

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
December 9, 1997

NATIONSBANK CORPORATION
(Exact name of registrant as specified in its charter)

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

1-6523
(Commission File Number)

56-0906609
(IRS Employer Identification No.)

NationsBank Corporate Center
Charlotte, North Carolina
(Address of principal executive offices)

28255
(Zip Code)

(704) 386-5000
(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

Effective January 9, 1998, Barnett Banks, Inc. ("Barnett") merged with and into NB Holdings Corporation ("Holdings"), a Delaware corporation and wholly owned subsidiary of NationsBank Corporation ("NationsBank" or the "Registrant"), pursuant to an Agreement and Plan of Merger, dated as of August 29, 1997, as amended, among Barnett, Holdings and the Registrant (the "Merger Agreement"). Pursuant to the Merger Agreement, upon consummation of the Merger on January 9, 1998 (the "Effective Date"), each share of Barnett common stock, \$2.00 par value per share, including each attached right issued pursuant to the Rights Agreement, dated February 21, 1990, as amended, between Barnett and the Rights Agent named therein (the "Barnett Common Stock"), was converted into the right to receive 1.1875 shares of the Registrant's common stock ("NationsBank Common Stock"), with cash in lieu of fractional shares. A copy of the press release announcing the closing of the Merger is filed as Exhibit 99.1 to this Current Report on Form 8-K.

The Registrant's Registration Statement on Form S-4 (Registration No. 333- 40515), which was declared effective by the Securities and Exchange Commission on November 19, 1997 (the "Registration Statement"), sets forth certain information regarding the Merger, the Registrant and Barnett, including, but not limited to, the date and manner of the Merger, a description of the assets involved, the nature and amount of consideration paid by the Registrant therefor, the method used for determining the amount of such consideration, the nature of any material relationships between Barnett and the Registrant or any officer or director of the Registrant or any associate of any such officer or director, the nature of Barnett's business and the Registrant's intended use of the assets acquired in the Merger. In addition, the information set forth under section heading "A" of Item 5 of this Current Report on Form 8-K is incorporated herein by reference.

ITEM 5. OTHER EVENTS.

A. Matters Related to the Acquisition of Barnett.

Exchange of Preferred Stock. On the Effective Date, each share of Series B \$2.50 Cumulative Convertible Preferred Stock of Barnett (the "Barnett Preferred Stock") was converted into one share of the Registrant's \$2.50

Cumulative Convertible Preferred Stock, Series BB (the "NationsBank Series BB Preferred Stock"). The NationsBank Series BB Preferred Stock has rights, preferences and terms substantially identical to the rights, preferences and terms of the Barnett Preferred Stock.

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Assumption of New York Stock Exchange Listed Debt Securities. On the Effective Date, the Registrant assumed the payment obligations and all other covenants required to be performed or observed by Barnett in connection with the following debt securities that are listed on the New York Stock Exchange, Inc. ("NYSE"): \$200 million aggregate principal amount of Barnett Banks, Inc. 8.5% Subordinated Notes Due March 1999 (renamed NationsBank Corporation 8.5% Subordinated Notes Due March 1999); \$100 million aggregate principal amount of Barnett Banks, Inc. 8.5% Subordinated Notes Due January 2007 (renamed NationsBank Corporation 8.5% Subordinated Notes Due January 2007); and \$100 million aggregate principal amount of Barnett Banks, Inc. 9.875% Subordinated Notes Due June 2001 (renamed NationsBank Corporation 9.875% Subordinated Notes Due June 2001).

Board of Directors. On the Effective Date, the following persons, who were immediately prior thereto serving as members of the Board of Directors of Barnett, became members of the Board of Directors of the Registrant: Charles E. Rice, previously Chairman and CEO of Barnett; Dr. Rita Bornstein, President of Rollins College; Alvin R. ("Pete") Carpenter, President and CEO of CSX Transportation, Inc.; and John A. Williams, Chairman and CEO of Post Properties, Inc.

Shareholder Approval. At a special meeting in Charlotte, North Carolina on December 19, 1997, the shareholders of NationsBank approved the issuance of up to 265 million shares of NationsBank Common Stock to Barnett shareholders in connection with the Merger, as well as an amendment and restatement of the NationsBank Key Employee Stock Plan. Barnett shareholders approved the Merger at a special meeting in Jacksonville, Florida on the same date. A copy of the press release announcing the approval of the Merger by the companies' respective shareholders is filed as Exhibit 99.2 to this Current Report on Form 8-K.

Certain Dispositions. In order to satisfy antitrust regulations triggered by the Merger, on December 15, 1997, NationsBank and Barnett entered into a definitive agreement with Republic Bancshares, Inc. ("Republic") pursuant to which Republic will acquire eight banking offices in Florida and Georgia from NationsBank and Barnett. Republic will pay a premium of approximately \$37.8 million for the deposits, loans and fixed assets of the eight offices, with the exact amount being determined by deposit levels at closing. Furthermore, on December 9, 1997, NationsBank and Barnett entered into a definitive agreement with Huntington Bancshares Incorporated ("Huntington") pursuant to which Huntington will acquire 60 banking offices in Florida from NationsBank and Barnett. Huntington will pay a premium of approximately \$523 million for the deposits, loans and fixed assets of the relevant offices, subject to adjustment according to deposit levels at closing. The Republic and Huntington transactions are both expected to close in the second quarter of 1998. Copies of the press releases announcing the definitive agreements with Republic and Huntington are filed as Exhibits 99.3 and 99.4, respectively, to this Current Report on Form 8-K. Finally, on October 15, 1997, Barnett entered into a

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definitive agreement with SouthTrust Corporation ("SouthTrust") pursuant to which SouthTrust will purchase from Holdings (as successor to Barnett) all of the issued and outstanding shares of capital stock of First of America Bank-Florida, FSB ("First of America"), a federally chartered stock savings association for a purchase price of \$160 million. The First of America sale is expected to close in the first quarter of 1998.

Unaudited Supplemental Financial Highlights Reflecting the Impact of the Merger. The Registrant will be distributing to its shareholders certain summary annual information regarding the Registrant's fiscal year ended December 31, 1997, including unaudited supplemental financial highlights reflecting the impact of the Merger (the "Financial Highlights"). A copy of the Financial Highlights is filed as Exhibit 99.5 to this Current Report on Form 8-K.

Estimated Merger and Integration Costs. In connection with the Merger, NationsBank expects to incur pre-tax Merger-related costs of approximately \$900 million (\$565 million after-tax), which will include change in control payments, severance and relocation costs, conversion costs and occupancy and equipment expenses (primarily lease exit costs and the elimination of duplicate facilities and other capitalized assets), exit costs related to contract terminations and other Merger costs (including legal and investment banking fees).

Proceeds from Investment in HomeSide, Inc. On October 25, 1997, HomeSide, Inc. ("HomeSide") and National Australia Bank Limited ("NAB") entered into an Agreement and Plan of Merger pursuant to which HomeSide will merge into a wholly owned subsidiary of NAB and all of the issued and outstanding common stock of HomeSide will be converted into the right to receive \$27.825 in cash per share (the "HomeSide Merger"). Barnett held approximately 27% of the issued and outstanding common stock of HomeSide. As a result of the Merger of Barnett into Holdings as of January 9, 1998, NationsBank will be entitled to proceeds of approximately \$300 million in exchange for the Barnett investment in HomeSide upon consummation of the HomeSide Merger. The HomeSide Merger is expected to close in the first half of 1998.

B. Release of Fiscal Year Earnings.

On January 12, 1998, the Registrant announced financial results for the fiscal year ended December 31, 1997, reporting net income of \$3.08 billion and earnings per common share of \$4.27. A copy of the press release announcing the results of the Registrant's fiscal year ended December 31, 1997 is filed as Exhibit 99.6 to this Current Report on Form 8-K.

C. Restated Articles of Incorporation.

Effective January 7, 1998, the Registrant's Articles of Incorporation (the "Articles") were amended to designate the preferences, limitations and relative rights of the NationsBank Series BB Preferred Stock and to reflect the redemption of the NationsBank Cumulative Convertible Preferred Stock, Series A. Also on January 7, 1998, the Articles were restated for the purpose of integrating into one document the original Articles and all amendments thereto. A copy of the Registrant's Amended and Restated Articles of Incorporation is filed as Exhibit 3.1 to this Current Report on Form 8-K.

D. Description of NationsBank Common Stock.

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The following is an updated description of NationsBank Common Stock, which has been previously filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and updated and amended from time to time. The following description reflects the designation of the preferences, limitations and relative rights of the NationsBank Series BB Preferred Stock and the redemption of the Registrant's Cumulative Convertible Preferred Stock, Series A. To the extent the following description is inconsistent with prior filings, it modifies and supersedes such filings.

NationsBank Common Stock

General. NationsBank is authorized to issue 1,250,000,000 shares of NationsBank Common Stock, of which 945,699,174 shares were outstanding as of January 9, 1998. NationsBank Common Stock is traded on the NYSE and the Pacific Exchange, Inc. under the trading symbol "NB." NationsBank Common Stock is also listed on the London Stock Exchange, and certain shares are listed and traded on the Tokyo Stock Exchange. As of January 9, 1998, 127,364,750 shares of NationsBank Common Stock were reserved for issuance (x) under various employee benefit plans and the directors stock plan of NationsBank and pursuant to the NationsBank Dividend Reinvestment and Stock Purchase Plan, (y) in connection with the investment in Banco Liberal Corporation and its affiliates and (z) upon conversion of (i) the NationsBank Corporation 7% Cumulative Preferred Stock, Series B ("NationsBank Series B Preferred Stock"), (ii) the NationsBank Corporation ESOP Convertible Preferred Stock, Series C ("NationsBank ESOP Preferred Stock"), (iii) the NationsBank Series BB Preferred Stock, and (iv) the NationsBank Corporation 6.25% Convertible Subordinated Debentures due May 1, 2011 ("Convertible Debentures"). After taking into account the shares reserved as described above, the number of authorized shares of NationsBank Common Stock available for other corporate purposes as of January 9, 1998 was 167,436,076.

