean GAAP earnings per share estimates.

- BB&T s demonstrated track record in acquiring and integrating community banking institutions. As of the August 19, 2002 evaluation date, BB&T had acquired over 20 community banking institutions in the previous five years and numerous non-bank institutions.

- BB&T s capacity to integrate the Equitable franchise and shareholder base without a material adverse impact to its stock price. As of June 30, 2002, BB&T had assets of over $76 billion and existing operations in the state of Maryland. The integration of Equitable Bank, which had assets of $476 million as of June 30, 2002, was believed to present a minimal integration risk to BB&T. Conversely, the other potential strategic partners had assets of approximately $2 billion as of June 30, 2002 and the integration of Equitable Bank was believed to present a higher degree of integration risk.

- The substantial increase in common stock liquidity, market capitalization, and average daily trading volume (on the August 19, 2002 evaluating date, BB&T had an average daily trading volume of 916,101 shares for the most recent 12 months) of BB&T common stock when compared to the other potential strategic partners. The average daily trading volume of BB&T is between 40 and 80 times higher than the other two potential strategic partners.

- The strong current and long term historical operating and stock price performance of BB&T and the prospects for continued strong performance.

- BB&T s consistent historical track record of growth in assets, deposits, earnings per share and cash dividends per share and prospects for continued growth.

- BB&T s well diversified businesses strategy and solid execution of a community banking business model.
- BB&T s substantial community bank merger integration experience combined with its improvement in products and services would provide the least amount of disruption to Equitable customers and the best opportunity for an improvement in financial products and services.
- The overall higher profile of BB&T in terms of geographic footprint, products and services, equity analyst coverage and profile among institutional investors.

Based upon these factors, the Equitable board instructed its legal counsel to begin negotiating a definitive agreement with BB&T Corporation.

On September 17, 2002, the Equitable board met with legal counsel to discuss the initial draft of the definitive agreement which had been prepared by counsel to BB&T. Counsel explained the terms of the agreement and discussed certain modifications to the agreement that it had suggested. The board asked numerous questions of counsel regarding the terms of the agreement and the option.

On September 26, 2002, the Equitable board met with KBW and Equitable s legal counsel. KBW reviewed with the Equitable board the recent weakness in overall equity market valuation and the volatility in the equity markets since the decision to pursue a definitive agreement with BB&T was reached by the Equitable board on August 26, 2002. The Equitable board reviewed several factors, including (a) recent equity market conditions and equity market volatility; (b) the original reasons for pursuing a larger, more diversified strategic partner back in April, 2002; (c) the Equitable board s original goal of a strategic partner having a broad and diversified business strategy, a strong currency with high liquidity, a solid reputation in executing a community banking strategy and a strong profile among institutional and individual investors; and (d) the previously mentioned reasons for specifically selecting BB&T as a strategic partner during the August 22, 2002 and August 26, 2002 board meetings. As a result of these discussions, the Equitable board concluded that BB&T continued to be the best strategic partner to maximize long term value for Equitable stockholders.

On September 27, 2002, the Equitable board met with KBW and Equitable s legal counsel. Prior to this meeting, the revised definitive agreement and the fairness presentation were distributed to Equitable s board for its review. At this board meeting, Equitable s legal counsel again reviewed the terms of the definitive agreement and other relevant documents and the contemplated transaction. KBW delivered its preliminary opinion that the merger consideration was fair, from a financial point of view, to the holders of Equitable common stock. After a thorough discussion of the transaction, the Equitable board voted unanimously to approve the definitive agreement and authorized execution of the definitive agreement and related documents.

The Equitable board believes that the terms of the definitive agreement are fair and in the best interests of Equitable and its shareholders. In the course of reaching its determination to approve the agreement, the board considered all factors it deemed material. These included:

- The factors discussed with KBW at its August 2002 meetings.
- The board s consideration of the written opinion of KBW that the consideration to be received by Equitable s stockholders pursuant to the agreement was fair to them from a financial point of view.
- The types of business that BB&T conducts in the region, and the expanded service BB&T can provide Equitable s customers and its surrounding communities.
- The strong long term operating and stock price performance of BB&T.
- The substantial increase in equity analyst coverage, liquidity, trading volume and market capitalization for Equitable stockholders.

