

FIFTH THIRD BANCORP
Form S-4
March 16, 2004
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As filed with the Securities and Exchange Commission on March 16, 2004

Registration No. 333- _____

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FIFTH THIRD BANCORP

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

6711
(Primary Standard Industrial
Classification Code Number)

31-0854434
(I.R.S. Employer
Identification No.)

Fifth Third Center, Cincinnati, Ohio 45263

(513) 579-5300

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

Paul L. Reynolds, Esq.

Fifth Third Bancorp

38 Fountain Square Plaza

Cincinnati, Ohio 45263

(513)579-5300

(513)534-6757 (Fax)

(Name, address, including Zip Code and telephone number, including area code, of agent for service)

Copies of Communications to:

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon the effective time of the merger of Franklin Financial Corporation with and into Fifth Third Financial Corporation, a wholly owned subsidiary of the Registrant, pursuant to the affiliation agreement and plan of merger described in the enclosed proxy statement/prospectus included in Part I 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 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(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, no par value	5,700,000 shares	30.07(2)	\$171,399.000(2)	\$21,716.25

- (1) Represents the maximum number of shares of Registrant's common stock that the Registrant expects would be issuable to shareholders of Franklin Financial Corporation, a financial holding company owning all of the outstanding common stock of Franklin National Bank, pursuant to the affiliation agreement, as amended, and plan of merger, including shares issuable upon the exercise of outstanding stock options.
- (2) Estimated solely for the purpose of computing the registration fee based upon \$30.07, the average of the high and low prices of the common stock, no par value per share, of Franklin Financial Corporation as reported on the Nasdaq National Market on March 10, 2004, in accordance with Rule 457(f)(1) of the General Rules and Regulations under the Securities Act of 1933.

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, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION, DATED MARCH __, 2004

PROXY STATEMENT FOR FRANKLIN FINANCIAL CORPORATION

SPECIAL MEETING

PROSPECTUS OF FIFTH THIRD BANCORP

Franklin Financial Corporation and Fifth Third Bancorp have agreed that Fifth Third will acquire Franklin Financial in a merger. If the merger is completed, each outstanding share of Franklin Financial common stock will be exchanged for that number of shares of Fifth Third common stock equal to (1) the sum of (a) \$31.00 and (b) any increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter preceding the effective time of the merger divided by (2) the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger. Cash will be paid in lieu of issuing fractional shares.

The average closing price of Fifth Third common stock for the 10 trading days ending on the fifth trading day before March __, 2004 was \$_____ and the increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through December 31, 2003 was \$.7499. Based on that average price and on that change in book value, the applicable exchange ratio would be .._____ and the value you would receive for each share of Franklin Financial common stock that you would exchange in the merger would be approximately \$_____. However, because the exchange ratio will not be fixed until shortly before the completion of the merger, the exact number of shares of Fifth Third common stock that you will receive in the merger will fluctuate between today's date and the date on which the exchange ratio is definitively established. We encourage you to obtain current market price quotations for Fifth Third common stock.

The merger cannot be completed unless the shareholders of Franklin Financial approve the affiliation agreement and the plan of merger by the affirmative vote of a majority of the voting power of Franklin Financial outstanding on March __, 2004. Franklin Financial has scheduled a special meeting for its shareholders to vote on the affiliation agreement and plan of merger. The date, time and place of the special meeting are as follows: **9:00 a.m., Central Standard Time, May 3, 2004, Franklin National Bank, Pineapple Meeting Room 234 Public Square Franklin, Tennessee 37064.**

The board of directors of Franklin Financial believes that the merger is in Franklin Financial's and your best interests.

Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. **Your vote is very important.**

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Franklin Financial common stock is traded on the Nasdaq National Market under the symbol FNFN. Fifth Third common stock is traded on the Nasdaq National Market under the symbol FITB.

For a description of certain significant considerations in connection with the merger and related matters described in this document, see Risk Factors beginning on page 16.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

The shares of Fifth Third common stock are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The information in this document is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this proxy statement/prospectus is March __, 2004

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about Fifth Third and Franklin Financial from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this document through the Securities and Exchange Commission website at <http://www.sec.gov> or by requesting them from Paul L. Reynolds, Secretary, Fifth Third Bancorp, Fifth Third Center, Cincinnati, Ohio 45263 (telephone number: (513) 579-5300), as relates to Fifth Third, and from Franklin Financial Corporation, P.O. Box 625, Franklin, Tennessee 37065, Attention: Susan S. Lowman (telephone number: (615) 790-2265) as relates to Franklin Financial. **In order to ensure timely delivery of the documents, any request should be made by April 26, 2004.**

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ANNEXES:

Annex A:	Affiliation Agreement dated as of July 23, 2002 by and among Fifth Third Bancorp, Fifth Third Financial Corporation and Franklin Financial Corporation, as amended as of September 9, 2002, as of December 10, 2002 and as of March 27, 2003 (excluding exhibits)
Annex B:	Plan of Merger
Annex C:	Fairness Opinion of Trident Securities
Annex D:	Shareholder Support Agreement

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why do Franklin Financial and Fifth Third want to merge?

A: The Franklin Financial board of directors believes that you will benefit by becoming a shareholder of Fifth Third, which has a strong financial performance record. The Franklin Financial board also believes that you will benefit from the opportunity for potential future appreciation of Fifth Third common stock. Fifth Third wants to better serve its customers in Franklin Financial's service areas and to expand Fifth Third's presence in those markets.

Q: What will I receive for my Franklin Financial shares?

A: For shares of Franklin Financial common stock that you own at the effective time of the merger, you will receive the number of shares of Fifth Third common stock equal to (1) the sum of (a) \$31.00 and (b) any increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter preceding the effective time of the merger divided by (2) the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger.

Fifth Third will not issue any fractional shares. Instead, you will receive cash in lieu of any fractional share owed to you in an amount based on the same average closing price of Fifth Third common stock used to determine the exchange ratio. As of the close of business on March __, 2004, based on Fifth Third's average closing price before this date and on the increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through December 31, 2003, the exchange ratio which would have applied if this date had been the effective date of the merger would have been _____. Based on the closing price of a share of Fifth Third stock on this date, the market value of _____ of a share of Fifth Third common stock was \$_____. The number of shares of Fifth Third common stock you will receive in the merger will fluctuate until the fifth trading day before the effective time of the merger. The market value of the shares of Fifth Third common stock that you will receive in the merger will fluctuate both before and after the merger.

Q: When do you expect the merger to be completed?

A: We anticipate completing the merger as soon as possible after the special shareholders' meeting, assuming the required shareholder approval is obtained. The merger is also subject to the approval of banking regulatory authorities and the satisfaction of other closing conditions.

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Q: When and where will the special meeting take place?

A: The special meeting will be held at 9:00 a.m., Central Standard Time, on May 3, 2004, at Franklin National Bank, Pineapple Meeting Room, 234 Public Square, Franklin, Tennessee.

Q: What do I need to do now?

A: After reviewing this document, submit your proxy by executing and returning the enclosed proxy card. By submitting your proxy, you authorize the individuals named in the proxy to represent you and vote your shares at the special meeting in accordance with your instructions. These persons also may vote your shares to adjourn the special meeting from time to time and will be authorized to vote your shares at any adjournments of the meeting. **Your proxy vote is important. Whether or not you plan to attend the special meeting, please submit your proxy promptly in the enclosed envelope.**

Q: How will my shares be voted if I return a blank proxy card?

A: If you sign, date and send in your proxy card and do not indicate how you want to vote, your proxies will be counted as a vote in favor of approval of the affiliation agreement and plan of merger.

Q: What will be the effect if I do not vote and do not return a proxy card or attend the special meeting?

A: Your failure to vote will have the same effect as if you voted against the affiliation agreement and plan of merger.

Q: Can I vote my shares in person?

A: Yes, if you own your shares in your own name. You may attend the special meeting and vote your shares in person rather than signing and mailing your proxy card. However, in order to ensure that your vote is counted at the special meeting we recommend that you sign, date and promptly mail the enclosed proxy card.

Q: Can I change my mind and revoke my proxy?

A: Yes, you may revoke your proxy and change your vote at any time before the polls close at the special meeting by:

signing another proxy with a later date;

giving written notice of the revocation of your proxy to the Secretary of Franklin Financial before the meeting; or

voting in person at the special meeting.

Your latest dated proxy or vote will be counted.

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Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your shares only if you instruct your broker on how to vote. Your broker will send you directions on how you can instruct your broker to vote. Your broker cannot vote your shares without instructions from you. Accordingly, if you do not instruct your broker how to vote your shares, your shares will not be voted which will have the same effect as voting against the affiliation agreement and plan of merger.

Q: Should I send in my stock certificates now?

A: No. If the merger is completed, we will send you written instructions for exchanging your stock certificates.

Q: Who can answer my questions about the merger?

A: If you have more questions about the merger, please contact George J. Regg, Jr., Esq., Executive Vice President, Secretary and General Counsel, Franklin Financial Corporation, 230 Public Square, Franklin, Tennessee 37064, (615) 591-1055.

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SUMMARY

*This summary highlights selected information from this document 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, including the annexes, and the other documents we refer to. For more information about Fifth Third and Franklin Financial, see *Where You Can Find More Information* (page 89).*

The Companies

Fifth Third Bancorp

38 Fountain Square Plaza

Cincinnati, Ohio 45263

(513) 579-5300

Fifth Third is a registered financial holding company, incorporated under Ohio law, which conducts its principal activities through its banking and non-banking subsidiaries. Fifth Third's subsidiary depository institutions operate a general banking business from 952 offices located throughout Ohio, Indiana, Kentucky, Illinois, Michigan, Florida, Tennessee and West Virginia. At December 31, 2003, on a consolidated basis, Fifth Third had assets of approximately \$91.1 billion, deposits of approximately \$57.1 billion and shareholders' equity of approximately \$8.5 billion. Fifth Third common stock is traded on the Nasdaq National Market under the symbol FITB.

Franklin Financial Corporation

230 Public Square

Franklin, Tennessee 37064

(615) 790-2265

Franklin Financial is a registered financial holding company incorporated under Tennessee law. Franklin Financial owns all of the stock of Franklin National Bank, a national banking association, that is headquartered in Franklin, Tennessee. Franklin National Bank operates its main banking office in Franklin, Tennessee and operates eight full service branch locations in surrounding areas. At December 31, 2003, Franklin Financial, on a consolidated basis, had assets of approximately \$953.6 million, deposits of approximately \$801.4 million and shareholders' equity of approximately \$57.0 million. Franklin Financial common stock is traded on the Nasdaq National Market under the symbol FNFN.

The Merger

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Pursuant to the affiliation agreement among Franklin Financial, Fifth Third and Fifth Third Financial Corporation dated as of July 23, 2002, and amended as of September 9, 2002, as of December 10, 2002 and as of March 27, 2003 and the plan of merger entered into by the parties pursuant to the affiliation agreement, at the effective time of the merger, Franklin Financial will merge with and into Fifth Third Financial Corporation, a wholly owned subsidiary of Fifth Third. Fifth Third will issue shares of its common stock to the existing shareholders of Franklin Financial in exchange for their shares of Franklin Financial common stock. Simultaneously with the merger, we anticipate that Franklin National Bank will change its name to Fifth Third Bank, National Association and operate under the name Fifth Third Bank, N.A. We expect that Fifth Third's existing

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bank operations and assets in Tennessee will be transferred to Fifth Third Bank, N.A.

Franklin Financial Shareholders Will Receive Fifth Third Stock in the Merger

If the merger is completed, you will have the right to receive a fraction of Fifth Third common stock for each share of Franklin Financial common stock that you own as of the effective time of the merger. The exchange ratio to determine the number of shares of Fifth Third common stock that you will receive will be equal to (1) the sum of (a) \$31.00 and (b) any increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter preceding the effective time of the merger divided by (2) the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger.

The average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before March ____, 2004 was \$_____ and the increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through December 31, 2003 was \$.7499. Based on that average price and that change in book value, the applicable exchange ratio would be .._____, and, based on the actual closing price of Fifth Third common stock on that date, the value of each share of Franklin Financial common stock that you would exchange in the merger would be approximately

\$ _____.

The exact number of shares of Fifth Third common stock that you will receive in the merger for your shares of Franklin Financial common stock will not be fixed until the fifth trading day before the effective time of the merger. The market value of the shares of Fifth Third common stock that you will receive in the merger will fluctuate both before and after the merger.

No Fractional Shares will be Issued

Fifth Third will not issue any fractional shares. Instead, you will receive cash in lieu of any fractional share of Fifth Third common stock owed to you in an amount based on the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the date on which the merger occurs.

Tax Consequences of the Merger

The exchange of shares is expected to be tax-free to you for federal income tax purposes, except for taxes payable on any cash you receive in lieu of fractional shares. The expected material federal income tax consequences of this transaction are set out in greater detail on page 37.

Tax matters are very complicated and the tax consequences of the merger to you will depend on the facts of your own situation. You are urged to consult your tax advisor for a full understanding of the tax consequences of the merger to you.

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Reasons for the Merger

The Franklin Financial board believes that the terms of the affiliation agreement are fair to, and that the merger is in the best interests of, Franklin Financial and its shareholders. In reaching its decision, the Franklin Financial board considered the following factors, among others:

the belief of the Franklin Financial board that Fifth Third has offered a fair price to Franklin Financial shareholders for their common stock

and that the Franklin Financial common stock would be exchanged on a tax-free basis (except with respect to cash received in lieu of fractional shares);

the liquidity and dividend history of Fifth Third common stock;

the potential benefits to be received by Franklin Financial's customers from the merger; and

an evaluation of the long-term prospects of Fifth Third.