Voting and Other Rights. The holders of NationsBank Common Stock are entitled to one vote per share, and, in general, a majority of votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a plurality of the votes cast, and each shareholder entitled to vote in such election is entitled to vote each share of stock for as many persons as there are directors to be elected. In elections for directors, such shareholders do not have the right to cumulate their votes, so long as NationsBank has a class of shares registered under Section 12 of the Exchange Act (unless action is taken to provide otherwise by charter amendment, which action management does not currently intend to propose). In general, (i) amendments to the Articles must be approved by each voting group entitled to vote separately thereon by a majority of the votes cast by that voting group, unless the amendment creates dissenters' rights for a particular voting group, in which case such amendment must be approved by a majority of the votes entitled to be cast by

such voting group; (ii) a merger or share exchange required to be approved by the shareholders must be approved by each voting group entitled to vote separately thereon by a majority of the votes entitled to be cast by that voting group; and (iii) the dissolution of NationsBank, or the sale of all or substantially all of the property of NationsBank other than in the usual and regular course of business, must be approved by a majority of all votes entitled to be cast thereon.

In the event of liquidation, holders of NationsBank Common Stock would be entitled to receive pro rata any assets legally available for distribution to shareholders with respect to shares held by them, subject to any prior rights of any NationsBank preferred stock (as described below) then outstanding.

NationsBank Common Stock does not have any preemptive rights, redemption privileges, sinking fund privileges or conversion rights. All the outstanding shares of NationsBank Common Stock are validly issued, fully paid and nonassessable.

ChaseMellon Shareholder Services, L.L.C. currently acts as transfer agent and registrar for NationsBank Common Stock.

Distributions. The holders of NationsBank Common Stock are entitled to receive such dividends or distributions as the NationsBank Board may declare out of funds legally available for such payments. The payment of distributions by NationsBank is subject to the restrictions of North Carolina law applicable to the declaration of distributions by a business corporation. A corporation generally may not authorize and make distributions if, after giving effect thereto, it would be unable to meet its debts as they become due in the usual course of business or if the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if it were to be dissolved at the time of distribution, to satisfy claims upon dissolution of shareholders who have preferential rights superior to the rights of the holders of its common stock. In addition, the payment of distributions to shareholders is subject to any prior rights of outstanding preferred stock. Share dividends, if any are declared, may be paid from authorized but unissued shares.

The ability of NationsBank to pay distributions is affected by the ability of its banking subsidiaries to pay dividends. The ability of such banking subsidiaries, as well as of NationsBank, to pay dividends in the future currently is, and could be further, influenced by bank regulatory requirements and capital guidelines.

NationsBank Preferred Stock

NationsBank has authorized 45,000,000 shares of preferred stock and may issue such preferred stock in one or more series, each with such preferences, limitations, designations, conversion rights, voting rights, distribution rights, voluntary and involuntary liquidation rights and other rights as it may determine. NationsBank has designated (i) 35,045 shares of NationsBank Corporation 7% Cumulative Preferred Stock, Series B ("NationsBank Series B Preferred Stock"), of which 9,341 shares were issued and outstanding as of January 9, 1998, (ii) 3,000,000 shares of NationsBank ESOP Preferred Stock, of which 2,192,387 shares were issued and outstanding as of January 9, 1998, and (iii) 20,000,000 shares of NationsBank Series BB Preferred Stock, of which 8,056 shares were issued and outstanding as of January 9, 1998.

NationsBank ESOP Preferred Stock

The NationsBank ESOP Preferred Stock was first issued in the transaction by which NationsBank was formed from the merger of NCNB Corporation and C&S/Sovran Corporation in 1991 upon the conversion of shares of ESOP Convertible Preferred Stock, Series C of C&S/Sovran Corporation. All shares of NationsBank ESOP Preferred Stock are held by the trustee under the NationsBank Corporation Retirement Savings Plan (the "ESOP"). The NationsBank ESOP Preferred Stock ranks senior to the NationsBank Common Stock, but ranks junior to the NationsBank Series B Preferred Stock and the NationsBank Series BB Preferred Stock with respect to dividends and distributions upon liquidation.

Preferential Rights. Shares of NationsBank ESOP Preferred Stock have no preemptive or preferential rights to purchase or subscribe for shares of NationsBank capital stock of any class, and are not subject to any sinking fund or other obligation of NationsBank to repurchase or retire the series, except as discussed below.

Dividends. Each share of NationsBank ESOP Preferred Stock is entitled to an annual dividend, subject to certain adjustments, of \$3.30 per share, payable semiannually. Unpaid dividends accumulate as of the date on which they

first became payable, without interest. So long as any shares of NationsBank ESOP Preferred Stock are outstanding, no dividend may be declared, paid or set apart for payment on any other series of stock ranking on a parity with NationsBank ESOP Preferred Stock as to dividends, unless like dividends have been declared and paid, or set apart for payment, on the NationsBank ESOP Preferred Stock for all dividend payment periods ending on or before the dividend payment date for such parity stock, ratably in proportion to their respective amounts of accumulated and unpaid dividends. NationsBank generally may not declare, pay or set apart for payment any dividends (except for, among other things, dividends payable solely in shares of stock ranking junior to the NationsBank ESOP Preferred Stock as to dividends or upon liquidation) on, make any other distribution on, or make payment on account of the purchase, redemption or other retirement of, any other class or series of NationsBank capital stock ranking junior to the NationsBank ESOP Preferred Stock as to dividends or upon liquidation, until full cumulative dividends on the NationsBank ESOP Preferred Stock have been declared and paid or set apart for payment when due.

Voting Rights. The holder of the NationsBank ESOP Preferred Stock is entitled to vote on all matters submitted to a vote of the holders of NationsBank Common Stock and votes together with the holders of NationsBank Common Stock as one class. Except as otherwise required by applicable law, the holder of the NationsBank ESOP Preferred Stock has no special voting rights. To the extent that the holder of such shares is entitled to vote, each share is entitled to the number of votes equal to the number of shares of NationsBank Common Stock into which such share of NationsBank ESOP Preferred Stock could be converted on the record date for determining the shareholders entitled to vote, rounded to the nearest whole vote.

Shares of the NationsBank ESOP Preferred Stock currently are convertible

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(giving effect to a 2-for-1 split of the NationsBank Common Stock effective in February 1997) into NationsBank Common Stock at a conversion rate equal to 1.68 shares of NationsBank Common Stock per share of NationsBank ESOP Preferred Stock, subject to certain customary anti-dilution adjustments.

Distributions. In the event of any voluntary or involuntary dissolution, liquidation or winding-up of NationsBank, the holder of the NationsBank ESOP Preferred Stock will be entitled to receive out of the assets of NationsBank available for distribution to shareholders, subject to the rights of the holders of any NationsBank preferred stock ranking senior to or on a parity with the NationsBank ESOP Preferred Stock as to distributions upon liquidation, dissolution or winding-up but before any amount will be paid or distributed among the holders of NationsBank Common Stock or any other shares ranking junior to the NationsBank ESOP Preferred Stock as to such distributions, liquidating distributions of \$42.50 per share plus all accrued and unpaid dividends thereon to the date fixed for distribution. If, upon any voluntary or involuntary dissolution, liquidation or winding-up of NationsBank, the amounts payable with respect to the NationsBank ESOP Preferred Stock and any other stock ranking on a parity therewith as to any such distribution are not paid in full, the holder of the NationsBank ESOP Preferred Stock and such other stock will share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which it is entitled, the holder of the NationsBank ESOP Preferred Stock will not be entitled to any further distribution of assets by NationsBank. Neither a merger or consolidation of NationsBank with or into any other corporation, nor a merger or consolidation of any other corporation with or into NationsBank nor a sale, transfer or lease of all or any portion of NationsBank's assets, will be deemed to be a dissolution, liquidation or winding-up of NationsBank.

Redemption. The NationsBank ESOP Preferred Stock is redeemable, in whole or in part, at the option of NationsBank, at any time. The redemption price for the shares of NationsBank ESOP Preferred Stock will depend upon the time of redemption. Specifically, the redemption price for the 12-month period that began on July 1, 1997, is \$43.16 per share; the redemption price for the 12-month period that begins on July 1, 1998, will be \$42.83 per share; and on and after July 1, 1999, the redemption price will be \$42.50 per share. The redemption price may be paid in cash or shares of NationsBank Common Stock. In each case, the redemption price also must include all accrued and unpaid dividends to the date of redemption. To the extent that the NationsBank ESOP Preferred Stock is treated as Tier 1 capital for bank regulatory purposes, the approval of the Federal Reserve Board may be required for redemption of the NationsBank ESOP Preferred Stock.

NationsBank is required to redeem shares of the NationsBank ESOP Preferred Stock at the option of the holder of such shares to the extent necessary either to provide for distributions required to be made under the ESOP or to make payments of principal, interest or premium due and payable on any indebtedness incurred by the holder of the shares for the benefit of the ESOP.

The redemption price in such case will be the greater of \$42.50 per share plus accrued and unpaid dividends to the date of redemption or the fair market value of the aggregate number of shares of NationsBank Common Stock into which a share of NationsBank ESOP Preferred Stock then is convertible.

NationsBank Series B Preferred Stock

The NationsBank Series B Preferred Stock was issued in connection with the merger of Boatmen's Bancshares, Inc. ("Boatmen's") with and into NationsBank on January 7, 1997 (the "Boatmen's Merger").