- BB&T s historical growth rate in assets, deposits, earnings per share and cash dividends per share and prospects for continued growth.
- The likelihood of receiving the required regulatory approvals in a timely manner.

The foregoing discussion of the information and factors considered by the board is not intended to be exhaustive, but constitutes the material factors considered by the board. In reaching its determination to approve and recommend the definitive agreement, the board did not assign any relative or specific weights to the foregoing factors, and individual directors may have weighed factors differently. The terms of the definitive agreement were the product of arm s length negotiations between representatives of Equitable and BB&T.

FOR THE REASONS SET FORTH ABOVE, THE BOARD OF DIRECTORS OF EQUITABLE HAS UNANIMOUSLY APPROVED AND ADOPTED THE MERGER AGREEMENT AS ADVISABLE AND IN THE BEST INTERESTS OF EQUITABLE AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS OF EQUITABLE VOTE FOR THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT.

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. BB&T s management believes that the acquisition of Equitable is consistent with this strategy, and will give BB&T the [ ] highest deposit market share in the Washington D.C. metropolitan service area (the nation s wealthiest based on per capita income) and will strengthen its position in the high growth and economically attractive markets of Montgomery and Prince George s Counties, Maryland, a growing technology center.

In connection with BB&T s consideration of the merger, its management analyzed selected investment criteria designed to assess the impact of the merger on BB&T and its shareholders. For the purpose of this analysis, BB&T made the following assumptions:

- BB&T s earnings per share (EPS) on a stand-alone basis for 2002 would be in line with the estimates published by First Call Corporation of $2.76;
- BB&T s earnings per share on a stand-alone basis 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%;
- Equitable s 2002 EPS (prior to the effects of the merger) is based on BB&T management s estimate of $2.48 (based upon a projected range provided to BB&T by Equitable s management);
- Annual cost savings of approximately $2.7 million, or 40% of Equitable s non-interest expense base;
- Income statement and balance sheet growth rates attributable to Equitable would be 0% in year one, 6% in year 2; 15% in years 3 through 5, and 12% in years 6 through 10 except:
  - Equitable s core fee income ratio is incrementally raised (prior to the margin enhancement below) to 25% by year 10;
  - Equitable s core net interest margin (non-fully taxable equivalent) is estimated at 2.49% in 2002 and then would incrementally increase over ten years to a margin of 4.00%;
  - Equitable s loan loss allowance would be 1.30%; and
  - Equitable s net charge-off rate for loan losses would be 0.10% in 2003, 0.15% in 2004, 0.25% in 2005, 0.30% in 2006 and 0.35% in 2007 and thereafter.

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Using the above assumptions, BB&T analyzed the merger to determine whether it would have an accretive or dilutive effect on estimated earnings per share, return on equity, return on assets and book value per share, as well as its effect on BB&T s leverage capital ratio. This analysis indicated that the merger would:

- be accretive to GAAP basis earnings per share and cash basis earnings per share, in year one;
- be accretive to cash return on assets in year six;
- be accretive to cash basis return on equity in year one;
- be accretive to book value in year one; and
- result in a combined leverage ratio that remains over 7%.

In conducting its analysis, BB&T excluded the effect of estimated one-time after-tax charges of $2.7 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.

In addition to the analysis described above, BB&T performed an internal rate of return analysis for the merger. The purpose of this analysis was to determine if the projected performance of Equitable, after applying the assumptions described above, would conform to BB&T s criteria. BB&T s current minimum internal rate of return requirement for this type of investment is 15%. The analysis performed in connection with the Equitable merger indicated that the projected internal rate of return is 25.17%.

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 .