The Franklin Financial board of directors believes that the financial services industry, including banking, is becoming increasingly competitive, and that the merger will enable Franklin Financial's customers to be better served and will provide Franklin Financial's shareholders with substantial benefits.

You can find a more detailed discussion of the background to the affiliation agreement and Franklin Financial's and Fifth Third's reasons for the merger in this document under "Proposal: Merger of Franklin Financial into Fifth Third Financial Corporation - Background of the Merger" beginning on page 25 and "Recommendation of the Franklin Financial Board of Directors and Reasons for the Merger" beginning on page 28.

Opinion of Financial Advisor

The Franklin Financial board of directors has received the opinion of its financial advisor, Trident Securities that, as of March 10, 2004, the exchange ratio was fair to the holders of Franklin Financial common stock from a financial point of view. We have attached a copy of this opinion to this document as Annex C. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Trident Securities in providing its opinion.

Recommendation to Franklin Financial Shareholders

The Franklin Financial board unanimously recommends that you vote **FOR** approval of the affiliation agreement and plan of merger.

The Special Meeting

A special meeting of the Franklin Financial shareholders will be held at 9:00 a.m., Central Standard Time, on May 3, 2004, at Franklin National Bank, Pineapple Meeting Room, 234 Public Square, Franklin, Tennessee. Holders of Franklin Financial common stock outstanding as of the close of business on March ____, 2004 are entitled to vote at the special meeting and will be asked to consider and vote upon:

approval of the affiliation agreement and plan of merger; and

any other matters as are properly presented at the special meeting.

As of the date of this document, the Franklin Financial board does not know of any other matters that will be presented at the special meeting.

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Votes Required

At the special meeting, the affiliation agreement and plan of merger must be approved by the affirmative vote of holders of a majority of the shares of Franklin Financial common stock outstanding at the close of business on March ____ 2004.

Approval of the affiliation agreement and plan of merger will also authorize the Franklin Financial board to exercise its discretion on whether to proceed with the merger in the event Franklin Financial has the right to terminate the affiliation agreement and plan of merger. This determination may be made without notice to, or the resolicitation of proxies from, the Franklin Financial shareholders.

Share Ownership of Franklin Financial's Management and Directors

On March ____, 2004, the record date for the special meeting, directors and executive officers of Franklin Financial and their affiliates were entitled to vote 4,511,241 shares of Franklin Financial common stock, or 53.74% of the Franklin Financial shares outstanding on that date, which represents a majority of the outstanding voting shares of Franklin Financial common stock.

The Franklin Financial directors have indicated that they intend to vote all 4,344,213 shares of Franklin Financial common stock owned of record by them in favor of the proposal to approve the affiliation agreement and plan of merger.

In connection with the execution of the affiliation agreement, Gordon E. Inman, Chairman of the Board and Chief Executive Officer of Franklin Financial, who holds approximately 3,197,711 shares, or 38% of the Franklin Financial common stock, executed a shareholder support agreement with Fifth Third, a copy of which is attached hereto as Annex D. In this agreement, Mr. Inman agreed to vote all of his shares of Franklin Financial common stock in favor of the affiliation agreement and the merger. Mr. Inman's 3,197,711 shares are included in both the 4,511,241 shares that directors and executive officers of Franklin Financial and their affiliates are entitled to vote as discussed above and the 4,344,213 shares owned of record by Franklin Financial's directors as discussed above.

Ownership of Fifth Third Following the Merger

Based on the number of outstanding shares of Fifth Third common stock, Franklin Financial common stock, options to purchase Franklin Financial common stock, and shares of Franklin Financial common stock which we anticipate may be purchased under Franklin's Stock Purchase Plan before the effective time of the merger, Fifth Third would issue approximately 5.5 million shares of its common stock to Franklin Financial shareholders in the merger. This would constitute less than 1% of the outstanding stock of Fifth Third immediately after the merger.

Conditions to the Merger

Fifth Third and Franklin Financial will complete the merger only if certain conditions are satisfied. These conditions include:

approval of the affiliation agreement by Franklin Financial's shareholders; and

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the receipt of certain regulatory approvals under banking laws and the expiration of any waiting periods.

Some of the conditions to the merger may be waived by the company entitled to assert the condition.

Right to Terminate

The boards of directors of Fifth Third and Franklin Financial may jointly agree in writing to terminate the affiliation agreement without completing the merger. In addition, either company can individually terminate the affiliation agreement prior to the completion of the merger if:

the other party breaches any of the material representations or warranties it made or it materially fails to comply with any of its obligations under the affiliation agreement;

the merger is not completed by June 30, 2004;

Franklin Financial's shareholders do not approve the affiliation agreement; or

other conditions to closing the merger have not been satisfied.

Franklin Financial also has the right, provided that it is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement, to terminate the affiliation agreement if all approvals required to consummate the merger have not been obtained from the Board of Governors of the Federal Reserve System by May 31, 2004. If Franklin Financial elects to terminate the affiliation agreement because such approvals have not been obtained by this date, Fifth Third is required to pay Franklin Financial a termination fee in the amount of \$27,000,000. This termination fee is due within five business days of Fifth Third's receipt of Franklin Financial's written notice of termination and is Franklin Financial's exclusive remedy against Fifth Third.

Interests of Certain Persons in the Merger

When considering the Franklin Financial board's recommendation that Franklin Financial's shareholders vote to approve the affiliation agreement and plan of merger, you should be aware that certain Franklin Financial directors and officers have interests in the merger that are different from, or in addition to, yours.

The members of Franklin Financial's board of directors knew about and considered these additional interests when they adopted the affiliation agreement and plan of merger.

Fifth Third Employment Agreements. Pursuant to the terms of the affiliation agreement, Fifth Third initially entered into employment agreements that were to take effect at the effective time of the merger with Gordon E. Inman, Franklin Financial's Chairman of the Board and Chief Executive Officer, J. Myers Jones, III, Franklin National Bank's President, George J. Regg, Jr., Franklin Financial's Executive Vice

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President, Secretary and General Counsel and Lisa Musgrove, Franklin Financial's former Senior Vice President and Chief Financial Officer. As discussed below, the agreements with Messrs. Inman, Regg and Jones remain in place, but Ms. Musgrove's agreement has expired.

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Mr. Inman's employment agreement will employ him as the Chairman of Fifth Third Bank, N.A. and calls for an initial annual base salary of \$243,101 and an annual cash bonus of \$100,000. Mr. Jones' employment agreement will employ him as the Senior Vice President - Commercial Credit of Fifth Third Bank, N.A. and calls for an initial annual base salary of \$165,000. Mr. Regg's employment agreement will employ him in a management capacity of Fifth Third Bank, N.A. and calls for an initial annual base salary of \$169,520. Ms. Musgrove's employment with Franklin Financial has terminated and her employment agreement is no longer in effect. She will not be employed in any capacity by Fifth Third Bank, N.A.

Fifth Third Non-Compete Agreement. Pursuant to the terms of the affiliation agreement, Fifth Third entered into a Non-Compete Agreement with Richard E. Herrington, Franklin Financial's former President and Chief Executive Officer which was to take effect at the effective time of the merger. Subsequent to the execution of this non-compete agreement, Fifth Third, Franklin Financial and Mr. Herrington entered into another agreement which revised the terms of Mr. Herrington's departure from Franklin Financial. Under the terms of this agreement, Mr. Herrington agreed to resign from all positions that he held with Franklin Financial as of November 30, 2002 and Franklin Financial agreed to pay \$70,000 to Mr. Herrington and \$5,000 to Cumberland Bancorp Inc., a financial institution with whom Mr. Herrington is associated. Mr. Herrington also agreed, as of November 1, 2002, to not solicit customers of Franklin Financial for a period of 24 months, to not solicit or hire employees of Franklin Financial for a period of 18 months and to not provide consulting services to any start-up financial institution for a period of 24 months in any of the following Tennessee counties: Davidson, Williamson, Rutherford, Marshall, Maury, Hickman, Dickson, Robertson, Sumner, Wilson and Cheatham.

Stock Options. As of the effective date of the merger, certain options to purchase Franklin Financial common stock will become exercisable and all outstanding awards, options or other rights to purchase or acquire shares of Franklin Financial common stock under any stock plan, agreement or arrangement, will be automatically converted into options to purchase Fifth Third common stock.

Cash Payments to Certain Employees. Under the terms of the affiliation agreement Franklin National Bank may, before the effective date of the merger, pay a bonus to Gordon Inman, pursuant to his employment agreement, in an amount not to exceed \$100,000. The exact amount of this bonus payment will be determined based on a \$100,000 annual bonus prorated for the number of days elapsed in the year in which the effective date of the merger occurs. The affiliation agreement also permits Franklin National Bank, pursuant to its 2001 Officer Incentive Plan, to pay to other employees of the bank cash bonuses in an aggregate amount not to exceed \$320,000. With respect to bonuses paid by Franklin National Bank in 2003, for the year 2002, and in 2004, for the year 2003, Fifth Third waived the limits set forth in the affiliation agreement and consented to the payment of bonuses to Mr. Inman in the amounts of \$173,150 for 2002 and \$173,679 for 2003 and bonuses to other employees of Franklin National Bank in the aggregate of \$445,644 for 2002 and \$434,465 for 2003.

Indemnification and Liability Insurance. Fifth Third will assume all permissible provisions for indemnification now existing in favor of the directors and officers of Franklin Financial and its subsidiaries. Fifth Third also will purchase and keep in effect for a three-year period a policy of directors' and officers' liability insurance providing coverage for acts or omissions of the type currently covered by Franklin Financial's

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existing directors and officers liability insurance for acts or omissions occurring at or prior to the merger as long as such coverage is permissible under existing banking laws and may be obtained at no more than 150% of current premium on commercially reasonable terms.

Directors of Fifth Third Bank, N.A. Prior to the effective time of the merger, Fifth Third will appoint certain individuals who currently serve as Franklin Financial directors to serve as directors of Fifth Third Bank, N.A.

Loan to Gordon Inman. In July 2003, Fifth Third Bank extended to Gordon E. Inman, Franklin Financial's Chairman of the Board and Chief Executive Officer, a two year \$30,000,000 line of credit for use in his personal affairs. Mr. Inman must make monthly interest payments and pay the entire outstanding principal balance upon maturity on the line of credit on July 1, 2005. As collateral for the line of credit, Fifth Third Bank took a security interest in 2,046,000 of Mr. Inman's shares of Franklin Financial common stock. This security interest does not give Fifth Third Bank any right to vote these shares or receive any dividend payments. Fifth Third Bank would only become the owner of these shares upon a default by Mr. Inman. The loan was made on terms no more favorable to Mr. Inman than loans made by Fifth Third Bank to other borrowers that are unaffiliated with Fifth Third Bank.

Effect on Franklin Financial's Employees

Employment. Fifth Third shall consider employing as many of the employees of Franklin Financial and its subsidiaries who desire employment within the Fifth Third holding company system as possible, to the extent of available positions and consistent with Fifth Third's standard staffing levels and personnel policies.

Fifth Third Employee Benefit Plans. Fifth Third shall provide each of the full-time employees of Franklin Financial and its subsidiaries who become employees of Fifth Third or its affiliates, as a group, with employee benefit plans that in the aggregate are of comparable value to the benefit plans maintained by Fifth Third for similarly situated employees of Fifth Third. Former Franklin Financial employees shall be given credit for prior service with Franklin Financial and its subsidiaries for purposes of eligibility, vesting and accrual of benefits.

Severance. The affiliation agreement provides for the payment of severance amounts to employees of Franklin Financial who do not have an employment or severance agreement under certain conditions upon termination of employment.

No Dissenters or Appraisal Rights

Franklin Financial is a Tennessee corporation. Under Tennessee law, shareholders of Franklin Financial will not have any right to dissent from the merger or obtain payments of the fair value of their shares as a result of, or in connection with, the merger. See Proposal Merger of Franklin Financial into Fifth Third Financial Corporation No Dissenters or Appraisal Rights.

Accounting

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Fifth Third will account for the merger as a purchase. Under the purchase method of accounting, all the assets and liabilities of the acquired company are recorded at their respective fair values, as of the effective date

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of the transaction. The amount, if any, by which the purchase price paid by Fifth Third exceeds the fair value of the net tangible and identifiable intangible assets acquired by Fifth Third in the transaction is recorded as goodwill. Fifth Third will include the revenues and expenses of Franklin Financial in its financial statements from the date of the consummation of the merger.

Recent Developments

On November 7, 2002, Fifth Third received a supervisory letter from the Federal Reserve Bank of Cleveland and the Ohio Department of Commerce, Division of Financial Institutions relating to matters including procedures for access to the general ledger and other books and records; segregation of duties among functional areas; procedures for reconciling transactions; the engagement of third party consultants; and efforts to complete the impairment review of certain predominately treasury-related aged receivable and in-transit reconciliation items. In addition, the supervisory letter imposed a moratorium on future acquisitions, including the merger.

On March 27, 2003, Fifth Third entered into a Written Agreement with the regulators which outlines a series of steps to address and strengthen Fifth Third's risk management processes and internal controls. These steps include independent third-party reviews and the submission of written plans in a number of areas including Fifth Third's management, corporate governance, internal audit, account reconciliation procedures and policies, information technology and strategic planning. At this time, Fifth Third has completed certain administrative tasks required by the Written Agreement and has submitted all documentation and information currently required by the Written Agreement, including all independent third party reviews. Fifth Third has also largely completed the staffing of its Risk Management group and has supplemented the size and expertise of the Internal Audit group. Fifth Third believes it has made progress in the improvement of these areas, as well as others described in the Written Agreement. Fifth Third is continuing to work in cooperation with the Federal Reserve Bank and the State of Ohio and is devoting its attention to assisting the regulators in verifying this progress. Fifth Third is targeting to accomplish this verification during the first quarter of 2004.