Preferential Rights. NationsBank may, without the consent of holders of NationsBank Series B Preferred Stock, issue preferred stock with superior or equal rights or preferences. The shares of the NationsBank Series B Preferred Stock rank prior to the NationsBank ESOP Preferred Stock and NationsBank Common Stock.

Dividends. Holders of shares of NationsBank Series B Preferred Stock are entitled to receive, when and as declared by the NationsBank Board, out of any funds legally available for such purpose, cumulative cash dividends at an annual dividend rate per share of 7% of the stated value thereof, payable quarterly. Dividends on NationsBank Series B Preferred Stock are cumulative, and no cash dividends can be declared or paid on any shares of NationsBank Common Stock unless full cumulative dividends on NationsBank Series B Preferred Stock have been paid or declared and funds sufficient for the payment thereof set apart.

Voting Rights. Each share of NationsBank Series B Preferred Stock has equal voting rights, share for share, with each share of NationsBank Common Stock.

Distributions. In the event of the dissolution, liquidation or winding up of NationsBank, the holders of NationsBank Series B Preferred Stock are entitled to receive, after payment of the full liquidation preference on shares of any class of preferred stock ranking superior to NationsBank Series B Preferred Stock (if any such shares are then outstanding) but before any distribution on shares of NationsBank Common Stock, liquidating dividends of \$100 per share plus accumulated dividends.

Redemption. Shares of NationsBank Series B Preferred Stock are redeemable, in whole or in part, at the option of the holders thereof, at the redemption price of \$100 per share plus accumulated dividends, provided that (i) full cumulative dividends have been paid, or declared and funds sufficient for payment set apart, upon any class or series of preferred stock ranking superior to NationsBank Series B Preferred Stock; and (ii) NationsBank is not then in default or arrears with respect to any sinking or analogous fund or call for tenders obligation or agreement for the purchase or any class or series of preferred stock ranking superior to NationsBank Series B Preferred Stock.

NationsBank Series BB Preferred Stock

The NationsBank Series BB Preferred Stock was issued in connection with the merger of Barnett Banks, Inc. into

NationsBank on January 9, 1998. The shares of NationsBank Series BB Preferred Stock rank prior to the shares of NationsBank Series B Preferred Stock and the shares of NationsBank ESOP Preferred Stock as to dividends and upon liquidation.

Dividends. Holders of the NationsBank Series BB Preferred Stock are entitled to receive, when and as declared by the NationsBank Board, out of assets of NationsBank legally available for payment, cash dividends at the rate of \$2.50 per annum per share. Dividends are payable quarterly on January 1, April 1, July 1, and October 1 of each year. Dividends on the NationsBank Series BB Preferred Stock are cumulative from January 1, 1998. Each dividend is payable to holders of record as they appear on the stock register of NationsBank on the record dates fixed by the NationsBank Board.

If at any time there are outstanding shares of any other series of preferred stock ranking junior to or on a parity with the NationsBank Series BB Preferred Stock as to dividends, no dividends will be declared or paid or set apart for payment on any such other series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the NationsBank Series BB Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such dividends.

All dividends declared on shares of NationsBank Series BB Preferred Stock and any other class of preferred stock or series thereof ranking on a parity as to dividends with the NationsBank Series BB Preferred Stock are declared pro rata, so that the amounts of dividends declared on the NationsBank Series BB Preferred Stock and such other preferred stock for the same dividend period, or for the dividend period of the NationsBank Series BB Preferred Stock ending within the dividend period of such other stock, will, in all cases, bear to each other the same ratio that accrued dividends on the shares of NationsBank Series BB Preferred Stock and such other stock bear to each other.

No interest, or sum of money in lieu of interest, is payable in respect of any dividend payment or payments on the NationsBank Series BB Preferred Stock which may be in arrears.

Conversion Rights. Subject to the terms and conditions set forth below, the holders of shares of NationsBank Series BB Preferred Stock have the right, at their option, to convert such shares at any time into fully paid and nonassessable shares of NationsBank Common Stock (calculated as to each conversion to the nearest 1/1,000 of a share) at the rate of 6.17215 shares of NationsBank Common Stock for each share of NationsBank Series BB Preferred Stock surrendered for conversion (the "Conversion Rate"). The Conversion Rate is subject to adjustment from time to time as described below.

No payment or adjustment will be made on account of any accrued and unpaid dividends on shares of NationsBank Series BB Preferred Stock surrendered for conversion prior to the record date for the determination of shareholders entitled to such dividends or on account of any dividends on the NationsBank Common Stock issued upon such conversion subsequent to the record date for the determination of shareholders entitled to such dividends. If any shares of NationsBank Series BB Preferred Stock are called for redemption, the right to convert the shares designated for redemption will terminate at the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) unless a default is made in the payment of the Redemption Price (as hereinafter defined). In the event of default in the payment of the Redemption Price, the right to convert the shares designated for redemption will terminate at the close of business on the business day immediately preceding the date that such default is cured.

In order to convert shares of NationsBank Series BB Preferred Stock into NationsBank Common Stock, the holder of such shares will surrender the certificate(s) therefor, duly endorsed if NationsBank so requires, or accompanied by appropriate instruments of transfer satisfactory to NationsBank, at the office of the Transfer Agent(s) for the NationsBank Series BB Preferred Stock, or at such other office as may be designated by NationsBank, together with written notice that the holder of shares irrevocably elects to convert such shares. Such notice must also state the name(s) and address(es) in which such holder wishes the certificate(s) for the

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shares of NationsBank Common Stock issuable upon conversion to be issued. As soon as practicable after receipt of the certificate(s) representing the shares of NationsBank Series BB Preferred Stock to be converted and the notice of election to convert the same, NationsBank will issue and deliver at the Transfer Agent's office (or other designated office) a certificate or certificates for the number of whole shares of NationsBank Common Stock issuable upon conversion of the shares of NationsBank Series BB Preferred Stock surrendered for conversion, together with a cash payment in lieu of any fraction of a share to the person(s) entitled to receive the same.

No fractional shares of NationsBank Common Stock will be issued upon conversion of any shares of NationsBank Series BB Preferred Stock. If more than one share of NationsBank Series BB Preferred Stock is surrendered at one time by the same holder, the number of full shares issuable upon conversion thereof will be computed on the basis of the aggregate number of shares so surrendered. If the conversion of any shares of NationsBank Series BB Preferred Stock results in a fractional share of NationsBank Common Stock, NationsBank will pay cash in lieu thereof in an amount equal to such fraction multiplied times the closing price of the NationsBank Common Stock on the date on which the shares of NationsBank Series BB Preferred Stock were duly surrendered for conversion, or if such date is not a trading date, on the next succeeding trading date. The closing price of the NationsBank Common Stock for any day means the last reported sales price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices regular way, on the NYSE, or, if the NationsBank Common Stock is not then listed on NYSE, on the principal national securities exchange on which the NationsBank Common Stock is listed for trading, or, if not then listed for trading on any national securities exchange, the average of the closing bid and asked prices of the NationsBank Common Stock as furnished by the National Quotation Bureau, Inc., or if the National Quotation Bureau, Inc. ceases to furnish such information, by a comparable independent securities quotation service.

In the event NationsBank at any time (i) pays a dividend or make a distribution to holders of NationsBank Common Stock in shares of NationsBank Common Stock, (ii) subdivides its outstanding shares of NationsBank Common Stock into a larger number of shares, or (iii) combines its outstanding shares of NationsBank Common Stock into a smaller number of shares, the Conversion Rate in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision or combination will be adjusted so that the holder of any shares of NationsBank Series BB Preferred Stock surrendered for conversion after such record date or effective date will be entitled to receive the number of shares of NationsBank Common Stock which he or she would have owned or have been entitled to receive immediately following such record date or effective date had such shares of NationsBank Series BB Preferred Stock been converted immediately prior thereto.

Whenever the Conversion Rate adjusts as described in the preceding paragraph (i) NationsBank will keep available at the office of the Transfer Agent(s) for the NationsBank Series BB Preferred Stock a statement describing in reasonable detail the adjustment, the facts requiring such adjustment and the method of calculation used; and (ii) NationsBank will cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of NationsBank Series BB Preferred Stock a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate.

In the event of any consolidation of NationsBank with or merger of NationsBank into any other corporation (other than a merger in which NationsBank is the surviving corporation) or a sale of the assets of NationsBank substantially as an entirety, the holder of each share of NationsBank Series BB Preferred Stock will have the right, after such consolidation, merger or sale to convert such share into the number and kind of shares of stock or other securities and the amount and kind of property receivable upon such consolidation, merger or sale by a holder of the number of shares of NationsBank Common Stock issuable upon conversion of such share of NationsBank Series BB Preferred Stock immediately prior to such consolidation, merger or sale. Provision will be made for adjustments in the Conversion Rate which will be as nearly equivalent as may be practicable to the adjustments described herein.

NationsBank will pay any taxes that may be payable in respect of the issuance of shares of NationsBank Common Stock upon conversion of shares of NationsBank Series BB Preferred Stock, but NationsBank will not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance of shares of NationsBank Common Stock in a name other than that in which the shares of NationsBank Series BB Preferred Stock so converted are registered, and NationsBank will not be required to issue or deliver any such shares unless and until the person(s) requesting such issuance will have paid to NationsBank the amount of any such taxes, or will have established to the satisfaction of NationsBank that such taxes have been paid.

NationsBank will at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of NationsBank Common Stock issuable upon the conversion of all shares of NationsBank Series BB Preferred Stock then outstanding.