Opinion of Equitable s Financial Advisor

On May 3, 2002, KBW was retained by Equitable to evaluate Equitable s strategic alternatives as part of a shareholder enhancement program and to evaluate any specific proposals that might be received regarding an acquisition of Equitable. KBW, as part of its investment banking business, is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and distributions of listed and unlisted securities. KBW is familiar with the market for common stocks of publicly traded banks, thrifts and bank and thrift holding companies. The Equitable Board selected KBW on the basis of the firm s reputation and its experience and expertise in transactions similar to the merger and its prior consultative working relationship with Equitable.

Pursuant to its engagement, KBW was asked to render an opinion as to the fairness, from a financial point of view, of the merger consideration to shareholders of Equitable. KBW delivered its opinion to the Equitable board that, as of September 26, 2002, the merger consideration is fair, from a financial point of view, to the shareholders of Equitable. No limitations were imposed by the Equitable board upon KBW with respect to the investigations made or procedures followed by it in rendering its opinion. KBW has consented to the inclusion herein of the summary of its opinion to the Equitable board and to the reference to the entire opinion attached hereto as Appendix C.

The full text of the opinion of KBW, which is attached as Appendix C to this proxy statement/prospectus, sets forth certain assumptions made, matters considered and limitations on the review undertaken by KBW, and should be read in its entirety. The summary of the opinion of KBW set forth in this proxy statement/prospectus is qualified in its entirety by reference to the opinion.

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In rendering its opinion, KBW (i) reviewed the merger agreement, (ii) reviewed Equitable s and BB&T s annual reports, proxy statements and form 10-K s for the prior three fiscal years of 2001, 2000 and 1999 and 10-Q s for the quarters ended June 30, 2002 and March 31, 2002 and certain other internal financial analysis considered relevant, (iii) discussed with senior management and the board of directors of Equitable the current position and prospective outlook for Equitable, (iv) discussed with senior management of BB&T their operations, financial performance and future plans and prospects, (v) considered historical quotations, levels of activity and prices of recorded transactions in Equitable s and BB&T s common stock, (vi) reviewed financial and stock market data of other thrifts in a comparable asset range to Equitable, (vii) reviewed financial and stock market data of other banks in a comparable asset range to BB&T, (viii) reviewed certain recent business combinations with thrifts as the acquired company, which KBW deemed comparable in whole or in part, and (ix) performed other analyses which KBW considered appropriate.

Analysis of Recent Comparable Acquisition Transactions.

In rendering its opinion, KBW analyzed certain comparable merger and acquisition transactions of both pending and completed thrift deals, comparing the acquisition price relative to tangible book value, last twelve months earnings and premium to core deposits. The analysis included a comparison of the median and average of the above ratios for pending and completed acquisitions since January 1, 2001, where the seller was a thrift, based on the following three comparable groups:

(i) to compare the Equitable transaction to selling thrift institutions with a similar asset size and transaction value, KBW reviewed all pending and completed thrift transactions since January 1, 2001 with deal value between $50 million and $125 million (seven deals). The selling thrift institutions in this comparative group had a median asset size and transaction value of $664 million and $100 million, respectively. The selling thrift institutions in this comparative group included Finger Lakes Bancorp Inc., Crown Group Inc., Yonkers Financial Corp., People s Bancshares Inc., Ambanc Holding Co., CENIT Bancorp, Inc. and First Federal of East Hartford;

(ii) to compare the Equitable transaction to selling thrift institutions with a similar capital structure, KBW reviewed all pending and completed thrift transactions since January 1, 2001 with tangible equity to assets between 5% and 7% (12 deals). Within this comparative group there were five transactions where pricing terms were not disclosed to the financial markets and not included in determining average and median transaction pricing metrics. The selling institutions in this comparative group had an average and median tangible equity/assets ratio of 6.05% and 6.06%, respectively. The selling thrift institutions in this comparative group included Asburton Federal Savings and Loan Association, Family Savings Bank, FSB, Regional Financial Corp., Lincoln Savings and Loan Association, Prestige Bancorp Inc., First Colony Bancshares, Inc., AmTrust Capital Corp, College Savings Bank, Westcoast Savings and Loan Association, MetroWest Bank, Ohio Central Savings and Cumberland Mountain Bancshares; and

