

Contact: Sam Kim
Derivion
404-541-6211
skim@derivion.com

Karen Kitzmiller
First Union
704-374-2026
karen.kitzmiller@firstunion.com

First Union Selects Derivion to Provide E-Billing Solutions for B2B Customers and Fuel E-Billing Growth for B2B Marketplace

Companies Expand E-Billing Relationship with Agreement to Enable B2B Clients with Powerful, New Efficiencies

ATLANTA (September 11, 2000) -- First Union (NYSE:FTU), the nation's sixth largest bank holding company and third largest cash management provider, and Derivion, the leading application service provider (ASP) that delivers comprehensive e-billing solutions designed for the Internet, announced today a joint initiative to bring e-billing services to the business-to-business (B2B) market.

Derivion and First Union will work together to apply their significant experience in business-to-consumer (B2C) transactions to address the complex needs of B2B clients. The agreement will leverage Derivion's own technology and First Union's superior multi-channel distribution and payment network to provide an unmatched opportunity to reach new customers in the growing B2B e-commerce marketplace. The B2B e-billing solution will feature workflow and approval management; analysis and reporting; dispute resolution; and payment authorization and initiation.

"The decision to market Derivion's B2B e-billing application to the commercial market is in direct response to the increasing demand for Web-based solutions that cut costs and create new business opportunities," said Alison Quigley, First Union Vice President of Global Electronic Payments. "Given our success with Derivion's B2C e-billing solution for our midsize to small billers, selecting them as our B2B solution provider was a natural extension of our strategic partnership and an integral part of our commitment to create enduring value for all of our clients."

According to Gartner's recent biller survey, 70 percent of billers expect banks to take a leading role (25 percent said because of trust) in the e-billing marketplace but also found that 70 percent of billers trust banks and non-banks the same with their business. "Expectations for banks to provide the latest e-billing innovations have sharply risen while competition for e-billing solutions are applying strong pressure for financial institutions to take the lead quickly," said Avivah Litan, research director, Financial Systems Payment Services. "First Union and Derivion will together offer a cost-effective, flexible solution for the B2B e-billing market, which according to Gartner research, is outpacing the consumer market. Billers are transitioning their B2B business from a limited set of EDI-based invoice solutions to a wider set of solutions that operate on the Internet."

With Derivion's unique ASP model, First Union will offer its clients a powerful alternative to costly in-house e-billing solutions. First Union's B2B clients will be able to transition to an e-billing

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system designed specifically for B2B interactions in as little as 60-90 days with maximum control for the biller and their customers.

“By embracing our industry-defining B2B solution, First Union has reinforced its confidence in our e-billing solutions and validated Derivion’s ability to expand its technology beyond the B2C market,” said Dushyant Sharma, president and CTO of Derivion. “Together, First Union and Derivion are targeting the rapidly increasing commercial market segment by leveraging core competencies to provide an e-billing solution that specifically addresses the demands of the B2B environment.”

Derivion’s full-service solution includes the design and presentation of online invoices, online communication and payment capabilities, and strategic support to launch and promote customer enrollment in the new service. To address the unique B2B invoicing issues, sophisticated features include line item dispute, online negotiation and approval, and integration into both biller and buyer accounting applications that streamline invoicing functions, speed up payments, and strengthen the relationship between billers and buyers.

“Since our partnership was established early this year, Derivion and First Union have been working to supply e-billing solutions for multiple First Union B2C customers including Baltimore Gas & Electric and Service Electric Cable TV and Communications,” said Greg Rable, CEO of Derivion. “This next phase in our relationship taps a market ripe for an e-billing solutions provider that has the experience and resources to handle the complexities of the B2B interface.”

Gartner reports that B2B e-commerce will be a \$7.3 trillion market by 2004 with e-marketplace transactions expected to account for more than one-third of the B2B market. As B2B commerce continues to grow, so will the need for expediting the settlement of transactions. Businesses are increasingly turning towards e-billing as the means to manage this challenge and thereby improve overall customer satisfaction.

About First Union

First Union (NYSE:FTU), with \$258 billion in assets and stockholders' equity of \$14 billion at June 30, 2000, is a leading provider of financial services to 15 million retail and corporate customers throughout the East Coast and the nation. The company, with headquarters in Charlotte, North Carolina, operates full-service banking offices in 12 East Coast states and Washington, D.C., and full-service brokerage offices in 41 states and international offices worldwide. Online banking products and services can be accessed through www.firstunion.com.

About Derivion

Derivion is the first e-billing ASP that fully leverages the flexibility and power of the Internet to automate the bill delivery, payment, and customer care processes for companies driven by recurring billing such as telecommunications, utility, insurance, and financial services companies. Derivion® inetBillerSM service provides complete e-billing implementation including electronic bill design, e-mail notification, bill presentment, payment processing, enrollment marketing, and customer care for the B2C and B2B environment. These capabilities provide clients with a competitive advantage, enabling them to make bill delivery and bill payment simple and convenient for their customers and providing a path to e-bill consolidation at consumer access points as needed. The Atlanta-based company was founded in 1998 and maintains research, development, and additional sales offices in Toronto, Canada. For more information about Derivion, please visit www.derivion.com.

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