In the event that NationsBank (i) declares a dividend or any other distribution on NationsBank Common Stock, payable otherwise than in cash out of retained earnings, (ii) authorizes the granting to the holders of NationsBank Common Stock of rights

to subscribe for or purchase any shares of capital stock of any class or of any other rights, (iii) proposes to effect any consolidation of NationsBank with or merger of NationsBank with or into any other corporation or a sale of the assets of NationsBank substantially as an entirety which would result in an adjustment to the Conversion Rate, NationsBank will cause to be mailed to the holders of record of NationsBank Series BB Preferred Stock at least 20 days prior to the applicable date hereinafter specified a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of NationsBank Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or (y) the date on which such consolidation, merger or sale is expected to become effective, and the date as of which it is expected that holders of NationsBank Common Stock of record will be entitled to exchange their shares of NationsBank Common Stock for securities or other property deliverable upon such consolidation, merger or sale. Failure to give such notice, or any defect therein, will not affect the legality or validity of such dividend, distribution, consolidation, merger or sale.

Redemption. Shares of NationsBank Series BB Preferred Stock will be redeemable at the option of NationsBank, in whole or in part, at a redemption price of \$25 per share plus accrued and unpaid dividends to the redemption date (the "Redemption Price").

Notice of any redemption will be given by first class mail, postage prepaid, mailed not less than 60 nor more than 90 days prior to the date fixed for redemption to the holders of record of the shares of NationsBank Series BB Preferred Stock to be redeemed, at their respective addresses appearing on the books of NationsBank. Notice so mailed will be conclusively presumed to have been duly given whether or not actually received. The notice will state: (i) the date fixed for redemption; (ii) the Redemption Price; (iii) the right of the holders of NationsBank Series BB Preferred Stock to convert such stock into NationsBank Common Stock until the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day); (iv) if less than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; and (v) the place(s) where certificates for such shares are to be surrendered for payment of the Redemption Price. If such notice is mailed as aforesaid, and if on or before the date fixed for redemption funds sufficient to redeem the shares called for redemption are set aside by NationsBank in trust for the account of the holders of the shares to be redeemed, notwithstanding the fact that any certificate for shares called for redemption will not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption will be deemed to be no longer outstanding, dividends thereon will cease to accrue, and all rights of the holders of such shares as shareholders of NationsBank will cease, except the right to receive the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Upon surrender in accordance with the aforesaid notice of the certificate(s) for any shares so redeemed (duly endorsed or accompanied by appropriate instruments of transfer, if so required by NationsBank in such notice), the holders of record of such shares will be entitled to receive the Redemption Price, without interest.

At the option of NationsBank, if notice of redemption is mailed as aforesaid, and if prior to the date fixed for redemption funds sufficient to pay in full the Redemption Price are deposited in trust, for the account of the holders of the shares to be redeemed, with a bank or trust company named in such notice doing business in the Borough of Manhattan, The City of New York, State of New York or the City of Charlotte, State of North Carolina and having capital, surplus and undivided profits of at least \$3 million, which bank or trust company also may be the Transfer Agent and/or Paying Agent for the NationsBank Series BB Preferred Stock, notwithstanding the fact that any certificates for shares called for redemption will not have been surrendered for cancellation, on and after such date of deposit the shares represented thereby so called for redemption will be deemed to be no longer outstanding, and all rights of the holders of such shares as shareholders of NationsBank will cease, except the right of the holders thereof to convert such shares at any time prior to the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day), and the right of the holders thereof to receive out of the funds so deposited in trust the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Any funds so deposited with such bank or trust company in respect of shares of NationsBank Series BB Preferred Stock converted before the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) will be returned to NationsBank upon such conversion. Any funds so deposited with such a bank or trust company which will remain unclaimed by the holders of shares called for redemption at the end of six years after the redemption date will be repaid to NationsBank, on demand, and thereafter the holder of any such shares will look only to NationsBank for the payment, without interest, of the Redemption Price.

In the event that any quarterly dividend payable on the NationsBank Series BB Preferred Stock will be in arrears and until all such dividends in arrears will have been paid or declared and set apart for payment, NationsBank will not redeem any shares of

NationsBank Series BB Preferred Stock unless all outstanding shares of NationsBank Series BB Preferred Stock are simultaneously redeemed and will not purchase or otherwise acquire any shares of NationsBank Series BB Preferred Stock except in accordance with a purchase offer made by NationsBank on the same terms to all holders of record of NationsBank Series BB Preferred Stock for the purchase of all outstanding shares thereof.

Shares of NationsBank Series BB Preferred Stock are not subject to a sinking fund.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of the affairs of NationsBank, whether voluntary or involuntary, the holders of NationsBank Series BB Preferred Stock will be entitled to receive out of the assets of NationsBank available for distribution to shareholders an amount equal to \$25 per share plus an amount equal to accrued and unpaid dividends thereon to and including the date of such distribution, and no more, before any distribution will be made to the holders of any class of stock of NationsBank ranking junior to the NationsBank Series BB Preferred Stock as to the distribution of assets.

In the event the assets of NationsBank available for distribution to shareholders upon any liquidation, dissolution or winding up of the affairs of NationsBank, whether voluntary or involuntary, are insufficient to pay in full the amounts payable with respect to the NationsBank Series BB Preferred Stock and any other shares of preferred stock of NationsBank ranking on a parity with the NationsBank Series BB Preferred Stock as to the distribution of assets, the holders of NationsBank Series BB Preferred Stock and the holders of such other preferred stock will share ratably in any distribution of assets of NationsBank in proportion to the full respective preferential amounts to which they are entitled.

The merger or consolidation of NationsBank into or with any other corporation, the merger or consolidation of any other corporation into or with NationsBank or the sale of the assets of NationsBank substantially as an entirety will not be deemed a liquidation, dissolution or winding up of the affairs of NationsBank.

Voting. Holders of NationsBank Series BB Preferred Stock have no voting rights except as required by law and, in the event that any quarterly dividend payable on the NationsBank Series BB Preferred Stock is in arrears, the holders of NationsBank Series BB Preferred Stock will be entitled to vote together with the holders of Common Stock at the Registrant's next meeting of shareholders and at each subsequent meeting of shareholders unless all dividends in arrears have been paid or declared and set apart for payment prior to the date of such meeting. In those cases where holders of NationsBank Series BB Preferred Stock are entitled to vote, each holder will be entitled to cast the number of votes equal to the number of whole shares of NationsBank Common Stock into which his or her NationsBank Series BB Preferred Stock is then convertible.

6.25% CONVERTIBLE SUBORDINATED DEBENTURES DUE MAY 1, 2011

General. Effective as of the closing of the Boatmen's Merger, the Registrant assumed all of Boatmen's rights and obligations under the Convertible Debentures, which had been assumed by Boatmen's at the time it acquired Centerre Bancorporation. The terms of the Convertible Debentures are set forth in an Indenture, dated as of May 1, 1986, between Centerre Bancorporation and The Boatmen's National Bank of St. Louis, as trustee, as supplemented as of January 7,

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1997 (the "Indenture"). As a result of the Boatmen's Merger, the Convertible Debentures are convertible into shares of NationsBank Common Stock in accordance with the terms and conditions set forth in the Indenture.

Conversion. The number of shares of NationsBank Common Stock issuable upon conversion of a Convertible Debenture is determined by dividing the principal amount to be converted by the conversion price in effect on the date of conversion, which price is currently \$12.81 per share. Pursuant to the Indenture, if NationsBank: (i) pays a dividend or makes a distribution on NationsBank Common Stock in the form of shares of NationsBank Common Stock; (ii) subdivides the outstanding shares of NationsBank Common Stock into a greater number of shares; (iii) combines the outstanding shares of NationsBank Common Stock into a smaller number of shares; (iv) makes a distribution on NationsBank Common Stock in shares of its capital stock other than NationsBank Common Stock; or (v) issues by reclassification of NationsBank Common Stock any shares of its capital stock, then the conversion privilege and conversion price in effect immediately prior to such action will be adjusted so that the holder of a Convertible Debenture thereafter converted may receive the number of shares of capital stock of the Registrant that such holder would have received immediately following such action if the holder had converted the Convertible Debenture immediately prior to such action. The conversion price is subject to further adjustment in the event the Registrant (i) distributes any rights or warrants to all holders of NationsBank Common Stock entitling them, for a period expiring within 60 days of the record date for the determination of such holders, to purchase shares of NationsBank Common Stock at a price per share less than the current market price per share on such record date; or (ii) distributes to all holders of NationsBank Common Stock any of its assets or debt securities or any rights or warrants to purchase securities of the Registrant.

In all cases, no adjustment in the conversion price of the Convertible Debentures is required to be made unless the adjustment would require an increase or decrease of at least 1% in the conversion price. Any adjustments that are not made because they fail to satisfy such requirement are carried forward and taken into account in any subsequent adjustments. In addition, no adjustment to the conversion price is required if holders of the Convertible Debentures are to participate in the transaction otherwise triggering an adjustment on a basis and with notice that the NationsBank Board determines to be fair and appropriate in light of the basis and notice on which holders of NationsBank Common Stock participate in the transaction. No adjustment to the conversion price is required in connection with a grant of rights to purchase NationsBank Common Stock pursuant to a plan of the Registrant for reinvestment

of dividends or interest.

The terms of the Indenture require the Registrant to reserve and have available,

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free from any preemptive rights, out of its authorized but unissued NationsBank Common Stock enough shares of NationsBank Common Stock to permit the conversion of the Convertible Debentures.

Effective Law

The rights of holders of NationsBank Common Stock are dependent, directly or indirectly, on applicable state and federal statutes and regulations which are subject to change from time to time. The Registrant has not undertaken to update the foregoing description in each case where such a change may affect the rights of shareholders.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

The Registrant has filed all required financial statements, pro forma financial information and exhibits required by Item 2 hereof with the Securities and Exchange Commission as part of the Registration Statement.