On November 12, 2002, Fifth Third was informed by a letter from the Securities and Exchange Commission that the Commission was conducting an informal investigation regarding the after-tax charge of \$54 million reported in Fifth Third's Form 8-K dated September 10, 2002 and the existence or effects of weaknesses in financial controls in Fifth Third's Treasury and/or Trust operations. Fifth Third has responded to all of the Commission's requests.

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Fifth Third common stock is traded on the Nasdaq National Market under the symbol FITB and Franklin Financial common stock is traded on the Nasdaq National Market under the symbol FNFN. On July 23, 2002, the business day immediately preceding the public announcement of the execution of the affiliation agreement setting forth the terms of the merger, on March 26, 2003, the business day immediately preceding the public announcement of the execution of the third amendment to the affiliation agreement which adjusted the exchange ratio, and on March _____, 2004, the most recent practicable date prior to the printing of this document, the closing market prices of Fifth Third common stock and Franklin Financial common stock and the equivalent price per share of Franklin Financial common stock giving effect to the merger were as follows:

	<u>July 23, 2002</u>	<u>March 26, 2003</u>	<u>March _____, 2004</u>
Fifth Third Common Stock	\$ 58.68	\$ 51.80	\$ _____
Franklin Financial Common Stock	\$ 24.90	\$ 20.20	\$ _____
Equivalent Price Per Share of Franklin Financial Common Stock	\$ 22.81	\$ 31.50	\$ _____

The Equivalent Price Per Share of Franklin Financial Common Stock at each specified date in the above table represents the closing price for a share of Fifth Third common stock on the specified date multiplied by the applicable exchange ratio, which is the number of shares of Fifth Third common stock that a Franklin Financial shareholder would receive for each share of Franklin Financial common stock owned. For July 23, 2002, we calculated the Equivalent Price Per Share by multiplying \$58.68, the closing price for a share of Fifth Third common stock on that date by an exchange ratio of .3887 (the ratio which would have applied if that date had been the effective date of the merger pursuant to the affiliation agreement as originally executed). See Proposal Merger of Franklin Financial into Fifth Third Financial Corporation Background of the Merger for details regarding amendments to the affiliation agreement.

For March 26, 2003, we calculated the Equivalent Price Per Share by multiplying \$51.80, the closing price for a share of Fifth Third common stock on that date by an exchange ratio of .6081 (the ratio which would have applied if that date had been the effective date of the merger pursuant to the affiliation agreement as amended). We calculated the exchange ratio by dividing \$31.00, the fixed price per share of Franklin Financial common stock, by the average closing price of

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Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before that date (\$50.98).

For March _____, 2004, we calculated the Equivalent Price Per Share by multiplying \$_____, the closing price for a share of Fifth Third common stock on that date by an exchange ratio of .._____ (the ratio which would have applied if that date had been the effective date of the merger pursuant to the affiliation agreement as amended). We calculated the exchange ratio by dividing \$31.7499 (the sum of \$31.00 plus \$.7499, the increase in book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through December 31, 2003, the end of the most recent fiscal quarter) by the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before on that date (\$_____). See Proposal Merger of Franklin Financial into Fifth Third Financial Corporation Merger Consideration for details regarding calculation of and adjustments to the exchange ratio.

You should obtain current market quotations for shares of Fifth Third common stock and Franklin Financial common stock prior to making any decisions with respect to the merger.

Franklin Financial's common stock is traded on the Nasdaq National Market.

The following table sets forth (in per share amounts), for the calendar quarters indicated, the high and low sales prices and the cash dividends declared during each quarterly period.

	Fifth Third Common			Franklin Financial Common		
	Stock Dividends			Stock Dividends		
	High	Low	Declared	High	Low	Declared
2002:						
First Quarter	\$ 69.69	\$ 60.10	\$ 0.230	\$ 22.37	\$ 15.50	\$ 0.055
Second Quarter	69.70	62.45	0.230	29.22	21.60	0.055
Third Quarter	68.54	55.26	0.260	28.00	23.62	0.055
Fourth Quarter	66.47	55.40	0.260	25.50	21.37	0.058
2003:						
First Quarter	\$ 62.15	\$ 47.05	\$ 0.260	\$ 30.05	\$ 18.60	\$ 0.058
Second Quarter	60.49	47.24	0.290	30.50	29.02	0.058
Third Quarter	59.44	52.50	0.290	31.33	29.61	0.058
Fourth Quarter	60.01	55.47	0.290	31.36	30.32	0.063
2004						
First Quarter (through March _____, 2004)						

Comparative Per Share Data

The following table sets forth for Fifth Third common stock and Franklin Financial common stock certain historical, pro forma and pro forma equivalent per share financial information. The pro forma and pro

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forma equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had been effective at the beginning of the periods presented, in the case of the earnings per share and the cash dividends declared per share data. The pro forma data in the tables assumes that the merger is accounted for using the purchase method of accounting. The equivalent per share information is presented based on the exchange ratio of .5469 of a share a Fifth Third common stock for each share of Franklin Financial common stock, the exchange ratio that would have been effective on December 31, 2003. We calculated the exchange ratio by dividing \$31.7499 (the sum of \$31.00 plus \$.7499, the increase in book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through December 31, 2003, the end of the most recent fiscal quarter) by the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before that date (\$58.053). See Proposal Merger of Franklin Financial into Fifth Third Financial Corporation Merger Consideration for details regarding adjustments to the exchange ratio. This table should be read in conjunction with the historical and pro forma financial statements, including the notes thereto, of Fifth Third, which information is presented elsewhere in this document and incorporated by reference into this document. See Where You Can Find More Information on page 89.

The pro forma information, while helpful in illustrating the financial characteristics of the continuation of Fifth Third and Franklin Financial under one set of assumptions, does not attempt to predict or suggest future results. The pro forma information also does not attempt to show how Fifth Third and Franklin Financial would actually have performed had the companies been combined throughout these periods.

	Fifth Third				Franklin Financial		Equivalent Shares Basis - .5469 of a Share of Fifth Third Common Stock ⁽⁵⁾	
	Historical		Pro Forma		Historical		Pro Forma	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
EARNINGS PER SHARE FROM CONTINUING OPERATIONS								
Twelve Months Ended December 31, 2003:	\$ 3.01	\$ 2.97	\$ 3.00 ⁽¹⁾	\$ 2.96 ⁽²⁾	\$ 1.18	\$ 1.08	\$ 1.64	\$ 1.62
CASH DIVIDENDS DECLARED PER SHARE								
Twelve Months Ended December 31, 2003:	\$ 1.13		\$ 1.13 ⁽³⁾		\$ 0.24		\$ 0.62	
BOOK VALUE PER SHARE								
At December 31, 2003:	\$ 15.04		\$ 15.46 ⁽⁴⁾		\$ 6.80		\$ 8.46	

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- (1) The pro forma earnings per basic common share from continuing operations is computed by dividing pro forma net income by the weighted average pro forma basic common shares of Fifth Third.
- (2) The pro forma earnings per diluted common share from continuing operations is computed by dividing the total of pro forma net income and the net income effect from dilutive securities by the weighted average pro forma diluted common shares of Fifth Third.
- (3) Fifth Third pro forma cash dividends declared per share represent historical cash dividends declared per share by Fifth Third.
- (4) The pro forma book value per share is computed by dividing the pro forma total shareholders' equity of Fifth Third by total pro forma common shares of Fifth Third.
- (5) Franklin Financial equivalent pro forma per share amounts are computed by multiplying the Fifth Third pro forma amounts by the calculated exchange ratio of .5469 respectively.

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RISK FACTORS

In making your determination as to how to vote on the merger, you should consider the following factors:

Risks Relating to the Merger

The exchange ratio is not fixed and will be adjusted prior to the effective time of the merger to reflect changes in the value of Fifth Third common stock and to reflect increases in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter preceding the effective time of the merger.

The number of shares and the value of the Fifth Third common stock to be received by you in the merger will depend on the market price of shares of Fifth Third common stock prior to and at the effective time of the merger and upon certain increases in the book value per share of Franklin Financial common stock. The exchange ratio is subject to change based on the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger. The market price of Fifth Third common stock is subject to change at all times based on the future financial condition and operating results of Fifth Third, future market conditions and other factors. On July 23, 2002, the business day immediately preceding the public announcement of the merger, Fifth Third's common stock closed at \$58.68. On March ____, 2004, Fifth Third's common stock closed at \$____. The market price of Fifth Third common stock at and after the effective time of the merger may be substantially higher or lower than recent prices. You are advised to obtain current market quotations for Fifth Third common stock.

The increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter ending December 31, 2003 was \$.7499. The increase, if any, in book value per share of Franklin Financial common stock will be re-calculated as of the end of the fiscal quarter preceding the effective time of the merger. Changes in Franklin Financial's book value per share are effected by the financial condition and operating results of Franklin Financial and other factors. You are advised to review Franklin Financial's most recent financial statements for information concerning the book value per share of Franklin Financial common stock. See [Where You Can Find More Information](#).

The value of Franklin Financial common stock may vary in the future.

If the merger is not completed, the value of Franklin Financial common stock could increase or decrease in the future. Such value could be either higher or lower than the merger consideration being offered by Fifth Third in the merger.

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Franklin Financial's shareholders will not control Fifth Third's future operations.

Franklin Financial's shareholders collectively own 100% of Franklin Financial and, in the aggregate, have the absolute power to approve or reject any matters requiring the adoption or approval of shareholders under Tennessee law and Franklin Financial's charter. After the merger, Franklin Financial's shareholders in the aggregate will hold less than one percent of the outstanding shares of Fifth Third common stock. Accordingly, even if all of the former Franklin Financial shareholders voted in concert on all matters presented to Fifth Third's shareholders from time to time, the former Franklin Financial shareholders will not likely have a significant impact on whether future Fifth Third proposals are approved or rejected.

The directors and officers of Franklin Financial will receive benefits in the merger in addition to the merger consideration received by all other Franklin Financial shareholders.

Certain officers and directors of Franklin Financial will receive, among other things, severance agreements, employment agreements, accelerated stock option vesting, lapses of restrictions on restricted stock, cash bonuses and indemnification agreements in connection with the merger. See Terms of the Affiliation Agreement- Interests of Certain Persons in the Merger. Accordingly, Franklin Financial's directors and certain executive officers may have interests in the merger that are different from, or in addition to, yours.

Post Merger Risks

Fifth Third's future acquisitions will dilute your ownership of Fifth Third and may cause Fifth Third to become more susceptible to adverse economic events.

Future business acquisitions could be material to Fifth Third and it may issue additional shares of common stock to pay for those acquisitions, which would dilute your ownership interest. Acquisitions also could require Fifth Third to use substantial cash or other liquid assets or to incur debt. In those events, Fifth Third could become more susceptible to economic downturns and competitive pressures.

If Fifth Third does not adjust to rapid changes in the financial services industry, its financial performance may suffer.

Fifth Third's ability to maintain its history of strong financial performance and return on investment to shareholders will depend in part on Fifth Third's ability to expand its scope of available financial services as needed to meet the needs and demands of its customers. In addition to the challenge of attracting and retaining customers for traditional banking services, Fifth Third's competitors now include securities dealers, brokers, mortgage bankers, investment advisors and finance and insurance companies who seek to offer one-stop financial services to their customers that may include services that banks have not been able or allowed to offer to their customers in the past. The increasingly competitive environment is a result primarily of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers.

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Difficulties in combining the operations of acquired entities with Fifth Third's own operations may prevent Fifth Third from achieving the expected benefits from its acquisitions.

Fifth Third may not be able to achieve fully the strategic objectives and operating efficiencies in all of its acquisitions, including Franklin Financial. Inherent uncertainties exist in integrating the operations of an acquired company into Fifth Third. In addition, the markets and industries in which Fifth Third operates are highly competitive. Fifth Third also may lose key personnel, either from the acquired entities or from itself, as a result of acquisitions. These factors could contribute to Fifth Third not achieving the expected benefits from its acquisitions within the desired time frames, if at all.

Ongoing compliance with federal and state regulators could impact future growth.

On March 27, 2003, Fifth Third entered into a Written Agreement with the Federal Reserve Bank of Cleveland and the Ohio Department of Commerce, Division of Financial Institutions which outlines a series of steps to address and strengthen Fifth Third's risk management processes and internal controls. The parties entered into this agreement in response to an investigation by those regulators into certain matters including Fifth Third's procedures for access to the general ledger and other books and records; segregation of duties among functional areas; procedures for reconciling transactions; the engagement of third party consultants; and efforts to complete the impairment review of certain predominately treasury-related aged receivable and in-transit reconciliation items. As a result of this on-going investigation, Fifth Third has not been able to pursue any future acquisitions including the merger and has incurred costs and expenses due to the measures taken to comply with the regulators requests.

Fifth Third has been actively complying with the terms of the Written Agreement and has completed certain administrative tasks and submitted all documentation and information required by the Written Agreement. Fifth Third is continuing to work in cooperation with the regulators and is devoting its attention to assisting the regulators in verifying that the terms of the Written Agreement have been met. While Fifth Third believes that this process will be largely completed during the first quarter of 2004, we cannot guarantee that the regulators will be satisfied with our efforts and will approve the merger in a timely fashion or approve any future acquisitions.

Future governmental regulation and legislation could limit Fifth Third's future growth.

Fifth Third and its subsidiaries are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of the operations of Fifth Third and its subsidiaries. These laws may change from time to time and are primarily intended for the protection of consumers, depositors and the deposit insurance funds. The impact of any changes to these laws may negatively impact Fifth Third's ability to expand its services and to increase the value of its business. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on Fifth Third, these changes could be materially adverse to Fifth Third's shareholders.