(iii) to compare the Equitable transaction to selling thrift institutions with a similar profitability profile, KBW reviewed all pending and completed thrift transactions since January 1, 2001 with return on average equity (ROAE) between 11% and 13% (13 deals). Within this comparative group, there were 5 transactions where pricing terms were not disclosed to the financial markets and not included in determining average and median transaction pricing metrics. The selling institutions in this comparative group had an average and median return on equity for the year to date period ended June 30, 2002 of 11.75% and 11.71%, respectively. The selling institutions in this comparative group included Family Savings Bank, FSB, Medford Bancorp Inc., First Colony Bancshares, Inc., Yonkers Financial Corp., College Savings Bank, Potters Financial Corp., SouthBanc Shares, Inc., Harrington Financial Group, Inc., CENIT Bancorp Inc., Richmond County Financial Corp., First Federal of East Hartford, Hometown Bank and Alliance Bancorp.

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The comparative transaction analysis resulted in a range of values for Equitable based upon comparable thrift merger and acquisition transactions. KBW derived the average and median pricing metrics of the three aforementioned comparable groups as stated below:

		Deal Price to		
		Tangible Book	LTM EPS	Core Dep Premium
M&A Group 1				
1) Pending and Completed Deals with Deal Value between $50 and $125 Million				
(# = 7)	Average	170.6%	18.7x	10.2%
	Median	151.8%	17.9x	9.1%
M&A Group 2				
2) Pending and Completed Deals with Target Equity to Assets between 5 and 7%				
(# = 12)	Average	148.4%	12.4x	11.0%
	Median	111.3%	15.1x	9.4%
M&A Group 3				
3) Pending and Completed Deals with Target ROAE between 10 and 13%				
(# = 13)	Average	175.8%	15.7x	11.3%
	Median	154.4%	15.5x	9.6%

KBW summarized the results of comparative thrift merger and acquisition transactions and compared the range of values to the consideration received by Equitable shareholders.

	Deal Price to		
	Tangible Book	LTM EPS	Core Dep Premium
Low, Average, Median and High implied values upon comparative transaction analysis			
Low Value	111.3%	12.4x	9.1%
Average Value	164.9%	15.6x	10.8%
Median Value	151.8%	15.5x	9.4%
High Value	175.8%	18.7x	11.3%
Consideration of 1:1 exchange ratio received from BB&T*			
$37.05**	180.9%	15.6x	9.3%

* *Price to book and price to LTM EPS multiples for Equitable based upon a $37.05 per share value for 1,315,620 Equitable shares outstanding and 226,907 Equitable options outstanding with a weighted average exercise price of $14.12 Total transaction value calculated at $53.9 million.*

** *$37.05 per share price for BB&T based upon average closing price of BB&T stock from receipt of BB&T indication of interest on August 22, 2002 and September 25, 2002.*

KBW viewed the three aforementioned comparable groups as the most appropriate in deriving a comparable transaction value based on Equitable s size, capital base and earnings. KBW viewed the fact that, each resulting query, based on the above criteria, produced in all cases at least seven transactions with reported pricing metrics in each comparable group, as being statistically significant for the purposes of comparison. KBW viewed the three resulting metrics (price to tangible book value, price to last twelve months earnings and core deposit premium) from the three comparable groups on an average and median basis, as the three key metrics used to evaluate the fairness, from a financial point of view, of the transaction.

Given that the value of the consideration on an aggregate basis to be paid in the Merger, as of the date of the opinion, is within the range of comparable thrift transactions in all cases and is at or above the average and median values both on a tangible book value and last twelve months earnings basis, KBW believes that this

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analysis supports the fairness, from a financial point of view, to Equitable and its stockholders of the consideration to be paid in the Merger.

Discounted Dividend Analysis.

KBW performed a discounted dividend analysis to estimate a range of present values per share of Equitable common stock. This range was determined by adding (1) the present value, which is a representation of the current value of a sum that is to be received some time in the future, of the estimated future dividends that Equitable could generate through the next 5 years, and (2) the present value of the terminal value, which is a representation of the ongoing value of an entity at a specified time in the future of Equitable common stock.