The following exhibits are filed herewith:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
3.1	Amended and Restated Articles of Incorporation of the Registrant.
99.1	Text of press release, dated January 9, 1998, with respect to the closing of the Merger and the election of new directors to serve on the Registrant 's Board of Directors.
99.2	Text of press release, dated December 19, 1997, with respect to approval of the Merger by the shareholders of NationsBank and Barnett.
99.3	Text of joint press release, dated December 15, 1997, issued by NationsBank, Barnett and Republic Bancshares, Inc.
99.4	Text of joint press release, dated December 9, 1997, issued by NationsBank, Barnett and Huntington Bancshares Incorporated.
99.5	Unaudited Supplemental Financial Highlights for the Fiscal Year Ended December 31, 1997, Reflecting the Impact of the Merger.
99.6	Text of press release, dated January 12, 1998, with respect to the Registrant 's financial results for the fiscal year ended December 31, 1997.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATIONSBANK CORPORATION

By: /s/ Marc D. Oken

Marc D.Oken
Executive Vice President and
Chief Accounting Officer

EXHIBIT INDEX

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ARTICLES OF RESTATEMENT
OF
NATIONSBANK CORPORATION

NationsBank Corporation (the "Corporation") hereby submits these Articles of Restatement for the purpose of amending its Articles of Incorporation and for the purpose of integrating into one document its original Articles of Incorporation and all amendments thereto.

1. The name of the Corporation is NationsBank Corporation.

2. Attached hereto as Exhibit A are the Amended and Restated Articles of Incorporation of the Corporation, which contain an amendment to the Articles of Incorporation requiring shareholder approval.

3. The amendment to the Amended and Restated Articles of Incorporation that requires shareholder approval was approved by the shareholders of the Corporation on December 19, 1997 in the manner prescribed by law.

4. The Amended and Restated Articles of Incorporation provide for no exchange, reclassification or cancellation of issued shares.

These Articles of Restatement are executed as of January 6, 1998.

NATIONSBANK CORPORATION

By: /s/ James W. Kiser

James W. Kiser
Secretary

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
NATIONSBANK CORPORATION

NationsBank Corporation, a business corporation incorporated under the North Carolina Business Corporation Act, pursuant to action by its Board of Directors, hereby sets forth its Amended and Restated Articles of Incorporation:

1. The name of the Corporation is NationsBank Corporation.

2. The purposes for which the Corporation is organized are to engage in any lawful act or activity for which corporations may be organized under Chapter 55 of the North Carolina General Statutes, as amended.

3. The number of shares the Corporation is authorized to issue is One Billion Two Hundred Ninety-Five Million (1,295,000,000), divided into the following classes:

Class	Number of Shares
-----	-----
Common.....	1,250,000,000
Preferred.....	45,000,000

The class of common has unlimited voting rights and, after satisfaction of claims, if any, of the holders of preferred shares, is entitled to receive the net assets of the Corporation upon distribution.

The Board of Directors of the Corporation shall have full power and authority to establish one or more series within the class of preferred shares (the "Preferred Shares"), to define the designations, preferences, limitations and relative rights (including conversion rights) of shares within such class and to determine all variations between series.

The Board of Directors of the Corporation has designated, established and authorized the following series of Preferred Shares:

- (a) 7% Cumulative Redeemable Preferred Stock, Series B.
- A. Designation.

The designation of this series is "7% Cumulative Redeemable Preferred Stock, Series B" (hereinafter referred to as the "Series B Preferred Stock") and the number of shares constituting such series is

Thirty-Five Thousand and Forty-Five (35,045). Shares of Series B Preferred Stock shall have a stated value of \$100.00 per share.

B. Dividends.

The holders of record of the shares of the Series B Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation, out of any funds legally available for such purpose, cumulative cash dividends at an annual dividend rate per share of 7% of the stated value thereof, which amount is \$7.00 per annum, per share, and no more. Such dividends shall be payable each calendar quarter at the rate of \$1.75 per share on such dates as shall be fixed by resolution of the Board of Directors of the Corporation. The date from which dividends on such shares shall be cumulative shall be the first day after said shares are issued. Accumulations of dividends shall not bear interest. No cash dividend shall be declared, paid or set apart for any shares of Common Stock unless all dividends on all shares of the Series B Preferred Stock at the time outstanding for all past dividend periods and for the then current dividend shall have been paid, or shall have been declared and a sum sufficient for the payment thereof, shall have been set apart. Subject to the foregoing provisions of this paragraph B, cash dividends or other cash distributions as may be determined by the Board of Directors of the Corporation may be declared and paid upon the shares of the Common Stock of the Corporation from time to time out of funds legally available therefor, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such cash dividend or other such cash distribution so declared and paid or made on such shares of Common Stock.

C. Redemption.

From and after October 31, 1988, any holder may, by written request, call upon the Corporation to redeem all or any part of said holder's shares of said Series B Preferred Stock at a redemption price of \$100.00 per share plus accumulated unpaid dividends to the date said request for redemption is received by the Corporation and no more (the "Redemption Price"). Any such request for redemption shall be accompanied by the certificates for which redemption is requested, duly endorsed or with appropriate stock power attached, in either case with signature guaranteed. Upon receipt by the Corporation of any such request for redemption from any holder of the Series B Preferred Stock, the Corporation shall forthwith redeem said stock at the Redemption Price, provided that: (i) full cumulative dividends have been paid or declared and set apart for payment upon all shares of any series of preferred stock ranking superior to the Series B Preferred Stock as to dividends or other distributions (collectively the "Superior Stock"); and (ii)

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the Corporation is not then in default or in arrears with respect to any sinking or analogous fund or call for tenders obligation or agreement for the purchase, redemption or retirement of any shares of Superior Stock. In the event that, upon receipt of a request for redemption, either or both of the conditions set forth in clauses (i) and (ii) above are not met, the Corporation shall forthwith return said request to the submitting shareholder along with a statement that the Corporation is unable to honor such request and explanation of the reasons therefor. From and after the receipt by the Corporation of a request for redemption from any holder of said Series B Preferred Stock, which request may be honored consistent with the foregoing provisions, all rights of such holder in the Series B Preferred Stock for which redemption is requested shall cease and terminate, except only the right to receive the Redemption Price thereof, but without interest.

D. Liquidation Preference.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series B Preferred Stock shall be entitled to receive, subject to the provisions of paragraph G and before any payment shall be made to the holders of the shares of Common Stock, the amount of \$100.00 per share, plus accumulated dividends. After payment to the holders of the Series B Preferred Stock of the full amount as aforesaid, the holders of the Series B Preferred Stock as such shall have no right or claim to any of

the remaining assets which shall be distributed ratably to the holders of the Common Stock. If, upon any such liquidation, dissolution or winding up, the assets available therefor are not sufficient to permit payments to the holders of Series B Preferred Stock of the full amount as aforesaid, then subject to the provisions of paragraph

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G, the holders of the Series B Preferred Stock then outstanding shall share ratably in the distribution of assets in accordance with the sums which would be payable if such holders were to receive the full amounts as aforesaid.

E. Sinking Fund.

There shall be no sinking fund applicable to the shares of Series B Preferred Stock.

F. Conversion.

The shares of Series B Preferred Stock shall not be convertible into any shares of Common Stock or any other class of shares, nor exchanged for any shares of Common Stock or any other class of shares.

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G. Superior Stock.

The Corporation may issue stock with preferences superior or equal to the shares of the Series B Preferred Stock without the consent of the holders thereof.

H. Voting Rights.

Each share of the Series B Preferred Stock shall be entitled to equal voting rights, share for share, with each share of the Common Stock.

(b) ESOP Convertible Preferred Stock, Series C.

The shares of the ESOP Convertible Preferred Stock, Series C, of the Corporation shall be designated "ESOP Convertible Preferred Stock, Series C," and the number of shares constituting such series shall be 3,000,000. The ESOP Convertible Preferred Stock, Series C, shall hereinafter be referred to as the "ESOP Preferred Stock."

A. Special Purpose Restricted Transfer Issue.

Shares of ESOP Preferred Stock shall be issued only to a trustee acting on behalf of an employee stock ownership plan or other employee benefit plan of the Corporation or any subsidiary of the Corporation. In the event of any transfer of shares of ESOP Preferred Stock to any person other than any such plan trustee or the Corporation, the shares of ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock on the terms otherwise provided for the conversion of shares of ESOP Preferred Stock into shares of Common Stock pursuant to paragraph E hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of ESOP Preferred Stock shall be so converted. Certificates representing shares of ESOP Preferred Stock shall be legended to reflect such restrictions on transfer. Notwithstanding the foregoing provisions of this paragraph A, shares of ESOP Preferred Stock (i) may be converted into shares of Common Stock as provided by paragraph E hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by paragraphs F, G and H hereof.

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B. Dividends and Distributions.