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Changes in interest rates could reduce Fifth Third's income and cash flows.

Fifth Third's income and cash flows depend to a great extent on the difference between the interest rates earned on interest-earning assets such as loans and investment securities, and the interest rates paid on interest-bearing liabilities such as deposits and borrowings. These rates are highly sensitive to many factors which are beyond Fifth Third's control, including general economic conditions and the policies of various governmental and regulatory agencies, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, will influence the origination of loans, the purchase of investments, the generation of deposits and the rates received on loans and investment securities and paid on deposits. Fluctuations in these areas may adversely affect Fifth Third.

FORWARD-LOOKING STATEMENTS

This document, including information incorporated by reference into this document, contains or may contain forward-looking statements about Fifth Third, Franklin Financial and the combined company which we believe are within the meaning of the Private Securities Litigation Reform Act of 1995. This document contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Fifth Third, including statements preceded by, followed by or that include the words "believes," "expects," "anticipates" or similar expressions. These forward-looking statements involve certain risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, those risks discussed above. Further information on other factors which could affect the financial results of Fifth Third after the merger are included in the SEC filings incorporated by reference into this document. See "Where You Can Find More Information" on page 89.

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THE SPECIAL MEETING

This document and the accompanying proxy card are being furnished to you in connection with the solicitation by the board of directors of Franklin Financial of proxies to be used at the special meeting to be held at 9:00 a.m., Central Standard Time, on May 3, 2004, at Franklin National Bank, Pineapple Meeting Room, 234 Public Square, Franklin, Tennessee, and at any adjournments thereof. This document, the enclosed notice of Franklin Financial's special meeting and proxy card are first being sent to you on or about March ____, 2004.

Purpose of the Meeting

The purpose of the special meeting of Franklin Financial's shareholders is to vote upon the approval of the affiliation agreement and plan of merger relating to the merger of Franklin Financial with and into Fifth Third Financial Corporation, a wholly owned subsidiary of Fifth Third, and other transactions contemplated thereby. Franklin Financial's shareholders also may consider and vote upon such other matters as are properly brought before the special meeting, including a proposal to adjourn the special meeting to permit further solicitation of proxies by the Franklin Financial board in the event that there are not sufficient votes to approve the affiliation agreement and plan of merger at the time of the special meeting. However, no proxy which is voted against the approval of the affiliation agreement and plan of merger will be voted in favor of adjournment to solicit further proxies for such proposal. As of the date of this document, the Franklin Financial board knows of no business that will be presented for consideration at the special meeting, other than matters described in this document.

Voting and Revocability of Proxies

The Franklin Financial board of directors has fixed the close of business on March ____, 2004 as the record date for shareholders entitled to notice of and to vote at the special meeting. Only holders of record of Franklin Financial common stock on that record date are entitled to notice of and to vote at the special meeting. Each share of Franklin Financial common stock you own entitles you to one vote. On the record date, _____ shares of Franklin Financial common stock were outstanding and entitled to vote at the special meeting, held by approximately _____ shareholders of record.

You may vote at the special meeting using one of the following methods:

You May Vote by Mail. If you properly complete and sign the accompanying proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in the United States.

You May Vote in Person at the Meeting. If you plan to attend the special meeting and wish to vote in person, we will give you a ballot at the special meeting. However, if your shares are held in the name of your broker, bank or other nominee, you will need to obtain a proxy form from the institution that holds your shares indicating that you were the beneficial owner of Franklin Financial common stock on March ____, 2004, the record date for voting at the special meeting.

If you hold shares of Franklin Financial common stock in street name, you must instruct your broker to vote your shares on the proposal to approve the affiliation agreement and plan of merger, following the

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directions provided to you by your broker. Your failure to instruct your broker to vote on the proposal to approve the affiliation agreement and plan of merger will be the equivalent of voting against the proposal.

Shareholders who execute proxies retain the right to revoke them at any time prior to their exercise. Unless revoked, the shares represented by proxies will be voted at the special meeting and all adjournments thereof. Proxies may be revoked by: (1) written notice to the Secretary of Franklin Financial Corporation, 230 Public Square, Franklin, Tennessee 37064, before the special meeting, (2) filing a later dated proxy prior to a vote being taken on a particular proposal at the special meeting, or (3) attending the special meeting and voting in person.

Proxies solicited by the Franklin Financial board will be voted in accordance with the directions given on the proxy cards. **If you sign and date your proxy card but do not indicate your vote on the proxy card, your proxy will be voted FOR approval of the affiliation agreement and plan of merger at the special meeting.** The proxies confer discretionary authority on the persons named on the proxy cards to vote Franklin Financial common stock with respect to matters incident to the conduct of the special meeting. If any other business is presented at the special meeting, proxies will be voted in accordance with the discretion of the proxy holders. Proxies marked as abstentions will have the same effect as a vote against the proposal to approve the affiliation agreement and plan of merger at the special meeting. If you do not return your proxy card, or otherwise vote at the special meeting, it will have the same effect as if you voted against the affiliation agreement and plan of merger.

Vote Required

The affirmative vote of the holders of a majority of the Franklin Financial common stock outstanding is required to approve the affiliation agreement and plan of merger. **The Franklin Financial board of directors unanimously recommends that Franklin Financial shareholders vote FOR approval of the affiliation agreement and plan of merger.**

Because approval of the affiliation agreement and plan of merger requires the affirmative vote of the holders of a majority of the Franklin Financial common stock outstanding, abstentions and failures to vote will have the same effect as votes against the proposal. Under National Association of Securities Dealers, Inc. conduct rules, your broker may not vote your shares on the Franklin Financial proposal to approve the affiliation agreement and plan of merger without instructions from you. Without your voting instructions, a broker non-vote will occur. Broker non-votes have the same effect as votes against the proposal.

The affirmative vote of the holders of a majority of the shares of Franklin Financial common stock present and voting on the matter may authorize the adjournment of the special meeting. No proxy that is voted against the proposal to approve the affiliation agreement and plan of merger will be voted in favor of adjournment to solicit further proxies for the proposal.

The Franklin Financial directors have indicated that they intend to vote all 4,344,213 shares of Franklin Financial common stock owned of record by them in favor of the proposal to approve the affiliation agreement and plan of merger. In connection with the execution of the affiliation agreement, Gordon E. Inman, Chairman of the Board and Chief Executive Officer of Franklin Financial, who holds approximately 3,197,711 shares, or 38%, of the Franklin Financial common stock, executed a shareholder support agreement with Fifth Third, a copy of which is attached hereto as Annex D. In this agreement, Mr. Inman agreed to vote

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all of his shares of Franklin Financial common stock in favor of the affiliation agreement and the merger. Mr. Inman's 3,197,711 shares are included in the 4,344,213 shares owned of record by Franklin Financial's directors.

Solicitation of Proxies

Franklin Financial will pay all the costs of soliciting proxies, except that Fifth Third will share the expenses of printing and mailing this document. Franklin Financial will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, directors, officers and employees of Franklin Financial may solicit proxies personally or by telephone without additional compensation.

Do not send in any stock certificates with your proxy card. As soon as practicable after the completion of the merger, the exchange agent will mail transmittal forms with instructions for the surrender of stock certificates for Franklin Financial common stock to former Franklin Financial shareholders.

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PROPOSAL MERGER OF FRANKLIN FINANCIAL INTO FIFTH THIRD FINANCIAL CORPORATION

The following description summarizes all material terms of the affiliation agreement and plan of merger. We urge you to read the affiliation agreement and plan of merger, copies of which are attached as Annex A and Annex B, respectively, to this document and are incorporated by reference into this document.

Structure of the Merger

Upon completion of the merger, Franklin Financial will merge with and into Fifth Third Financial Corporation, a wholly owned subsidiary of Fifth Third, and Franklin Financial will cease to exist as a separate entity. Franklin National Bank will continue as a separate entity but will change its name to Fifth Third Bank, National Association and operate under the name Fifth Third Bank, N.A. Fifth Third's existing banking operations and assets in Tennessee will be transferred to Fifth Third Bank, N.A. Franklin Mortgage will be merged into Fifth Third Mortgage. Franklin Financial Insurance Agency, Inc. and Hometown Loan Company will be dissolved and the operations of Franklin Securities will be integrated into a Fifth Third entity performing similar services.

Corporate Governance

After the merger is completed, the directors and officers of Fifth Third Financial Corporation who were in office prior to the effective time of the merger will continue to serve as the directors and officers, respectively, of Fifth Third Financial Corporation for the term for which they were elected, subject to Fifth Third Financial Corporation's code of regulations and in accordance with law.

Merger Consideration

Each share of Franklin Financial common stock (excluding treasury shares) that is issued and outstanding immediately prior to the effective time of the merger will be canceled and converted, by virtue of the merger and without any further action, into the right to receive a fractional share of Fifth Third common stock.

For each share of Franklin Financial common stock that you own at the effective time of the merger, you will receive a fractional share of Fifth Third common stock equal to (1) the sum of (a) \$31.00 and (b) any increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the end of the fiscal quarter preceding the effective time of the merger divided by (2) the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger.

The increase in the book value per share of Franklin Financial common stock shall be calculated as the amount equal to (i) the book value of Franklin Financial common stock as of the end of the fiscal quarter preceding the effective time of the merger divided by the number of shares of Franklin Financial common stock outstanding as of the end of such fiscal quarter minus (ii) the book value of Franklin Financial common stock as of March 31, 2003 divided by the number of shares of Franklin Financial common stock outstanding as of March 31, 2003. For

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purposes of the affiliation agreement, the book value of Franklin Financial common stock shall be calculated as the aggregate amount of consolidated shareholders' equity (including

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common stock, additional paid-in capital and retained earnings and excluding treasury stock) of Franklin Financial as of the relevant fiscal quarter end, as shown by and reflected in its book and records of accounts on a consolidated basis in accordance with generally accepted accounting principles, consistently applied, but excluding any expenses or accruals after March 31, 2003 relating to (i) the valuation reserve adjustments contemplated by the affiliation agreement, (ii) termination or funding of any benefit plans of Franklin Financial and its subsidiaries as contemplated by the affiliation agreement, (iii) expenses associated with the affiliation agreement and the transactions contemplated therein, and (iv) expenses and gains or losses associated with the mark to market value of Franklin Financial's or any of its subsidiaries' investments as required by generally accepted accounting principles (including SFAS 115).

This exchange ratio is subject to change so as to give Franklin Financial's shareholders the economic benefit of any stock dividends, reclassifications, recapitalizations, split-ups, exchanges of shares, mergers or combinations or subdivisions of Fifth Third common stock effected before the effective time of the merger.

No Fractional Shares

Only whole shares of Fifth Third common stock will be issued in connection with the merger. In lieu of fractional shares, each holder of Franklin Financial common stock otherwise entitled to a fractional share of Fifth Third common stock will be paid, without interest, an amount of cash equal to the amount of this fraction multiplied by the average of the closing prices of a share of Fifth Third common stock on the Nasdaq National Market for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger. No shareholder will be entitled to interest, dividends, voting rights or other rights in respect of any fractional share.

Effective Time of the Merger

Unless we agree otherwise, the effective time of the merger will occur on a Friday selected by Fifth Third which is not more than 15 days after all conditions contained in the affiliation agreement have been met or waived, including the expiration of all applicable waiting periods. It is anticipated that the effective time of the merger will occur in the second quarter of 2004, although no assurance can be given in this regard. Franklin Financial and Fifth Third each will have the right, but not the obligation, to terminate the affiliation agreement if the merger does not occur on or before June 30, 2004, provided the terminating party is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement on the date of such termination. Moreover, Franklin Financial has the right, provided that it is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement, to terminate the affiliation agreement if all approvals required to consummate the merger have not been obtained from the Board of Governors of the Federal Reserve System by May 31, 2004. If Franklin Financial elects to terminate the affiliation agreement because such approvals have not been obtained by this date, Fifth Third is required to pay Franklin Financial a termination fee in the amount of \$27,000,000. This termination fee is due within five business days of Fifth Third's receipt of Franklin Financial's written notice of termination and is Franklin Financial's exclusive remedy against Fifth Third.

Exchange of Certificates

After the effective time of the merger, you will cease to have any rights as a shareholder of Franklin Financial, and your sole rights will pertain to the rights to receive shares of Fifth Third common stock and

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cash in lieu of fractional shares, if any, into which your shares of Franklin Financial common stock will have been converted by virtue of the merger.

Within 15 business days after the effective time of the merger, Fifth Third will send to you a notice and letter of transmittal for use in submitting to Computershare Investors Services LLC, acting as exchange agent, certificates formerly representing shares of Franklin Financial common stock to be exchanged for certificates representing shares of Fifth Third common stock (and, to the extent applicable, cash in lieu of fractional shares of Fifth Third common stock) which you are entitled to receive as a result of the merger. You will also receive instructions for handling share certificates which have been lost, stolen, destroyed or mislaid. You will not be entitled to receive any dividends or other distributions which may be payable to holders of record of Fifth Third common stock following the effective time of the merger until you have surrendered and exchanged your certificates (or, in the case of lost, stolen, destroyed or mislaid share certificates, such documentation as is required by Fifth Third) evidencing ownership of Franklin Financial common stock. Any dividends payable on Fifth Third common stock after the effective time of the merger will be paid to the exchange agent and, upon receipt of the certificates (or, in the case of lost, stolen, destroyed or mislaid share certificates, such documentation as is required by Fifth Third) representing Franklin Financial common stock, subject to any applicable escheat or similar laws relating to unclaimed funds, the exchange agent will forward to you (1) certificates representing your shares of Fifth Third common stock, (2) dividends declared thereon subsequent to the effective time of the merger, without interest, and (3) the cash value of any fractional shares, without interest. ***You should not submit share certificates until you have received written instructions to do so.***

At the effective time of the merger, the stock transfer books of Franklin Financial will be closed and no transfer of Franklin Financial common stock will thereafter be made on Franklin Financial's stock transfer books. If a certificate formerly representing Franklin Financial common stock is presented to Franklin Financial or Fifth Third, it will be forwarded to the exchange agent for cancellation and exchange for a certificate representing shares of Fifth Third common stock.