In calculating a terminal value of Equitable common stock five years forward, KBW applied a range of multiples between 12.0 and 19.0 times the earnings forecasted for Equitable in five years. The terminal multiple ranges are based on the range of change of control multiples of pending and completed transactions similar to this transaction based on deal value, tangible equity to assets ratio and return on average equity (see Analysis of Recent Comparable Acquisition Transactions contained in this section). In arriving at the five year earnings forecast for Equitable, KBW used the following assumptions: (1) for the forecast of the next two years earnings for Equitable, KBW relied on the business plan developed by Equitable management for the fiscal years ending in 2002 and 2003; and (2) for years three through five in the forecast period, KBW assumed that Equitable would increase its earnings by 5.7% annually. This earnings growth assumption is based upon the average annual earnings growth experienced by Equitable during the 1995 through 2002 fiscal years. The combined dividend stream and terminal value were then discounted back to the present using an assumed discount range in terms of the cost of equity of 9.3% to 13.3%. This discount range was established by using the estimated cost of equity capital for small capitalization savings institutions of 11.3% published by Ibbotson Associates, a recognized statistical source. The resulting discount rate was widened to a range of 9.3% to 13.3% to provide flexibility in assessing the potential changes in the risk profile of equity markets in general and small capitalization savings institutions in particular. The results of KBW s analysis are set forth in the following table:

Net Present Value per share of Discounted Cash Flows

	Multiple							
Discount Rate	**12.0x**	**13.0x**	**14.0x**	**15.0x**	**16.0x**	**17.0x**	**18.0x**	**19.0x**
13.3%	$ 25.28	$ 26.79	$ 28.30	$ 29.81	$ 31.33	$ 32.84	$ 34.35	$ 35.86
12.3%	$ 26.25	$ 27.83	$ 29.41	$ 30.99	$ 32.57	$ 34.16	$ 35.74	$ 37.32
11.3%	$ 27.27	$ 28.93	$ 30.58	$ 32.23	$ 33.89	$ 35.54	$ 37.19	$ 38.85
10.3%	$ 28.35	$ 30.08	$ 31.81	$ 33.54	$ 35.27	$ 37.00	$ 38.73	$ 40.46
9.3%	$ 29.49	$ 31.30	$ 33.11	$ 34.92	$ 36.73	$ 38.54	$ 40.35	$ 42.16

In performing this analysis, KBW also assumed an annual asset growth rate for Equitable of 3% and further assumed that earnings in excess of those necessary to maintain Equitable s tangible common equity ratio at 6% could be paid out as dividends. Based on the foregoing criteria and assumptions, KBW determined that the present value of the Equitable common stock based on a future change of control ranged from $25.28 to $42.16 per share. Given that the value of the consideration on a per share basis to be paid in the merger, as of the date of the opinion, is within the range derived from the discounted dividend analysis, KBW believes that this analysis supports the fairness, from a financial point of view, to Equitable and its stockholders of the consideration to be paid in the merger.

The discount dividend analyses of Equitable do not necessarily indicate actual values or actual future results, and do not purport to reflect the prices at which any securities may trade at the present or at any time in the future. Dividend discount analysis is a widely used valuation methodology, but the results of this methodology are highly dependent upon numerous assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values, projected capital structure and discount rates.

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Contribution Analysis.

KBW also analyzed the financial statements of Equitable and BB&T to determine if the pro forma ownership of the Equitable shareholders in the combined company s shareholder base was consistent with the financial contribution of Equitable to the combined company, particularly in terms of earnings contribution. The results of the contribution analysis are as follows:

Contribution Analysis	**BB&T**	**Equitable**		**Contribution**	
Balance Sheet ($000)	**06/30/2002**	**06/30/2002**	**Combined***	**BB&T**	**Equitable**
Assets	$ 76,333,441	$ 476,808	$ 76,810.249	99.4%	0.6%
Loans, net	48,860,824	339,627	49,200,451	99.3%	0.7%
Deposits	50,909,189	310,863	51,220,052	99.4%	0.6%
Income Statement ($000)	**2002 Est(1)**	**2002 Est(2)**			
Net income	1,322,165	3,789	1,325,954	99.7%	0.3%
Pro forma shares/Ownership					
Basic shares	475,535,863	1,315,620	475,851,483	99.7%	0.3%