(1) Subject to the provisions for adjustment hereinafter set

forth, the holders of shares of ESOP Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") in an amount equal to \$3.30 per share per annum, and no more, payable semi-annually, one-half on the first day of January and one-half on the first day of July of each year (each a "Dividend Payment Date") commencing the first such day following the effective time of the Merger (as defined below), to holders of record at the start of business on such Dividend Payment Date. Preferred Dividends shall begin to accrue on shares of ESOP Preferred Stock on the last dividend payment date on the outstanding shares of ESOP Convertible Preferred Stock, Series C, of C&S/Sovran Corporation ("C&S/Sovran") (which shares were converted on a one-for-one basis into shares of ESOP Preferred Stock at the effective time of the merger (the "Merger") of C&S/Sovran Merger Corporation ("Merger Corporation"), a Delaware corporation and a wholly owned subsidiary of the Corporation, with and into C&S/Sovran, as provided in the Agreement and Plan of Consolidation, dated July 21, 1991, between the Corporation and C&S/Sovran). Preferred Dividends shall accrue on a daily basis whether or not the Corporation shall have earnings or surplus at the time, but Preferred Dividends on the shares of ESOP Preferred Stock for any period less than a full semi-annual period between Dividend Payment Dates shall be computed on the basis of a 360-day year of 30-day months. Accumulated but unpaid Preferred Dividends shall accumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(2) So long as any ESOP Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the ESOP Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the ESOP Preferred Stock, like dividends for all dividend payment periods of the ESOP Preferred Stock ending on or before the dividend payment date of such parity stock, ratably in proportion to the respective amounts of dividends accumulated and unpaid through such dividend payment period on the ESOP Preferred Stock and accumulated and unpaid or payable on such parity stock through the dividend payment period on such parity stock next preceding such Dividend Payment Date. In the event that full cumulative dividends on the ESOP Preferred Stock have not been declared and paid or set apart for payment when due, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of any

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other class of stock or series thereof of the Corporation ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock until full cumulative dividends on the ESOP Preferred Stock shall have been paid or declared and provided for; provided, however, that the foregoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends or as to distributions in the event of the liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock, or (ii) the acquisition of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock either (A) pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted or (B) in exchange solely for shares of any other stock ranking junior to the ESOP Preferred Stock.

C. Voting Rights.

The holders of shares of ESOP Preferred Stock shall have the following voting rights:

(1) The holders of ESOP Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of the ESOP Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of ESOP Preferred Stock could be converted on the record date for determining the shareholders entitled to vote, rounded to the nearest whole vote; it being understood that whenever the "Conversion Ratio" (as defined in paragraph E hereof) is adjusted as provided in paragraph I hereof, the voting rights of the ESOP Preferred Stock shall also be similarly adjusted.

(2) Except as otherwise required by the North Carolina

Business Corporation Act or set forth in paragraph C(1), holders of ESOP Preferred Stock shall have no special voting rights and their consent shall not be required for the taking of any corporate action.

D. Liquidation, Dissolution or Winding-Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of ESOP Preferred Stock shall be entitled to receive out of the assets of the Corporation which remain after satisfaction in full of all valid claims of creditors of the Corporation and which are available for payment to shareholders and subject to the rights of the holders of any stock of the Corporation ranking senior to or on a parity with the ESOP Preferred Stock in respect of distributions upon liquidation, dissolution or winding-up of the Corporation, before any amount shall be paid or distributed among the holders of Common Stock or any other shares ranking junior to the ESOP Preferred Stock in respect of the distributions upon liquidation, dissolution or winding-up of the Corporation, liquidating distributions in the amount of \$42.50 per share,

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plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding-up of the Corporation, the amounts payable with respect to the ESOP Preferred Stock and any other stock ranking as to any such distribution on a parity with the ESOP Preferred Stock are not paid in full, the holders of the ESOP Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph D(1), the holders of shares of ESOP Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(2) Neither the merger or consolidation of the Corporation with or into any other corporation, nor the merger or consolidation of any other corporation with or into the Corporation, nor the sale, transfer or lease of all or any portion of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding-up of the affairs of the Corporation for purposes of this paragraph D, but the holders of ESOP Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by paragraph H hereof.

(3) Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of ESOP Preferred Stock in such circumstances shall be payable, shall be given by first-class mail, postage prepaid, mailed not less than twenty (20) days prior to any payment date stated therein, to the holders of ESOP Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock.

E. Conversion into Common Stock.

(1) A holder of shares of ESOP Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to paragraph F, G or H hereof, to cause any or all of such shares to be converted into shares of Common Stock at a conversion rate equal to the ratio of 1.0 share of ESOP Preferred Stock to 1.68 shares of Common Stock (as adjusted as hereinafter provided, the "Conversion Ratio"). The Conversion Ratio set forth above has been adjusted to reflect the 2-for-1 split of the Common Stock paid on February 27, 1997 and is subject to further adjustment thereafter pursuant to these Articles of Incorporation.

(2) Any holder of shares of ESOP Preferred Stock desiring to convert such shares into shares

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of Common Stock shall surrender the certificate or certificates representing the shares of ESOP Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time

to time be designated by notice to the holders of the ESOP Preferred Stock by the Corporation or the transfer agent for the ESOP Preferred Stock, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of ESOP Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of ESOP Preferred Stock not to be so converted to be issued, and (ii) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion.

(3) Upon surrender of a certificate representing a share or shares of ESOP Preferred Stock for conversion, the Corporation shall issue and send by hand delivery (with receipt to be acknowledged) or by first-class mail, postage prepaid, to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of ESOP Preferred Stock, only part of which are to be converted, the Corporation shall issue and deliver to such holder or such holder's designee a new certificate or certificates representing the number of shares of ESOP Preferred Stock which shall not have been converted.

(4) The issuance by the Corporation of shares of Common Stock upon a conversion of shares of ESOP Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificate or certificates representing the shares of Common Stock issued upon conversion thereof or (ii) the commencement of business on the second business day after the surrender of the certificate or certificates for the shares of ESOP Preferred Stock to be converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) as provided hereby. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Corporation shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of ESOP Preferred Stock on a Dividend Payment Date if such Dividend Payment Date for such dividend shall coincide with or be on or subsequent to the effective date of conversion of such shares.

(5) The Corporation shall not be obligated to deliver to holders of ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(6) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all shares of ESOP Preferred Stock then outstanding. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration or qualification of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of ESOP Preferred Stock such number of shares of its Common Stock as shall from time to

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time be sufficient to effect the conversion of all shares of ESOP Preferred Stock then outstanding and convertible into shares of Common Stock.

F. Redemption At the Option of the Corporation.

(1) The ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Corporation at any time after July 1, 1992, or on or before July 1, 1992 if permitted by paragraph F(3) or F(4), at the following redemption prices per share (except as to redemption pursuant to paragraph F(3)):

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During the Twelve-Month Period Beginning July 1, -----	Price Per Share -----
1991.....	\$45.14
1992.....	44.81
1993.....	44.48
1994.....	44.15
1995.....	43.82
1996.....	43.49
1997.....	43.16
1998.....	42.83

and thereafter at \$42.50 per share, plus, in each case, an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Payment of the redemption price shall be made by the Corporation in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph F(5). From and after the date fixed for redemption, dividends on shares of ESOP Preferred Stock called for redemption will cease to accrue, such shares will no longer be deemed to be outstanding and all rights in respect of such shares of the Corporation shall cease, except the right to receive the redemption price. If less than all of the outstanding shares of ESOP Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of each holder determined pro rata based on the number of shares held by each holder or shall select the shares to be redeemed by lot, as may be determined by the Board of Directors of the Corporation.

(2) Unless otherwise required by law, notice of redemption will be sent to the holders of ESOP Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock by first-class mail, postage prepaid, mailed not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised, and the Conversion Ratio and number of shares of Common Stock issuable upon conversion of a share of ESOP Preferred Stock at the time. These notice provisions may be supplemented if necessary in order to comply with optional redemption provisions for preferred stock which may be required under the Internal Revenue Code of 1986, as amended, or the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Upon surrender of the certificates

for any shares so called for redemption and not previously converted (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the date fixed for redemption and at the applicable redemption price set forth in this paragraph F.

(3) In the event of a change in the federal tax law of the United States of America which has the effect of precluding the Corporation from claiming any of the tax deductions for dividends paid on the ESOP Preferred Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended and in effect on the date shares of ESOP Preferred Stock are initially issued, the Corporation may, within 180 days following the effective date of such tax legislation and implementing regulations of the Internal Revenue Service, if any, in its sole discretion and notwithstanding anything to the contrary in paragraph F(1), elect to redeem any or all such shares for the amount payable in respect of the shares upon liquidation of the Corporation pursuant to paragraph D.

(4) In the event the C&S/Sovran Retirement Savings, ESOP and Profit Sharing Plan (as amended, together with any successor plan, the "Plan") is terminated, the Corporation shall, notwithstanding anything to the contrary in paragraph F(1), redeem all shares of ESOP Preferred Stock for the amount payable in respect of the shares upon redemption of the ESOP Preferred Stock pursuant to paragraph F(1) hereof.

(5) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such

shares and cash, any such shares to be valued for such purpose at their Fair Market Value (as defined in paragraph I(7) hereof).

G. Other Redemption Rights.

Shares of ESOP Preferred Stock shall be redeemed by the Corporation at a price which is the greater of the Conversion Value (as defined in paragraph I) of the ESOP Preferred Stock on the date fixed for redemption or a redemption price of \$42.50 per share plus accrued and unpaid dividends thereon to the date fixed for redemption, for shares of Common Stock (any such shares of Common Stock to be valued for such purpose as provided by paragraph F(5) hereof), at the option of the holder, at any time and from time to time upon notice to the Corporation given not less than five (5) business days prior to the date fixed by the Corporation in such notice for such redemption, when and to the extent necessary (i) to provide for distributions required to be made under, or to satisfy an investment election provided to participants in accordance with, the Plan to participants in the Plan or (ii) to make payment of principal, interest or premium due and payable (whether as scheduled or upon acceleration) on any indebtedness incurred by the holder or Trustee under the Plan for the benefit of the Plan.