Background of the Merger

Since the mid-1990's, Franklin Financial has occasionally received informal inquiries from financial institutions and financial institution holding companies regarding negotiation of potential merger or acquisition transactions. However, the board of directors of Franklin Financial had adopted a business philosophy centered around being an independent company, providing financial services and products in Williamson, Davidson and Maury Counties of Middle Tennessee. These informal inquiries were rejected in light of the board of directors' determination that the company was not for sale.

In early 2000, management of Franklin Financial began discussing with the board of directors management's projection for the continued growth of the company and the company's corresponding need for capital. Management and the board discussed various alternatives for meeting the company's forecasted capital needs, including conducting a securities offering or investigating the possibility of a business combination involving the company. The board and management determined to conduct an offering of Trust Preferred Securities, and in July 2000 the offering was successfully completed, with Franklin Financial raising \$16 million of additional capital. The company's asset growth continued after the offering, however, to a point where the need for capital again became an area of discussion among management and the board.

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On June 20, 2001, Trident Securities, on an unsolicited basis, introduced Franklin Financial to a large regional bank. Informal discussions regarding the possible acquisition of Franklin Financial continued through September 11, 2001, after which the discussions were discontinued. As a result of the relationship established with Trident Securities during the late summer and fall of 2001, representatives of Trident Securities met with Gordon Inman, Chairman of Franklin Financial, on April 3, 2002 to discuss the potential merger or acquisition of Franklin Financial and a likely valuation range. On April 16, 2002, Franklin Financial's board of directors authorized management to enter into an exclusive agreement with Trident Securities to provide financial advisory services related to Franklin Financial's evaluation of a possible sale to or merger with a large regional bank. Franklin Financial and Trident Securities executed the exclusive agreement on April 16, 2002.

During May 2002, Trident Securities conducted a due diligence investigation of Franklin Financial and prepared an Information Memorandum to send to prospective regional banks identified by Trident Securities and approved by Franklin Financial. Through this process eleven regional banks were identified and contacted by Trident Securities. Eight of the eleven regional banks contacted signed confidentiality agreements and received the Information Memorandum. After approximately three weeks of review, five of the eight regional banks submitted non-binding indications of interest. On June 11, 2002, Trident Securities presented to Franklin Financial a comprehensive analysis of the five banks along with each bank's indication of interest. After a review of the proposed terms submitted by the five banks, Franklin Financial identified Fifth Third as the most promising merger partner based on the price, the form of consideration, the proposed role of Franklin Financial's management team and employees, and the fact that Fifth Third is a leading diversified financial services company, headquartered in Cincinnati, Ohio with banking operations in Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, and West Virginia. In addition, Fifth Third had recently entered the Nashville, Tennessee market with one branch opened and a second branch under construction in Franklin, Tennessee, the headquarters of Franklin Financial.

During the week of June 17, 2002, Fifth Third conducted an onsite due diligence investigation of Franklin Financial. On June 27, 2002, Fifth Third submitted an offer of \$25.50 per share, subject to customary closing conditions. Franklin Financial, with the assistance of its outside counsel, Smith, Gambrell & Russell, LLP, and Trident Securities, continued negotiations with Fifth Third from June 27, 2002 through July 23, 2002. The parties exchanged a number of drafts of the affiliation agreement, written comments and response letters which resulted in an initial fixed exchange ratio of .3832, based upon a \$66.55 price for Fifth Third stock and the offer price to Franklin Financial of \$25.50. While the remaining terms of the affiliation agreement were being negotiated, the stock market declined significantly and the price of Fifth Third stock dropped by approximately 10%. Based on the lower valuation implied by the decline in Fifth Third price, the parties agreed upon a floating exchange ratio of between .3832 and .4039.

A meeting of Franklin Financial's board of directors was held on July 23, 2002, at which senior management of Franklin Financial and representatives of Smith, Gambrell & Russell and Trident Securities were also present. Representatives of Smith, Gambrell & Russell reviewed and discussed with the board the terms of the proposed affiliation agreement, and representatives of Trident Securities delivered and described that firm's opinion that, as of the date of the meeting, the exchange ratio was fair, from a financial point of view, to the shareholders of Franklin Financial. After discussion, the board unanimously approved the merger and authorized management of Franklin Financial to execute the affiliation agreement and take such further action as necessary to consummate the merger, subject to regulatory and shareholder approval.

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Shortly following the conclusion of the board of directors meeting, the parties entered into the affiliation agreement. The parties announced the signing of the affiliation agreement on July 24, 2002.

Subsequently, in order to facilitate the orderly consummation of the transactions contemplated by the affiliation agreement, the parties amended the affiliation agreement as of September 9, 2002 to extend certain dates in the affiliation agreement relating to certain regulatory filings by 60 days and to extend the date by which the merger must be completed to April 1, 2003.

On September 10, 2002, Fifth Third reported an after-tax charge of \$54 million related to certain treasury related aged receivable and in-transit reconciliation items. Specifically, in connection with overall data validation procedures completed in preparation for a conversion and implementation of a new treasury investment portfolio accounting system, and a review of related account reconciliations, Fifth Third became aware of a misapplication of proceeds from a mortgage loan securitization against unrelated treasury items in a treasury clearing account. Upon this discovery and after rectifying the mortgage loan securitization receivable, a treasury clearing account used to process entries into and out of Fifth Third's securities portfolio went from a small credit balance to a debit balance of approximately \$82 million consisting of numerous posting and settlement items, all relating to Fifth Third's investment portfolio. Upon concluding that the \$82 million balance did not result from a single item but rather numerous settlement and reconciliation items, many of which had aged or for which no sufficient detail was readily available for presentment for claim from counterparties, Fifth Third recorded a charge-off for these items (\$82 million pre-tax and \$54 million after-tax) because it became apparent that any collection would be uncertain, and, if achieved, time consuming and would require a significant amount of focused research. After this announcement, the Securities and Exchange Commission, the Federal Reserve Bank of Cleveland and the Ohio Department of Commerce, Division of Financial Institutions began investigations into certain procedures and internal controls at Fifth Third.

On November 7, 2002, Fifth Third received a supervisory letter from the Federal Reserve Bank and the Ohio Department of Commerce, Division of Financial Institutions regarding their investigation and imposing a moratorium on future acquisitions. In order to comply with the moratorium, the parties further amended the affiliation agreement as of December 10, 2002 to remove the requirement that the regulatory filings be made by a certain date and instead require that they be made in a timely fashion in order to consummate the merger by April 1, 2003.

During January 2003, management of Fifth Third and Franklin Financial determined that it would be unlikely that the moratorium would be lifted in sufficient time to allow the parties to complete the merger by the April 1, 2003 deadline set forth in the affiliation agreement, and the parties began discussing the possibility of extending the deadline.

At the meeting of Franklin Financial's board of directors on January 21, 2003, the board determined that although they believed a merger with Fifth Third could still be in the best interests of Franklin Financial's shareholders, based on the recent financial results of Franklin Financial and the recent trading prices of Fifth Third common stock, the deadline for completing the merger should not be extended without an appropriate modification to the exchange ratio. The board authorized Mr. Inman to negotiate an amendment to the affiliation agreement that would contain a revised exchange ratio and other terms that would protect the

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interests of Franklin Financial's shareholders, with the assistance of Franklin Financial's financial advisors and legal counsel.

Following the board meeting, Franklin Financial, with the assistance of Trident Securities and Smith, Gambrell & Russell, negotiated with Fifth Third regarding a proposed third amendment to the affiliation agreement. The parties agreed upon a revised exchange ratio that would give Franklin Financial shareholders the right to receive Fifth Third common stock valued at a fixed price of \$31.00 per share of Franklin Financial common stock, plus any increase in the book value per share of Franklin Financial common stock, excluding certain items, from March 31, 2003 through the most recent quarter end preceding the effective time of the merger. See Merger Consideration. The parties also agreed that the amendment would give Franklin Financial the right, provided that it is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement, to terminate the affiliation agreement and receive a termination fee from Fifth Third in the amount of \$27 million if all regulatory approvals required to consummate the merger had not been obtained by May 31, 2004.

A meeting of Franklin Financial's board of directors was held on March 26, 2003. After discussion, the board unanimously approved the third amendment to the affiliation agreement and authorized management of Franklin Financial to execute the amendment. The parties executed the third amendment as of March 27, 2003.

Recommendation of the Franklin Financial Board of Directors and Reasons for the Merger

In evaluating and determining to approve the affiliation agreement, the Franklin Financial board of directors, with the assistance of Trident Securities and outside legal counsel, considered a variety of factors and based their opinion as to the fairness of the transactions contemplated by the affiliation agreement primarily on the following factors:

The financial terms of the merger, including the value of the consideration offered, the premium to book value paid, the ratio of Fifth Third's offer price to Franklin Financial's earnings and the prices paid in comparable transactions in Tennessee and the Southeastern United States over the last few years.

The future prospects of Franklin Financial and possible alternatives to the proposed merger, including the prospects of continuing as an independent institution.

The opinion of Trident Securities that the terms of the merger as provided in the affiliation agreement were fair, from a financial point of view, to Franklin Financial's shareholders. The opinion of Trident Securities is set forth in Annex C to this document.

Information with respect to the financial condition, results of operations, business and prospects of Franklin Financial and the current industry, economic and market conditions, as well as the risks associated with achieving those prospects.

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The non-financial terms and structure of the affiliation agreement and the proposed merger, in particular, the fact that the merger would qualify as a tax-free reorganization to Franklin Financial shareholders.

The business and financial condition and earnings prospects of Fifth Third, the potential appreciation of Fifth Third common stock and the competence and experience of Fifth Third management.

The fact that the merger would provide Franklin Financial shareholders with a more liquid market in which to trade their shares.

The social and economic effects of the merger on Franklin Financial and its employees, depositors, loan and other customers, creditors and other constituencies of the communities in which Franklin Financial is located. The Franklin Financial board considered the number of employees expected to be retained by Fifth Third and the terms of the employee benefits they would receive, the terms of the severance arrangements for employees that are not retained by Fifth Third, and the commitment to customer quality and service that Fifth Third would provide to Franklin Financial's customers and depositors.

Each of the above factors supports, directly or indirectly, the determination of the Franklin Financial board as to the fairness of the affiliation agreement and the related merger. This discussion of the information and factors considered by the Franklin Financial board of directors in making its decision is not intended to be exhaustive, but does include all material factors considered by the Franklin Financial board of directors. The Franklin Financial board did not quantify or attempt to assign relative weights to the specific factors considered in reaching its determination; however, the Franklin Financial board placed special emphasis on the consideration payable in the proposed merger and the receipt of a favorable fairness opinion from its financial advisor. For additional information regarding the fairness opinion, see [Opinion of Franklin Financial's Financial Advisor](#).

The board of directors of Franklin Financial unanimously recommends that the holders of Franklin Financial common stock vote FOR approval of the affiliation agreement and the plan of merger.

Fifth Third's primary reason for entering into the merger is to further a long-range commitment of expanding its banking system to better meet and satisfy the needs of its customers, including those in Franklin Financial's service area. Fifth Third's historic acquisition strategy has generally been to fill in its markets along the interstate highways in Ohio, Kentucky, Illinois, Indiana, Michigan and now Tennessee. These acquisitions are designed to strengthen Fifth Third's ability to compete in these markets by increasing its presence, consumer access and sales force.

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Opinion of Franklin Financial's Financial Advisor

Franklin Financial retained Trident to act as its financial advisor in connection with a possible merger and related matters. As part of its engagement, Trident agreed, if requested by Franklin Financial, to render an opinion with respect to the fairness, from a financial point of view, to the holders of Franklin Financial common stock, of the exchange ratio as set forth in the agreement. Trident is a nationally recognized specialist for the financial services industry, in general, and for banks in particular. Trident is regularly engaged in evaluations of similar businesses and in advising institutions with regard to mergers and acquisitions, as well as raising debt and equity capital for such institutions. Franklin Financial selected Trident as its financial advisor based upon Trident's qualifications, expertise and reputation in such capacity.

Trident delivered an opinion dated July 23, 2002 that the exchange ratio was fair to Franklin Financial shareholders, from a financial point of view, as of the date of such opinion. Trident updated its July 23, 2002 opinion on March 10, 2004.

The full text of Trident's written opinion to the Franklin Financial board of directors, dated as of March 10, 2004, which sets forth the assumptions made, matters considered and extent of review by Trident, is attached as Annex C and is incorporated herein by reference. It should be read carefully and in its entirety in conjunction with this proxy statement/prospectus. The following summary of Trident's opinion is qualified in its entirety by reference to the full text of the opinion. Trident's opinion is addressed to the Franklin Financial board of directors and does not constitute a recommendation to any shareholder of Franklin Financial as to how such shareholder should vote at the Franklin Financial special meeting described in this proxy statement/prospectus.