* *before merger adjustments*

(1) *Mean 2002 EPS estimate. Source: Zack s Investments Research.*

(2) *Equitable 2002 EPS estimate based upon management guidance.*

The contribution analysis performed by KBW did not take into account any merger adjustments or cost savings as a result of the merger. In addition, KBW relied on 2002 mean published earnings estimates for BB&T and management guidance for 2002 Equitable earnings for the fiscal 2002 year. Based on relative earnings contribution of both Equitable and BB&T, KBW concluded that the pro forma ownership of Equitable shareholders in the combined company as a result of the 1:1 exchange ratio was in line with the Equitable earnings contribution to the combined company and further supported the fairness of the consideration received.

Based on the above analyses, KBW concluded that the consideration was fair, from a financial point of view, to shareholders. This summary does not purport to be a complete description of the analysis performed by KBW and should not be construed independent of the other information considered by KBW in rendering its opinion. Selecting portions of KBW s analysis or isolating certain aspects of the comparable transactions without considering all analysis and factors, could create an incomplete or potentially misleading view of the evaluation process.

In rendering its opinion, KBW assumed and relied upon the accuracy and completeness of the financial information provided to it by Equitable and BB&T. In its review, with the consent of the Equitable board, KBW did not undertake any independent verification of the information provided to it, nor did it make any independent appraisal or evaluation of the assets or liabilities and potential or contingent liabilities of Equitable or BB&T.

The fairness opinion of KBW is limited to the fairness as of its date, from a financial point of view, of the consideration to be paid in the merger and does not address the underlying business decision to effect the merger (or alternatives thereto), nor does it constitute a recommendation to any stockholder of Equitable as to how such stockholder should vote with respect to the merger proposal.

Furthermore, KBW expresses no opinion as to the price or trading range at which shares of the pro forma entity will trade following the consummation of the merger.

KBW is a nationally recognized investment banking firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements.

In preparing its analysis, KBW made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of KBW and Equitable. The analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses and do not purport to be appraisals or reflect the prices at which a business may be sold.

KBW will receive a fee of $539,000 (1.0% of the announced deal value) for services rendered in connection with advising and issuing a fairness opinion regarding the Merger. As of the date of the proxy statement/prospectus, KBW has received $75,000 of this fee, and the remainder of the fee is due upon approval by shareholders of the merger.

Exchange Ratio

Upon completion of the merger, each outstanding share of Equitable common stock will be converted into the right to receive one share of BB&T common stock. Under no circumstances would this exchange ratio be less than one share of BB&T common stock for each share of Equitable common stock.

You should be aware that the market value of a share of BB&T common stock will fluctuate and that neither BB&T nor Equitable 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 exchange of your certificates for shares of Equitable 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 .

Exchange of Equitable Stock Certificates

When the merger is completed, without any action on the part of Equitable or the Equitable shareholders, shares of Equitable 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). 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 Equitable 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) 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 Equitable stock certificate will be deemed for all purposes to represent only the right to receive the merger consideration. With respect to any Equitable 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, Equitable s transfer books will be closed and no transfer of the shares of Equitable stock outstanding immediately before the time that the merger becomes effective will be made on BB&T s stock transfer books.

If Equitable declares a dividend on the Equitable common stock as permitted by the merger agreement with a record date before the time the merger becomes effective, and that dividend has not been paid before the merger becomes effective, BB&T will pay the dividend to the former Equitable shareholders.

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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 Equitable stock are converted, regardless of whether you have exchanged your Equitable 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 pursuant to 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 Equitable stock certificate for exchange as described above. Upon surrender of your Equitable stock certificate, the certificate representing the BB&T common stock into which your shares of Equitable stock have been converted 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 closing of the merger will take place on a business day designated by BB&T that is within 30 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 later of (i) the time and date specified in the articles of merger to be filed with the North Carolina Secretary of State or (ii) the time that the notice required to be filed by 12 CFR §563.22(b) is provided to the OTS. It is currently anticipated that the merger will become effective in March 2003, assuming all conditions to the respective obligations of BB&T and Equitable to complete the merger have been satisfied.