H. Consolidation, Merger, etc.

(1) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting

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company (including the Corporation and any company that directly or indirectly owns all of the outstanding capital stock of such successor or resulting company) that constitutes "qualifying employer securities" with respect to a holder of ESOP Preferred Stock within the meaning of Section 409(l) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of ERISA, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of ESOP Preferred Stock of such holder shall be assumed by and shall become preferred stock of such successor or resulting company, having in respect of such company insofar as possible the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by paragraphs F, G and H hereof), and the qualifications, limitations or restrictions thereon, that the ESOP Preferred Stock had immediately prior to such transaction, except that after such transaction each share of the ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by paragraph E hereof, into the qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property (other than such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares) receivable upon such transaction (provided that, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount of qualifying employer securities receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares). The rights of the ESOP Preferred Stock as preferred stock of such successor or resulting company shall successively be subject to adjustments pursuant to paragraph I hereof after any such transaction as nearly equivalent to the adjustments provided for by such paragraph prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of the ESOP Preferred Stock shall be assumed and authorized by the successor or resulting company as aforesaid.

(2) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph H(1)) and cash payments, if applicable, in lieu of fractional shares, all outstanding shares of ESOP Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to paragraph H(3)), be deemed converted by virtue of such merger, consolidation or similar transaction immediately prior to such

consummation into the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted at such time, and each share of ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock

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into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(3) In the event the Corporation shall enter into any agreement providing for any consolidation or merger or similar transaction described in paragraph H(2), then the Corporation shall as soon as practicable thereafter (and in any event at least ten (10) business days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such ESOP Preferred Stock, a cash payment equal to the amount payable in respect of shares of ESOP Preferred Stock upon redemption pursuant to paragraph F(1) hereof. No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction.

I. Anti-dilution Adjustments.

(1) In the event the Corporation shall, at any time or from time to time while any of the shares of the ESOP Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which paragraph H hereof does not apply) or otherwise, the Conversion Ratio in effect immediately prior to such action shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which is the number of shares of Common Stock outstanding immediately before such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph I(1) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of shareholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof. Notwithstanding the foregoing, the Conversion Ratio set forth in paragraph E(1) has been adjusted to reflect the 2- for-1 split of the Common Stock paid on February 27, 1997, and no further adjustment pursuant to this paragraph I shall be made to the Conversion Ratio in connection with such stock split.

(2) In the event that the Corporation shall, at any time or from time to time while any of the shares

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of ESOP Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Corporation, any right or warrant to purchase shares of Common Stock (but not including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) at a purchase price per share

less than the Fair Market Value (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then, subject to the provisions of paragraphs I(5) and I(6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon exercise in full of all such rights and warrants.

(3) In the event the Corporation shall, at any time and from time to time while any of the shares of ESOP Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) and other than pursuant to any dividend reinvestment plan or employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Fair Market Value of such shares on the date of such issuance, sale or exchange, then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation. In the event the Corporation shall, at any time or from time to time while any shares of ESOP Preferred Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock), other than any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) and other than pursuant to any dividend reinvestment plan or employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted, for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount (as hereinafter defined), then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be the sum of (a) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (b) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale

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or exchange of such right or warrant plus (c) the Fair Market Value at the time of such issuance of the consideration which the Corporation would receive upon exercise in full of all such rights or warrants, and the denominator of which shall be the product of (a) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (b) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of Common Stock could be acquired pursuant to such right or warrant at such time).

(4) In the event the Corporation shall, at any time or from time to time while any of the shares of ESOP Preferred Stock are outstanding, make any Extraordinary Distribution (as hereinafter defined) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the

Corporation (including a recapitalization or reclassification effected by a merger or consolidation to which paragraph H hereof does not apply) or effect a Pro Rata Repurchase (as hereinafter defined) of Common Stock, the Conversion Ratio in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs I(5) and (6), be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be (a) the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (ii) the Fair Market Value (as herein defined) of a share of Common Stock on the Valuation Date (as hereinafter defined) with respect to an Extraordinary Distribution, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase, or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be, minus (b) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation multiplied by (ii) the Fair Market Value of a share of Common Stock on the record date with respect to an Extraordinary Distribution or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be. The Corporation shall send each holder of ESOP Preferred Stock (x) notice of its intent to make any Extraordinary Distribution and (y) notice of any offer by the Corporation to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer, as well as the Conversion Ratio and the number of

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shares of Common Stock into which a share of ESOP Preferred Stock may be converted at such time.

(5) Notwithstanding any other provisions of this paragraph I, the Corporation shall not be required to make any adjustment of the Conversion Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Ratio. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Ratio.

(6) If the Corporation shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security of the Corporation or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Ratio pursuant to the foregoing provisions of this paragraph I, the Board of Directors of the Corporation shall consider whether such action is of such a nature that an adjustment to the Conversion Ratio should equitably be made in respect of such transaction. If in such case the Board of Directors of the Corporation determines that the adjustment to the Conversion Ratio should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Corporation. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Conversion Ratio should be made pursuant to the foregoing provisions of this paragraph I(6), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all shareholders of the Corporation. The Corporation shall be entitled to make such additional adjustments in the Conversion Ratio, in addition to those required by the foregoing provisions of this paragraph I, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to holders of the Common Stock.

(7) For purposes of this paragraph I, the following definitions shall apply:

"Conversion Value" shall mean the Fair Market Value of the aggregate number of shares of Common Stock into which a share of ESOP Preferred Stock is convertible.

"Extraordinary Distribution" shall mean any dividend or other distribution (effected while any of the shares of ESOP Preferred Stock are outstanding) (a) of cash, where the aggregate amount of such cash dividend and distribution together with the amount of all cash dividends and distributions made during the preceding period of 12 months, when combined with the aggregate amount of all Pro Rata Repurchases (for this purpose, including only that portion of the aggregate purchase price of such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the applicable expiration date (including all extensions thereof) of any tender offer or exchange offer which is a Pro Rata Repurchase, or the date of purchase with respect to any other Pro Rata Repurchase which is not a tender offer or exchange offer made during such period), exceeds Twelve and One-Half percent (12.5%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date for determining the shareholders entitled to receive such Extraordinary Distribution and (b) any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in paragraph I(2)), evidence of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation), or any combination thereof. The Fair Market Value of an Extraordinary Distribution for purposes

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of paragraph I(4) shall be the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any cash dividends which are not Extraordinary Distributions made during such twelve-month period and not previously included in the calculation of an adjustment pursuant to paragraph I(4).

"Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation or any other issuer which are publicly traded, the average of the Current Market Prices (as hereinafter defined) of such shares or securities for each day of the Adjustment Period (as hereinafter defined). "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for a day shall mean the last reported sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on The Nasdaq National Market or, if such security is not quoted on Nasdaq, the average of the closing bid and asked prices on each such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on each such day shall not have been reported through Nasdaq, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm selected for such purpose by the Board of Directors of the Corporation or a committee thereof on each trading day during the Adjustment Period. "Adjustment Period" shall mean the period of five (5) consecutive trading days preceding the date as of which the Fair Market Value of a security is to be determined. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors of the Corporation or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors of the Corporation or such committee.

"Non-Dilutive Amount" in respect of an issuance, sale or exchange by the Corporation of any right or warrant to purchase or acquire shares of Common Stock (including any security convertible into or exchangeable for shares of Common Stock) shall mean the remainder of (a) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon

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the exercise in full of such rights and warrants (including upon the

conversion or exchange of all such convertible or exchangeable securities), whether or not exercisable (or convertible or exchangeable) at such date, minus (b) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of Common Stock; provided, however, that in no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of Common Stock shall be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by the Corporation.

"Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any subsidiary thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of ESOP Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that no purchase of shares by the Corporation or any subsidiary thereof made in open market transactions shall be deemed a Pro Rata Repurchase. For purposes of this paragraph I(7), shares shall be deemed to have been purchased by the Corporation or any subsidiary thereof "in open market transactions" if they have been purchased substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act, on the date shares of ESOP Preferred Stock are initially issued by the Corporation or on such other terms and conditions as the Board of Directors of the Corporation or a committee thereof shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock.

"Valuation Date" with respect to an Extraordinary Distribution shall mean the date that is five (5) business days prior to the record date for such Extraordinary Distribution.

(8) Whenever an adjustment to the Conversion Ratio is required pursuant hereto, the Corporation shall forthwith place on file with the transfer agent for the Common Stock and the ESOP Preferred Stock if there be one, and with the Secretary of the Corporation, a statement signed by two officers of the Corporation, stating the adjusted Conversion Ratio determined as provided herein and the voting rights (as appropriately adjusted) of the ESOP Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Conversion Ratio and the related voting rights of the ESOP Preferred Stock, the Corporation shall mail a notice thereof to each holder of shares of the ESOP Preferred Stock.

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J. Ranking; Retirement of Shares.

(1) The ESOP Preferred Stock shall rank (a) senior to the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding-up of the Corporation and (b) unless otherwise provided in the Articles of Incorporation of the Corporation or an amendment to such Articles of Incorporation relating to a subsequent series of Preferred Shares, junior to all other series of Preferred Shares as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding-up.

(2) Any shares of ESOP Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as provided hereby, or otherwise so acquired, shall be retired as shares of ESOP Preferred Stock and restored to the status of authorized but unissued shares of Preferred Shares, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Shares as permitted by law.