Trident, in connection with rendering its opinion:

Reviewed Franklin Financial's Annual Reports to Shareholders and Annual Reports on Form 10-K for each of the years ended December 31, 2002 and 2001, including the audited financial statements contained therein, and Form 10-Q for the quarter ended September 30, 2003;

Reviewed Fifth Third's Annual Reports to Shareholders and Annual Reports on Form 10-K for each of the years ended December 31, 2003, 2002 and 2001, including the audited financial statements contained therein;

Reviewed certain other public and non-public information, primarily financial in nature, relating to the respective businesses, earnings, assets and prospects of Franklin Financial provided to Trident or publicly available;

Participated in meetings and telephone conferences with members of senior management of Franklin Financial concerning the financial condition, business, assets, and prospects of the respective companies, as well as other matters Trident believed relevant to its inquiry;

Reviewed certain stock market information for Franklin Financial common stock and Fifth Third common stock and compared it with similar information for certain companies, the securities of which are publicly traded;

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Compared the results of operations and financial condition of Franklin Financial and Fifth Third with that of certain companies which Trident deemed to be relevant for purposes of its opinion;

Reviewed the financial terms, to the extent publicly available, of certain acquisition transactions which Trident deemed to be relevant for purposes of its opinion;

Reviewed the affiliation agreement, as amended; and

Performed such other reviews and analyses as Trident deemed appropriate.

The oral and written opinions provided by Trident to Franklin Financial were necessarily based upon economic, monetary, financial market and other relevant conditions as of the dates thereof.

In connection with its review and arriving at its opinion, Trident relied upon the accuracy and completeness of the financial information and other pertinent information provided by Franklin Financial and Fifth Third to Trident for purposes of rendering its opinion. Trident did not assume any obligation to independently verify any of the provided information as being complete and accurate in all material respects. With regard to the financial forecasts established and developed for Franklin Financial, as well as projections of cost savings and operating synergies, Trident assumed that this information reflects the best available estimates and judgments of Franklin Financial as to the future performance of the separate and combined entities and that the projections provided a reasonable basis upon which Trident could formulate its opinion. Franklin Financial does not publicly disclose such internal management projections of the type utilized by Trident in connection with Trident's role as financial advisor to Franklin Financial. Therefore, such projections cannot be assumed to have been prepared with a view towards public disclosure. The projections were based upon numerous variables and assumptions that are inherently uncertain, including, among others, factors relative to the general economic and competitive conditions facing Franklin Financial and Fifth Third. Accordingly, actual results could vary significantly from those set forth in the respective projections.

Trident does not claim to be an expert in the evaluation of loan portfolios or the allowance for loan losses with respect thereto and therefore assumes that such allowances for Franklin Financial and Fifth Third are adequate to cover such losses. In addition, Trident does not assume responsibility for the review of individual credit files and did not make an independent evaluation, appraisal or physical inspection of the assets or individual properties of Franklin Financial or Fifth Third, nor was Trident provided with such appraisals. Furthermore, Trident assumes that the merger will be consummated in accordance with the terms set forth in the affiliation agreement, without any waiver of any material terms or conditions by Franklin Financial, and that obtaining the necessary regulatory approvals for the merger will not have an adverse effect on either separate institution or the combined entity. Trident assumes that the merger will be recorded as a purchase in accordance with generally accepted accounting principles.

In connection with rendering its opinion to Franklin Financial's board of directors, Trident performed a variety of financial and comparative analyses, which are briefly summarized below. Such summary of analyses does not purport to be a complete description of the analyses performed by Trident. Moreover, Trident believes that these analyses must be considered as a whole and that selecting portions of such analyses

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and the factors considered by it, without considering all such analyses and factors, could create an incomplete understanding of the scope of the process underlying the analyses and, more importantly, the opinion derived from them. The preparation of a financial advisor's opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analyses or a summary description of such analyses. In its full analysis, Trident also included assumptions with respect to general economic, financial market and other financial conditions. Furthermore, Trident drew from its past experience in similar transactions, as well as its experience in the valuation of securities and its general knowledge of the banking industry as a whole. Any estimates in Trident's analyses were not necessarily indicative of actual future results or values, which may significantly diverge more or less favorably from such estimates. Estimates of company valuations do not purport to be appraisals nor to necessarily reflect the prices at which companies or their respective securities actually may be sold. None of the analyses performed by Trident were assigned a greater significance by Trident than any other in deriving its opinion.

Transaction Summary. Franklin Financial shareholders will receive shares of Fifth Third stock in an exchange ratio derived by dividing \$31 plus the increase in Franklin Financial's book value per share (excluding certain adjustments) from March 31, 2003 to the most recent quarter end prior to the effective time of the merger by the average closing price of Fifth Third common stock for the 10 consecutive trading days ending on the fifth trading day before the effective time of the merger. For its analysis, Trident assumed a total purchase price of \$32.00 per share and a Fifth Third trading price of \$56.45.

Comparable Transaction Analysis. Trident reviewed and compared actual information for groups of comparable pending and completed bank merger transactions it deemed pertinent to an analysis of the merger. The pricing ratios for the merger were compared to the median ratios of (i) price to last twelve months earnings, (ii) price to tangible book value, (iii) capital adjusted price to tangible book value, (iv) tangible book value premium to core deposit ratio, and (v) transaction premium to current trading price for each of the following twelve comparable transaction groups:

all recent bank acquisitions in the United States announced within the preceding 12 months (All Recent Median);

all bank acquisitions in the United States announced within the preceding 90 days (Last 90 Days Median);

all pending bank acquisitions in the United States that have been announced but have yet to close (All Pending Median);

all Southeast bank acquisitions announced within the preceding 12 months (Southeast Recent Median);

all Tennessee bank acquisitions announced within the preceding 12 months (Tennessee Recent Median);

all bank acquisitions in the United States announced within the preceding 12 months involving acquired banks with assets of \$500 million-\$1billion (Assets \$500mm-\$1b Median);

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all bank acquisitions in the United States announced within the preceding 12 months with a total deal size of \$100-\$400 Million (Deal Size \$100mm-\$400mm Median);

all bank acquisitions in the United States announced within the preceding 12 months involving acquired banks with returns on average assets of 1.00%-1.50% (ROAA 100bp-150bp Median);

all bank acquisitions in the United States announced within the preceding 12 months involving acquired banks with returns on average equity of 15%-20% (ROAE 15%-20% Median);

all bank acquisitions in the United States announced within the preceding 12 months involving acquired banks with tangible capital of 3%-7% (Tangible Capital 3%-7% Median);

all bank acquisitions in the United States announced within the preceding 12 months involving acquired banks with non-performing assets as a percentage of total assets of 0.40%-0.80% (NPAs 0.40%-0.80% Median);

Trident also selected 13 bank acquisitions announced since September 5, 2000 involving sellers that Trident believed were most comparable to Franklin Financial in terms of asset size, tangible capital, profitability, and market area (the Guideline Transactions).

The following table represents a summary analysis of the comparable transactions analyzed by Trident based on the announced transaction values:

	Number of Transactions	Median Price to		Capital	TBV	
		LTM	Tangible	Adj. Price/	Premium/	Premium/
		EPS (2)	Book	Tangible	Core	Trading
				Book (3)	Deposits (4)	Price
All Recent Median	195	21.8x	231.5%	246.6%	15.4%	27.7%
Last 90 Days Median	50	23.4x	258.2%	252.6%	18.5%	17.6%
All Pending Median	98	23.1x	244.7%	248.0%	16.3%	22.4%
Southeast Recent Median	27	24.6x	255.2%	278.9%	17.1%	25.6%
Tennessee Recent Median	6	41.7x	275.2%	291.7%	19.0%	0.7%
Assets \$500mm-\$1b Median	13	20.6x	307.5%	312.1%	19.8%	19.1%
Deal Size \$100mm-\$400mm Median	19	22.1x	301.2%	326.9%	21.4%	24.0%
ROAA 100bp-150bp Median	47	19.3x	257.1%	309.7%	19.9%	22.4%
ROAE 15%-20% Median	21	17.1x	271.7%	332.6%	26.5%	18.7%
Tangible Capital 3%-7% Median	43	21.3x	266.8%	NA	18.0%	17.4%
NPAs 0.40%-0.80% Median	30	20.8x	246.5%	235.9%	17.0%	22.9%
Guideline Median	13	16.8x	257.2%	435.9%	17.0%	40.4%
Franklin Financial (1)		29.5x	470.6%	NA	51.5%	26.5%

(1)

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Franklin Financial pricing data based on assumed per share merger consideration of \$32.00. Premium/Trading Price is based on Franklin Financial's closing price of \$25.30 on July 22, 2002.

- (2) Last 12 months earnings per share.
- (3) Price and capital are adjusted to eliminate the impact of excess capital (assumes 7% capital is adequate).
- (4) Tangible book value premium as a percentage of core deposits

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Compared with the medians of the comparable groups, the offer made to Franklin Financial generally represents a higher value based on price to earnings, price to tangible book and tangible book value premium to core deposits than other transactions to which it was compared.

Discounted Earnings Analysis. Trident calculated an equity value for Franklin Financial based upon the value, discounted to the present, of estimates of projected earnings over a five-year period from the fiscal year ended December 31, 2003 through the fiscal year ending December 31, 2008 and a projected year 2008 terminal value. In conducting its analysis, Trident utilized financial estimates provided by Franklin Financial and relied upon Franklin Financial's management as to the reasonableness and achievability of the financial and operating projections. These projections served as the basis for Trident's analysis.

This analysis utilized a range of discount rates of 12.7% to 14.7% and a range of terminal multiples of 16.0x to 18.0x projected 2008 net income. The analyses resulted in a range of present values of between \$19.35 and \$22.93 per share.

Trident noted that the discounted earnings analysis was included because it is a widely used valuation methodology, but that the results of such methodology are highly dependent upon the numerous assumptions that must be made, including earnings growth rates, dividend pay-out rates and discount rates.

Contribution Analysis. Trident analyzed the contribution of each company to the pro forma company relative to the approximate ownership of the pro forma company. The analysis indicated that Franklin Financial shareholders would hold approximately 0.8% of the pro forma diluted shares. Franklin Financial's approximate contributions are listed below by category:

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	Franklin Financial
Assets	1.0%
Loans	1.1%
Deposits	1.4%
Equity	0.7%
Last twelve month earnings	0.6%
2004 estimated earnings	0.6%

Accretion/Dilution Analysis. On the basis of financial projections and estimates of on-going cost savings accruing to the pro forma company provided to Trident by Franklin Financial management, as well as estimated one-time costs related to the transaction, Trident compared pro forma per share equivalent earnings, book value and dividends to the stand-alone projections for Franklin Financial.

The accretion/dilution analysis demonstrated, among other things, that for each share of Franklin Financial exchanged for a share of Fifth Third the merger would result in:

67.1% accretion to earnings per share for Franklin Financial shareholders in the first full year of combined operations;

-0.4% accretion to earnings per share for Fifth Third shareholders in the first full year of combined operations;

158.6% higher cash dividends for Franklin Financial, assuming the Franklin Financial Board maintained its current dividend policy;

no change in cash dividends for Fifth Third shareholders;

49.7% accretion to book value per share for Franklin Financial; and

2.7% accretion to book value per share for Fifth Third shareholders.

Due Diligence Examination of Fifth Third. Trident reviewed its on-site due diligence examination of Fifth Third. Trident examined Fifth Third's historical balance sheets and income statements, along with recent operating results, analyst research reports, IBES reports of earnings estimates and analyst recommendations, criticized and classified asset reports, the 2002 budget and a variety of other information on Fifth Third.

Comparable Company Analysis. Trident reviewed and compared stock market data and selected financial information for Fifth Third with corresponding information for actively traded banks possessing

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similar financial and performance characteristics as Fifth Third. The comparison banks (Comparable Groups) were grouped according to the parameters listed below:

Comparable Groups	Companies in Group
Median for All U.S. Banks	460
Median for Midwest Banks	100
Median for Ohio Banks	24
Median for Banks with Assets \$30 Billion-\$130 Billion	21
Median for Banks with Market Capitalization \$10 Billion-\$60 Billion	15
Median for Banks with Return on Average Assets 180bp-220bp	22
Median for Banks with Return on Average Equity 17%-21%	51
Median for Banks with Tangible Capital Median 8%-10%	122
Median for Guideline Companies*	12

* Consists of actively traded banks selected by Trident and having similar asset size, tangible capital levels, and return on equity to Fifth Third.

The table below represents a summary analysis of all of the comparable groups based on market prices as of July 19, 2002 and the latest publicly available financial data as of or for the most recent trailing twelve months:

	All Comparable Groups		
	Mean	Median	Fifth Third
Price to last twelve months reported earnings	16.3x	16.1x	18.7x
Price to book value	232.7%	213.9%	375.7%
Price to tangible book value	280.6%	266.4%	419.8%
Price to assets	20.8%	19.4%	35.1%
Dividend yield	2.5%	2.4%	2.1%
Return on average assets (last twelve months)	1.33%	1.27%	2.01%
Return on average equity (last twelve months)	15.1%	14.8%	20.4%

The analysis reveals that Fifth Third is trading at a premium to its peers on all methods of price to earnings, price to book value, price to tangible book value and price to assets. Fifth Third's dividend yield is less than that of its peer groups. Fifth Third's returns on average assets and equity are higher than those of its peer group.

Based on the aforementioned analyses and Trident's experience with numerous mergers involving

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bank institutions, it is Trident's opinion that the exchange ratio to be received by Franklin Financial shareholders in the merger is fair from a financial point of view.

No company used as a comparison in the above analyses is identical to Franklin Financial, Fifth Third or the combined entity and no other transaction is identical to the merger. Accordingly, an analysis of the results of the foregoing is not purely mathematical; rather, such analyses involve complex considerations and judgments concerning differences in financial market and operating characteristics of the companies and other factors that could affect the public trading volume or price of the companies to which Franklin Financial, Fifth Third and the combined entity are being compared.

In connection with the delivery of its opinion dated as of March 10, 2004, Trident performed procedures to update, as necessary, certain of the analyses described above and reviewed the assumptions on which the analyses described above were based and the factors considered in connection therewith. Trident did not perform any analyses in addition to those described above in updating the opinion.