Conditions to the Merger

The obligations of BB&T and Equitable 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 Equitable and the board of directors of Branch Bank 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, all approvals must be in effect, and the proxy statement/prospectus shall have been approved by the OTS;
- neither BB&T nor Equitable 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; and
- Equitable and BB&T must have received an opinion of BB&T s legal counsel, in form and substance satisfactory to Equitable and BB&T, to the effect that the merger will constitute one or more reorganizations under Section 368 of the Internal Revenue Code and that the shareholders of Equitable will not recognize any gain or loss to the extent that they exchange shares of Equitable common stock for shares of BB&T common stock.

In the event the Board of Directors of Branch Bank does not approve the merger agreement prior to December 31, 2002, then BB&T shall incorporate an acquisition subsidiary to merge with Equitable, with the result being that Equitable shall become a wholly-owned subsidiary of BB&T. BB&T and Equitable have agreed to take such actions (including making any changes as may be necessary to the merger agreement) prior to December 31, 2002 in order to effect such transaction.

The obligations of Equitable 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 Equitable:

- 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;
- the shares of BB&T common stock to be issued in the merger must have been approved for listing on the NYSE, subject to official notice of issuance; and
- Equitable must have received certain closing certificates from BB&T and legal opinions from BB&T s counsel.

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 Equitable. The representations and warranties of BB&T concerning the following must be true and correct (except for *de minimis* inaccuracies):

- 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 may have imposed any condition or requirement that, in the reasonable opinion of the BB&T Board, would so materially adversely affect the business or economic benefits to BB&T of the transactions in the merger agreement as to render the consummation of such transactions inadvisable or unduly burdensome;
- Equitable 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;
- The shares of BB&T common stock issuable pursuant to the merger shall have been approved for listing on the New York Stock Exchange;
- BB&T must have received agreements from certain affiliates of Equitable concerning their shares of Equitable common stock and the shares of BB&T common stock to be received by them;
- BB&T must have received certain closing certificates from Equitable and legal opinions from Equitable s counsel;
- BB&T must have received a signed certificate from Timothy F. Veith regarding his continued employment at Equitable until the closing date and stating that the amended and restated employment agreement between Mr. Veith and Branch Bank is effective with respect to him.

All representations and warranties of Equitable 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

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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 Equitable concerning the following must be true and correct (except for *de minimis* inaccuracies):

- its capitalization;
- 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 Equitable s charter or bylaws; and
- actions taken to exempt the merger from any applicable anti-takeover laws.

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

Conduct of Equitable s and BB&T s Businesses Before the Merger Becoming Effective

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

- carry on its business except in the ordinary course and 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 or pay any dividend or make any distribution on its capital stock;
- issue any shares of capital stock, except pursuant to the stock option granted to BB&T in connection with the merger agreement and except with respect to options outstanding as of September 27, 2002 under Equitable s Amended and Restated Stock Option and Incentive Plan;
- 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 charter 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 Equitable subsidiary 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 its fiduciary responsibilities 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 assets or acquire any 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, Equitable or any Equitable subsidiary other than as contemplated by the merger agreement; or authorize any officer, director, agent or affiliate of Equitable or any Equitable subsidiary to do any of the above; or fail to notify BB&T immediately 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 Equitable board of directors determines in good faith is reasonably likely to make, a superior offer (meaning 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, Equitable or any Equitable subsidiary (including, without limitation, a tender offer or exchange offer to purchase Equitable common stock) other than as contemplated by the merger agreement: (i) that did not arise from or involve a breach or violation by Equitable of any provision of the merger agreement; (ii) that the Equitable board of directors determines in its good faith judgment, based, among other things, on advice of the financial advisor, to be more favorable to the Equitable 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 Equitable 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), if the Equitable board of directors determines in good faith, after consultation with outside legal counse