For its financial advisory services provided to Franklin Financial, Trident has been paid fees of \$265,000 to date and will be paid an additional fee that will amount to 1.00% of the aggregate consideration received by Franklin Financial stockholders (less the \$265,000 previously paid) at the time of closing of the merger. In addition, Franklin Financial has agreed to indemnify Trident against certain liabilities, including any which may arise under the federal securities laws.

Trident, directly or through McDonald Investments, Inc., is a member of all principal securities exchanges in the United States and in the conduct of its broker-dealer activities has from time to time purchased securities from, and sold securities to, Franklin Financial and/or Fifth Third. As a market maker, Trident may also have purchased and sold the securities of Franklin Financial and/or Fifth Third for Trident's own account and for the accounts of its customers.

Material Federal Income Tax Consequences

As a condition to the merger, Fifth Third will receive an opinion from its counsel, Graydon Head & Ritchey LLP, that, for federal income tax purposes, the merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended.

As a condition to the merger, Franklin Financial will receive an opinion from its counsel, Smith, Gambrell & Russell, LLP, that, for federal income tax purposes: (1) the merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code, and (2) the exchange in the merger of Franklin Financial common stock for Fifth Third common stock will not give rise to gain or loss to the shareholders of Franklin Financial with respect to such exchange (except to the extent of any cash received).

The opinions will be based on factors, assumptions and representations set forth in the opinions, including representations contained in letters from Fifth Third and Franklin Financial to be delivered for purposes of the opinions. An opinion of counsel represents only counsel's best legal judgment on the matters addressed in the opinion, and has no binding effect or official status of any kind, and no assurance can be given that contrary positions may not be taken by the Internal Revenue Service or a court considering the

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issues. Neither Fifth Third nor Franklin Financial has requested or will request a ruling from the Internal Revenue Service with regard to any of the federal income tax consequences of the merger.

Provided that the merger constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, for federal income tax purposes:

no gain or loss will be recognized by Franklin Financial as a result of the merger;

no gain or loss will be recognized by Fifth Third as a result of the merger;

no gain or loss will be recognized by a shareholder of Franklin Financial who receives solely Fifth Third common stock in exchange for Franklin Financial common stock pursuant to the terms of the affiliation agreement;

the aggregate federal income tax basis of the Fifth Third common stock received by a Franklin Financial shareholder who receives Fifth Third common stock in exchange for Franklin Financial common stock pursuant to the terms of the affiliation agreement (including any fractional share interest to which the holder may be entitled) will equal the aggregate federal income tax basis of the Franklin Financial common stock surrendered in exchange therefor;

the holding period of the Fifth Third common stock received (including any fractional share deemed received and redeemed for cash) by a Franklin Financial shareholder will include the period during which the Franklin Financial common stock surrendered in exchange therefor was held; and

a holder of Franklin Financial common stock who receives cash in lieu of a fractional share of Fifth Third common stock will be treated as having received the fractional share and then as having had the fractional share redeemed and will, in general, recognize capital gain or loss under Section 302 of the Internal Revenue Code in an amount equal to the difference between the cash received and the basis of the fractional shares of Fifth Third common stock surrendered.

The foregoing discussion is intended only as a summary of the material federal income tax consequences of the merger. The foregoing discussion applies only to Franklin Financial shareholders that hold their Franklin Financial common stock as a capital asset on the date of the exchange. The foregoing discussion does not address the tax consequences that may be relevant to particular taxpayers in light of their personal circumstances (for example, individuals who receive Fifth Third common stock in exchange for Franklin Financial common stock acquired as a result of the exercise of employee stock options or otherwise as compensation) or to taxpayers subject to special treatment under the Internal Revenue Code (for example, insurance companies, financial institutions, dealers in securities, tax-exempt organizations, foreign corporations, foreign partnerships, or other foreign entities and individuals who are not citizens or residents of the United States).

No information is provided herein with respect to the tax consequences, if any, of the merger under applicable state, local, foreign and other tax laws. The foregoing discussion is based upon the provisions of

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the Internal Revenue Code, applicable Treasury regulations thereunder, Internal Revenue Service rulings, and judicial decisions as in effect as of the date of this document. There can be no assurance that future legislative, administrative or judicial changes or interpretations will not affect the accuracy of the statements or conclusions set forth herein. Any such change could apply retroactively and could affect the accuracy of such discussion.

You are urged to consult your own tax advisor as to the specific tax consequences to you of the merger, including the application of federal, state, local, foreign and other tax laws.

Accounting Treatment

Fifth Third will account for the merger as a purchase under generally accepted accounting principles. Under the purchase method of accounting, all the assets and liabilities of the acquired company are recorded at their respective fair values, as of the effective date of the transaction. The amount, if any, by which the purchase price paid by Fifth Third exceeds the fair value of the net tangible and identifiable intangible assets acquired by Fifth Third in the transaction is recorded as goodwill. After the merger, Franklin Financial's assets and liabilities and results of operations will be consolidated with Fifth Third's assets and liabilities and results of operations.

Resale of Fifth Third Common Stock by Affiliates

The shares of Fifth Third common stock to be issued to shareholders of Franklin Financial in connection with the merger have been registered under the Securities Act of 1933 and will be freely transferable under the Securities Act, except for shares issued to any shareholder who may be deemed to be an affiliate of Franklin Financial or Fifth Third at the time of the special meeting. Generally, an affiliate includes a director, an executive officer or a 10% or more shareholder of Franklin Financial or Fifth Third at the time of the special meeting.

Rule 145 under the Securities Act restricts the public sale of Fifth Third common stock received in the merger by affiliates. During the first year following the effective time of the merger, affiliates of Franklin Financial who do not become affiliates of Fifth Third may publicly resell the Fifth Third common stock received by them in connection with the merger upon compliance with the following conditions of Rule 144:

Fifth Third must have satisfied its reporting requirements under the Exchange Act for the 12 months preceding the proposed sale;

the number of shares sold in any three-month period is limited to the greater of (1) one percent of Fifth Third's shares outstanding, or (2) the average weekly trading volume during the four calendar weeks preceding the first sale; and

the shares must be sold by a broker in a routine open market transaction that does not involve the solicitation of orders for purchase.

Shares of Fifth Third common stock sold by: (1) an affiliate's spouse or relative living in the affiliate's household, (2) any trust or estate in which the affiliate or person listed in (1) collectively owns 10% or more of the beneficial interest or of which any of these persons serves as trustee or executor, (3) any corporation in

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which the affiliate or any person specified in (1) beneficially owns at least 10% of an equity interest, (4) any person to whom the affiliate donated shares, or (5) any person who acquired the shares from the affiliate as a result of the affiliate defaulting on an obligation secured by a pledge of the shares, will be aggregated with the number of shares sold by the affiliate for purposes of determining whether the volume limitations of Rule 144 are exceeded.

After the first year following the completion of the merger, affiliates of Franklin Financial who are not affiliates of Fifth Third may resell their shares publicly without regard to the volume limitation or manner of sale requirement so long as Fifth Third has satisfied its reporting requirements under the Exchange Act during the prior 12 month period. If Fifth Third has not satisfied its reporting requirements, affiliates may not publicly resell their shares of Fifth Third common stock received in the merger until two years have elapsed since completion of the merger. At that time, the shares may be sold without any restriction.

Sales and other dispositions of Fifth Third common stock by any affiliate of Franklin Financial who becomes an affiliate of Fifth Third in connection with the merger, must be made in compliance with the requirements of Rule 144 set forth above until such person has not been an affiliate of Fifth Third for at least three months and a period of at least two years has elapsed since the date the shares were acquired in connection with the merger.

Even if the shares are sold, pledged or donated in compliance with Rule 145, the shares will remain subject to Rule 145 in the hands of the recipient until the restrictive period applicable to the affiliate transferor has expired.

The affiliation agreement provides that Franklin Financial will use its best efforts to cause each person who is deemed by Franklin Financial to be an affiliate (for purposes of Rule 145) of Franklin Financial to execute and deliver to Fifth Third a written agreement intended to ensure compliance with the Securities Act.

Fifth Third has also agreed, subject to certain conditions, to cause the Fifth Third board of directors to adopt a resolution providing that, to the extent that any directors and executive officers of Franklin Financial who will become affiliates of Fifth Third would be deemed, for purposes of Section 16(b) of the Securities Exchange Act of 1934, as amended, to have acquired shares and/or options to purchase shares of Fifth Third common stock as a result of the merger, such acquisitions are intended to be exempt from liability under Section 16(b) of the Exchange Act. The Franklin Financial board of directors likewise expects to adopt a resolution providing that, to the extent that any directors and executive officers of Franklin Financial would be deemed, for purposes of Section 16(b) of the Exchange Act, to have sold their Franklin Financial common stock and options to purchase Franklin Financial common stock as a result of the merger, such sales are intended to be exempt from liability under Section 16(b) of the Exchange Act.

No Dissenters or Appraisal Rights

Shareholders of a corporation that is proposing to merge or consolidate with another entity are sometimes entitled under relevant state laws to appraisal or dissenters' rights in connection with the proposed transaction depending on the circumstances. These rights generally confer on shareholders who oppose a merger or the consideration to be received in a merger the right to receive, in lieu of the consideration being offered in the merger, the fair value for their shares as determined in a judicial appraisal proceeding.

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Franklin Financial shareholders are not entitled to appraisal or dissenters' rights under Tennessee law in connection with the merger because the Franklin Financial common stock was listed on the Nasdaq National Market on the record date for its special meeting of shareholders.

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TERMS OF THE AFFILIATION AGREEMENT

Representations and Warranties

Fifth Third and Franklin Financial have made numerous representations and warranties to each other relating to, among other things, the following:

their incorporation, good standing, corporate power and similar corporate matters;

their capitalization;

their authorization, execution, delivery and performance and the enforceability of the affiliation agreement and the absence of violations;

tax treatment of the merger;

compliance with laws and regulations;

the absence of material changes since December 31, 2001;

their SEC and other regulatory filings; and

their financial statements.

The affiliation agreement also contains, among other things, representations and warranties of Franklin Financial relating to employee benefit matters and certain material contracts of Franklin Financial and a representation and warranty by Fifth Third that the shares of Fifth Third common stock issued in the merger will be duly and validly issued, fully paid and non-assessable.

No representations or warranties made by either Franklin Financial or Fifth Third will survive beyond the effective time of the merger.

Conduct Pending Merger

The affiliation agreement provides that, except with the prior approval of Fifth Third, Franklin Financial shall not, and shall not permit its representatives to, initiate, solicit, negotiate with, encourage discussions with, provide information to, or agree to a transaction with, any other third party concerning any merger of Franklin Financial or its subsidiaries or any sale of substantial assets or shares of capital stock (including securities convertible or exchangeable into, or otherwise evidencing, or any agreement or instrument evidencing the right to acquire, capital

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stock) or any similar transaction involving Franklin Financial or its subsidiaries. Franklin Financial must communicate to Fifth Third the terms of any proposal which it may receive in respect of any of these transactions and any request by or indication of interest on the part of any third party with respect to initiation of any of these transactions or discussions with respect thereto. These restrictions on Franklin Financial are subject to the exercise of Franklin Financial's directors' fiduciary duties.

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In addition, Franklin Financial has agreed that, prior to the effective time of the merger, Franklin Financial and its subsidiaries will be operated in the ordinary course of business and will give Fifth Third and Fifth Third's representatives reasonable access during business hours to its books, records and properties. In addition, without Fifth Third's prior written consent, neither Franklin Financial nor its subsidiaries will, among other things:

make any changes in its charter, by-laws or corporate structures;

issue any additional shares of common stock or other equity securities other than: (a) pursuant to the exercise of options granted prior to June 30, 2002, (b) in the form of permissible stock dividends, or (c) pursuant to Franklin Financial's 2000 Stock Purchase Plan;

issue as borrower any long-term debt or convertible or other securities of any kind, or right to acquire any of its securities;

repurchase any equity securities, other than the repurchase of shares of Franklin Financial common stock in accordance with Section 368(a) of the Internal Revenue Code, Franklin Financial's past practice and in compliance with applicable law and the safe harbor requirements of Rule 10b-18 of the Exchange Act;

make any material changes in its method of business operations;

make, enter into any agreement to make, or become obligated to make, any capital expenditures in excess of \$50,000;

make, or enter into or renew any agreement for services to be provided to Franklin Financial or its subsidiaries, or permit the automatic renewal of any such agreement, other than certain scheduled agreements and any agreement for services having a term of not more than 12 months and requiring the expenditure of not more than \$50,000;

declare or pay any cash dividends on its own stock other than normal and customary quarterly cash dividends consistent with Franklin Financial's historical practices which shall not exceed \$.055 per share;

pay any stock dividends or make any other distributions on its stock, other than cash dividends as described in the immediately preceding clause;

change or otherwise amend any benefit plans other than as required by law or as contemplated in the affiliation agreement;

provide any increases in employee salaries or benefits other than in the ordinary course of business;

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acquire, become obligated to acquire, or enter into any agreement to acquire, any banking or non-banking company or any branch offices of any such companies (other than agreements existing on the date of the affiliation agreement and previously scheduled);

sell, transfer, mortgage or otherwise dispose of or encumber any of the shares owned by Franklin Financial of its subsidiaries; and

sell, transfer, mortgage or otherwise dispose of or encumber any other assets of Franklin Financial or its subsidiaries, except in the ordinary course of business consistent with past practice.

Regardless of the restrictions listed above, the affiliation agreement specifically allows Franklin National Bank to: (1) pay a bonus to Gordon Inman in an amount not to exceed \$100,000; and (2) pay to other employees of Franklin National Bank cash bonuses in an aggregate amount not to exceed \$320,000. The affiliation agreement also allowed Franklin National Bank to make a cash payment to Richard Herrington in the amount of \$200,000. However, subsequent to the execution of the affiliation agreement, Mr. Herrington and Franklin Financial reached an agreement regarding the termination of his employment with Franklin Financial and its subsidiaries. As such, Franklin National Bank does not plan to make the allowed \$200,000 payment to Mr. Herrington.

On several occasions, Fifth Third has waived certain of the restrictions listed above to allow Franklin Financial to engage in certain transactions. In particular, Fifth Third consented to the sale of the assets of Franklin Financial Insurance Agency, Inc., a subsidiary of Franklin Financial which was engaged in the insurance agency business, to the payment by Franklin National Bank of bonuses in excess of \$100,000 to Gordon Inman and in excess of \$320,000 to employees of Franklin National Bank and to the purchase of certain software licenses which exceeded the \$50,000 on capital expenditures. Starting with Franklin Financial's 2002 fourth quarter dividend payment, Fifth Third has also waived the restriction on dividend payments to allow Franklin Financial to make payments to its shareholders in excess of \$.055 per share. Franklin Financial anticipates paying a quarterly dividend consistent with these past business practices until consummation of the merger.

Conditions to Closing

The affiliation agreement must be approved by the affirmative vote of the holders of a majority of the outstanding shares of Franklin Financial common stock. The merger also must be approved in writing by the Federal Reserve Board and the Office of the Comptroller of the Currency. Fifth Third and Franklin Financial filed these applications in March 2004. No assurance can be given that the required governmental approvals will be forthcoming.

Fifth Third's and Franklin Financial's obligations to complete the merger are subject to additional conditions set forth in the affiliation agreement. These include: (1) the absence at the effective time of the merger of any waiting period mandated by law or any material investigations, orders or injunction of any federal or state agency or court preventing, prohibiting or enjoining the transactions contemplated by the affiliation agreement; (2) the receipt of all necessary governmental and regulatory orders, consents, clearances, approvals and requirements necessary to approve the merger; and (3) Franklin Financial's shareholders having approved the affiliation agreement.

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Fifth Third's obligation to complete the merger is further subject to conditions set forth in the affiliation agreement, including:

the continuing truth and accuracy in all material respects of the representations and warranties of Franklin Financial;

Franklin Financial having performed all of its obligations under the affiliation agreement in all material respects;

Franklin Financial's consolidated shareholders' equity being at least \$37 million;

receipt by Fifth Third of an opinion of its counsel as to certain tax matters (see Proposal Merger of Franklin Financial into Fifth Third Financial Corporation Material Federal Income Tax Consequences);

Fifth Third having entered into employment agreements and/or non-compete agreements with Gordon Inman, Myers Jones, George J. Regg, Jr., Lisa Musgrove, and Richard Herrington (see Interests of Certain Persons in the Merger);

either Fifth Third having entered into an assumption of lease agreement with Gordon Inman covering all of the buildings located in downtown Franklin, Tennessee presently leased by Gordon Inman to Franklin Financial or Gordon Inman and Fifth Third Bank, N.A. having entered into a lease agreement for these properties for a term of ten years with two five-year options to renew; and

the total number of outstanding shares of Franklin Financial common stock and shares of Franklin Financial common stock issuable upon the exercise of outstanding options not exceeding the sum of 10,184,806 and the number of shares issued between the date of the affiliation agreement and the effective date of the merger pursuant to the Franklin Financial 2000 Stock Purchase Plan, which shall not exceed 600 shares per calendar quarter.

Franklin Financial's obligation to complete the merger is further subject to conditions set forth in the affiliation agreement, including:

the continuing truth and accuracy in all material respects of Fifth Third's representations and warranties;

Fifth Third having performed all of its obligations under the affiliation agreement in all material respects; and

receipt by Franklin Financial of an opinion of its counsel as to certain tax matters (see Proposal Merger of Franklin Financial into Fifth Third Financial Corporation Material Federal Income Tax Consequences).

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Termination; Amendment

The affiliation agreement may be terminated and the merger abandoned at any time prior to the effective time of the merger by written notice delivered by Fifth Third to Franklin Financial or by Franklin Financial to Fifth Third in the following instances:

if there has been a material misrepresentation, a breach of a warranty or a material failure to comply with any covenant on the part of the other party with respect to the representations, warranties and covenants set forth in the affiliation agreement and that misrepresentation, breach or failure to comply has not been cured within 30 days after receipt of written notice or is not capable of being cured, provided the party in default has no right to terminate for its own default;

if the merger has not been completed by June 30, 2004, provided the terminating party is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement on the date of the termination;

by the mutual written consent of Fifth Third and Franklin Financial;

if Franklin Financial's shareholders do not approve the affiliation agreement;

if any event occurs which renders impossible satisfaction of one or more of the conditions to the obligations of the other party to effect the merger in any material respect, and such non-compliance is not waived by the unaffected party;

if the business, assets or financial condition of the other party has materially and adversely changed since December 31, 2001; or

if Franklin Financial's board of directors publicly announces its withdrawal or modifies in a manner adverse to Fifth Third its favorable recommendation of the merger.

Franklin Financial also has the right, provided that it is not in material breach or default of any representation, warranty or covenant contained in the affiliation agreement, to terminate the affiliation agreement if all approvals required to consummate the merger have not been obtained from the Board of Governors of the Federal Reserve System by May 31, 2004. If Franklin Financial elects to terminate the affiliation agreement because such approvals have not been obtained by this date, Fifth Third is required to pay Franklin Financial a termination fee in the amount of \$27,000,000. This termination fee is due within five business days of Fifth Third's receipt of Franklin Financial's written notice of termination and is Franklin Financial's exclusive remedy against Fifth Third.

While the investigations by the federal and state regulators subsequent to the execution of the affiliation agreement could have been viewed as a material change, thus giving rise to a claim that Fifth Third was in breach of some of the above representations and warranties, the parties agreed, in the three amendments to the affiliation agreement, that neither the extensions of the time periods set forth in the

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affiliation agreements and the amendments nor any fact or circumstance which may have necessitated those extensions constituted a breach or default of any provision of the affiliation agreement.

The affiliation agreement may be amended, modified or supplemented by the written agreement of each of the parties, upon the authorization of each company's respective board of directors at any time before or after approval of the affiliation agreement by Franklin Financial's shareholders. Approval of any amendment, modification or supplement by Franklin Financial's shareholders is not required unless this action would adversely change the consideration to be provided to Franklin Financial's shareholders pursuant to the affiliation agreement.

Interests of Certain Persons in the Merger

Shares of Franklin Financial common stock held by or for the benefit of directors and executive officers of Franklin Financial will be canceled and converted into the right to receive shares of Fifth Third common stock on the same basis as shares held by you and the other shareholders of Franklin Financial. In addition, directors and executive officers of Franklin Financial may be deemed to have the following interests in the merger that are different from, or in addition to, those of you and the other shareholders of Franklin Financial.

Fifth Third Employment Agreements. Pursuant to the terms of the affiliation agreement, Fifth Third initially entered into employment agreements that were to take effect at the effective time of the merger with Gordon E. Inman, Franklin Financial's Chairman of the Board and Chief Executive Officer, J. Myers Jones, III, Franklin National Bank's President, George J. Regg, Jr., Franklin Financial's Executive Vice President, Secretary and General Counsel and Lisa Musgrove, Franklin Financial's former Senior Vice President and Chief Financial Officer. As discussed below, the agreements with Messrs. Inman, Regg and Jones remain in place, but Ms. Musgrove's agreement has expired and she is no longer employed by Franklin Financial.

Mr. Inman's employment agreement will employ Mr. Inman as the Chairman of Fifth Third Bank, N.A. for a term of one year. Mr. Inman's employment agreement calls for an annual base salary of \$243,101. During the term of the employment agreement, Mr. Inman will be entitled to receive an annual performance bonus in the amount of \$100,000 paid during the first quarter of the calendar year and will be eligible for payment of such bonus in the first such quarter which occurs after the effective date of the merger. Mr. Inman's employment calls for the reimbursement of all reasonable business-related expenses and for the provision of an assistant, facilities, and services as are suitable to his position, including certain club memberships. Mr. Inman's employment agreement contains restrictions concerning the disclosure of confidential information and a noncompetition agreement which lasts for three years after termination of employment. Mr. Inman will be eligible to participate in Fifth Third's Profit Sharing Benefit Plan and in any 401(k), profit sharing, vacation, disability, life or medical insurance or other benefit plan adopted by Fifth Third or any affiliate to the extent such plan is made available to similarly situated employees of Fifth Third and such individuals are eligible to participate in such plan according to its terms. In the event of death, Mr. Inman's estate will be entitled to his annual base salary for the calendar year in which the death occurs (minus any amounts already paid), reimbursement of any unreimbursed business expenses and any compensation previously awarded to him that remains unpaid. If Fifth Third terminates Mr. Inman's employment for cause or if Mr. Inman terminates his employment without good reason, he will be entitled to his accrued but unpaid base salary, reimbursement for continued health care coverage under COBRA for 18 months and reimbursement for any unreimbursed business expenses. If Fifth Third terminates Mr. Inman's employment

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without cause or Mr. Inman terminates his employment for good reason, he will be entitled to receive his accrued but unpaid base salary, continued base salary payments at his most recent base salary through the end of the term of the agreement, reimbursement for continued health care coverage under COBRA for 18 months, and reimbursement for any unreimbursed business expenses.

Mr. Jones' employment agreement will employ Mr. Jones as the Senior Vice President - Commercial Credit of Fifth Third Bank, N.A. from the effective date of the merger through October 31, 2005. Mr. Jones' employment agreement calls for an annual base salary of \$165,000 and reimbursement of all reasonable business-related expenses. Mr. Jones received a \$75,000 signing bonus, in the form of a forgiveness loan, which he does not have to repay unless Fifth Third terminates his employment for cause or he otherwise terminates his employment prior to October 31, 2005. Mr. Jones' employment agreement contains restrictions concerning the disclosure of confidential information and a noncompetition agreement which lasts for eighteen months after termination of employment. Mr. Jones will be eligible to participate in any retirement, vacation, disability, life or medical insurance or other benefit plan adopted by Fifth Third or any affiliate to the extent such plan is made available to similarly situated employees of Fifth Third and such individuals are eligible to participate in such plan according to its terms. In the event of death, Mr. Jones' estate will be entitled to payment of any earned, but unpaid salary accrued through and including the date of death, reimbursement of any unreimbursed business expenses, any compensation previously awarded to him that remains unpaid and payment of Mr. Jones' full salary through October 31, 2005. If Fifth Third terminates Mr. Jones' employment for cause or if Mr. Jones terminates his employment without good reason, he will be entitled to his accrued but unpaid base salary and reimbursement for any unreimbursed business expenses. If Fifth Third terminates Mr. Jones' employment without cause, he will be entitled to receive his accrued but unpaid salary through and including the date of termination, continued salary payments at his most recent base salary for eighteen months from the date of termination and reimbursement for any unreimbursed business expenses.

Mr. Regg's employment agreement will employ Mr. Regg in a management capacity for Fifth Third Bank, N.A. for a term of one year. Mr. Regg's employment agreement calls for an annual base salary of \$169,520 and reimbursement of all reasonable business-related expenses. Mr. Regg's employment agreement contains restrictions concerning the disclosure of confidential information and a noncompetition agreement which lasts for three years after termination of employment. Mr. Regg will be eligible to participate in any retirement, vacation, disability, life or medical insurance or other benefit plan adopted by Fifth Third or any affiliate to the extent such plan is made available to similarly situated employees of Fifth Third and such individuals are eligible to participate in such plan according to its terms. If Fifth Third terminates Mr. Regg's employment for cause, he will be entitled to his accrued but unpaid base salary and reimbursement for any unreimbursed business expenses. If Fifth Third terminates Mr. Regg's employment without cause or if Mr. Regg terminates his employment after the term, he will be entitled to receive his accrued but unpaid salary through and including the date of termination, continued salary payments at his most recent base salary for one year from the date of termination and reimbursement for any unreimbursed business expenses.

Ms. Musgrove is no longer employed by Franklin Financial, her employment agreement with Fifth Third is no longer in effect and she will not be employed in any capacity by Fifth Third Bank, N.A. Under the terms of her employment agreement, the agreement became null and void if the merger was not completed by April 1, 2003. As the merger was not completed by that date, Ms. Musgrove and Fifth Third decided not to amend the terms of the employment agreement and to declare the agreement null and void. Neither Ms.

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Musgrove nor Fifth Third, or any of its subsidiaries, has any continuing obligations under the employment agreement.

Fifth Third Non-Competition Agreements. Pursuant to the terms of the affiliation agreement, Fifth Third entered into a Non-Compete Agreement with Richard E. Herrington, Franklin Financial's former President and Chief Executive Officer which was to take effect at the effective time of the merger. Subsequent to the execution of this non-compete agreement, Fifth Third, Franklin Financial and Mr. Herrington entered into another agreement which revised the terms of Mr. Herrington's departure from Franklin Financial. Under the terms of this agreement, Mr. Herrington agreed to resign from all positions that he held with Franklin Financial as of November 30, 2002 and Franklin Financial agreed to pay \$70,000 to Mr. Herrington and \$5,000 to Cumberland Bancorp Inc., a financial institution with whom Mr. Herrington is associated. Mr. Herrington also agreed, as of November 1, 2002, to not solicit customers of Franklin Financial for a period of 24 months, to not solicit or hire employees of Franklin Financial for a period of 18 months and to not provide consulting services to any start-up financial institution for a period of 24 months in any of the following Tennessee counties: Davidson, Williamson, Rutherford, Marshall, Maury, Hickman, Dickson, Robertson, Sumner, Wilson and Cheatham.