K. Miscellaneous.

(1) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) business days after the mailing thereof if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: (a) if to the Corporation, to its office at

NationsBank Corporate Center, Charlotte, North Carolina 28255
(Attention: Treasurer) or to the transfer agent for the ESOP Preferred Stock, or other agent of the Corporation designated as permitted hereby or (b) if to any holder of the ESOP Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the ESOP Preferred Stock or Common Stock, as the case may be) or (c) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(2) The term "Common Stock" as used herein means the Corporation's Common Stock, as the same existed at the date of filing of the Amendment to the Corporation's Articles of Incorporation relating to the ESOP Preferred Stock or any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value. In the event that, at any time as a result of an adjustment made pursuant to paragraph I hereof, the holder of any

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share of the ESOP Preferred Stock upon thereafter surrendering such shares for conversion shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Ratio in respect of such other shares or securities so receivable upon conversion of shares of ESOP Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in paragraph I hereof, and the provisions of paragraphs A through H, J, and K hereof with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

(3) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of ESOP Preferred Stock or shares of Common Stock or other securities issued on account of ESOP Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of ESOP Preferred Stock or Common Stock or other securities in a name other than that in which the shares of ESOP Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(4) In the event that a holder of shares of ESOP Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of ESOP Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such ESOP Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(5) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the ESOP Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by first-class mail, postage prepaid, to each holder of record of ESOP Preferred Stock.

(c) \$2.50 Cumulative Convertible Preferred Stock, Series BB.

A. Designation.

The designation of this series is "\$2.50 Cumulative Convertible Preferred Stock, Series BB" (hereinafter referred to as the "Series BB Preferred Stock"), and the initial number of shares constituting such series shall be 20,000,000, which number may be increased or decreased (but not below the number of shares then outstanding) from time to time by the Board of Directors. The Series BB Preferred Stock shall rank prior to each of the Common Stock, the Series B

Preferred Stock and the ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets.

B. Dividend Rights.

(1) The holders of shares of Series BB Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, cumulative preferential cash dividends, accruing from January 1, 1998, at the annual rate of \$2.50 per share, and no more, payable quarterly on the first day of January, April, July and October of each year (each of the quarterly periods ending on the last day of March, June, September and December being hereinafter referred to as a "dividend period"). Dividends on the Series BB Preferred Stock shall first become payable on the first day of January, April, July or October, as the case may be, next following the date of issuance, provided, however, that if the first dividend period ends within 20 days of the date of issuance, such initial dividend shall be payable at the completion of the first full dividend period.

(2) Dividends on shares of Series BB Preferred Stock shall be cumulative from January 1, 1998, whether or not there shall be funds legally available for the payment thereof. Accumulations of dividends on the Series BB Preferred Stock shall not bear interest. The Corporation shall not (i) declare or pay or set apart for payment any dividends or distributions on any stock ranking as to dividends junior to the Series BB Preferred Stock (other than dividends paid in shares of such junior stock) or (ii) make any purchase or redemption of, or any sinking fund payment for the purchase or redemption of, any stock ranking as to dividends junior to the Series BB Preferred Stock (other than a purchase or redemption made by issue or delivery of such junior stock) unless all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof; provided, however, that any moneys theretofore deposited in any sinking fund with respect to any preferred stock of the Corporation in compliance with the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund regardless of whether at the time of such application all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof.

(3) All dividends declared on shares of Series BB Preferred Stock and any other class of preferred stock or series thereof ranking on a parity as to dividends with the Series BB Preferred Stock shall be declared pro rata, so that the amounts of dividends declared on the Series BB Preferred Stock and such other preferred stock for the same dividend period, or for the dividend period of the Series BB Preferred Stock ending within the

dividend period of such other stock, shall, in all cases, bear to each other the same ratio that accrued dividends on the shares of Series BB Preferred Stock and such other stock bear to each other.

C. Liquidation Preference.

(1) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of Series BB Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to \$25 per share plus an amount equal to accrued and unpaid dividends thereon to and including the date of such distribution, and no more, before any distribution shall be made to the holders of any class of stock of the Corporation ranking junior to the Series BB Preferred Stock as to the distribution of assets.

(2) In the event the assets of the Corporation available for distribution to shareholders upon any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to the Series BB Preferred Stock and any other shares of preferred stock of the Corporation ranking on a parity with the Series BB Preferred Stock as to the distribution of assets, the holders of Series BB Preferred Stock and the holders of such other preferred stock shall share ratably in any distribution of assets of the Corporation in proportion to the full respective preferential amounts to which they are entitled.

(3) The merger or consolidation of the Corporation into or with any other corporation, the merger or consolidation of any other corporation into or with the Corporation or the sale of the assets of the Corporation substantially as an entirety shall not be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph C.

D. Redemption.

(1) The Corporation, at its option, may redeem all or any shares of the Series BB Preferred Stock at any time at a redemption price (the "Redemption Price") consisting of the sum of (i) \$25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of redemption.

(2) If less than all the outstanding shares of Series BB Preferred Stock are to be redeemed, the shares to be redeemed shall be selected pro rata as nearly as practicable or by lot, as the Board of Directors may determine.

(3) Notice of any redemption shall be given by first class mail, postage prepaid, mailed not less than 60 nor more than 90 days prior to the date fixed for redemption to the holders of record of the shares of Series BB Preferred Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. Notice so mailed shall be conclusively presumed to have been duly given whether or not actually received. Such notice shall state: (1) the date fixed for redemption; (2) the Redemption Price; (3) the right of the holders of Series BB Preferred Stock to convert such stock into Common Stock until the close of business on the

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15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day); (4) if less than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; and (5) the place(s) where certificates for such shares are to be surrendered for payment of the Redemption Price. If such notice is mailed as aforesaid, and if on or before the date fixed for redemption funds sufficient to redeem the shares called for redemption are set aside by the Corporation in trust for the account of the holders of the shares to be redeemed, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue, and all rights of the holders of such shares as shareholders of the Corporation shall cease, except the right to receive the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Upon surrender in accordance with the aforesaid notice of the certificate(s) for any shares so redeemed (duly endorsed or accompanied by appropriate instruments of transfer, if so required by the Corporation in such notice), the holders of record of such shares shall be entitled to receive the Redemption Price, without interest.

(4) At the option of the Corporation, if notice of redemption is mailed as aforesaid, and if prior to the date fixed for redemption funds sufficient to pay in full the Redemption Price are deposited in trust, for the account of the holders of the shares to be redeemed, with a bank or trust company named in such notice doing business in the Borough of Manhattan, The City of New York, State of New York or the City of Charlotte, State of North Carolina and having capital, surplus and undivided profits of at least \$3 million, which bank or trust company also may be the Transfer Agent and/or Paying Agent for the Series BB Preferred Stock, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after such date of deposit the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, and all rights of the holders of such shares as shareholders of the Corporation shall cease, except the right of the holders thereof to convert such shares in accordance with the provisions of paragraph F at any time prior to the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day), and the right of the holders thereof to receive out of the funds so deposited in trust the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Any funds so deposited with such bank or trust company in respect of shares of Series BB Preferred Stock converted before the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) shall be returned to the Corporation upon such conversion. Any funds so deposited with such a bank or trust company which shall remain unclaimed by the holders of shares called for redemption at the end of six years after the redemption date shall be repaid to the Corporation, on demand, and thereafter the holder of any such shares shall look only to the Corporation for the payment, without interest, of the Redemption Price.

(5) Any provisions of paragraph D or E to the contrary notwithstanding, in the event that any quarterly dividend payable on the Series BB Preferred Stock shall be in arrears and until all such dividends in arrears shall have been paid or declared and set apart for payment, the Corporation shall not redeem any shares of Series BB Preferred Stock unless all outstanding shares of Series BB Preferred Stock are simultaneously redeemed and shall not purchase or otherwise acquire any shares of Series BB Preferred Stock except in accordance with a purchase offer made by the Corporation on the same terms to all holders of record of Series BB Preferred Stock for the purchase of all outstanding shares thereof.

E. Purchase by the Corporation.

(1) Except as provided in paragraph D(5), the Corporation shall be obligated to purchase shares of Series BB Preferred Stock tendered by the holder thereof for purchase hereunder, at a purchase price consisting of the sum of (i) \$25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of purchase. In order to exercise his right to require the Corporation to purchase his shares of Series BB Preferred Stock, the holder thereof shall surrender the Certificate(s) therefor duly endorsed if the Corporation shall so require or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to sell such shares to the Corporation. Shares of Series BB Preferred Stock shall be deemed to have been purchased by the Corporation immediately prior to the close of business on the date such shares are tendered for sale to the Corporation and notice of election to sell the same is received by the Corporation in accordance with the foregoing provisions. As of such date the shares so tendered for sale shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue and all rights of the holder of such shares as a shareholder of the Corporation shall cease, except the right to receive the purchase price.

F. Conversion Rights.

The holders of shares of Series BB Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock on the following terms and conditions:

(1) Shares of Series BB Preferred Stock shall be convertible at any time into fully paid and

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nonassessable shares of Common Stock (calculated as to each conversion to the nearest 1/1,000 of a share) at the initial rate of 6.17215 shares of Common Stock for each share of Series BB Preferred Stock surrendered for conversion (the "Conversion Rate"). The Conversion Rate shall be subject to adjustment from time to time as hereinafter provided. No payment or adjustment shall be made on account of any accrued and unpaid dividends on shares of Series BB Preferred Stock surrendered for conversion prior to the record date for the determination of shareholders entitled to such dividends or on account of any dividends on the Common Stock issued upon such conversion subsequent to the record date for the determination of shareholders entitled to such dividends. If any shares of Series BB Preferred Stock shall be called for redemption, the right to convert the shares designated for redemption shall terminate at the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) unless default be made in the payment of the Redemption Price. In the event of default in the payment of the Redemption Price, the right to convert the shares designated for redemption shall terminate at the close of business on the business day immediately preceding the date that such default is cured.

(2) In order to convert shares of Series BB Preferred Stock into Common Stock, the holder thereof shall surrender the certificate(s) therefor, duly endorsed if the Corporation shall so require, or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to convert such shares. Such notice shall also state the name(s) and address(es) in which such holder wishes the certificate(s) for the shares of Common Stock issuable upon conversion to be issued. As soon as practicable after receipt of the certificate(s) representing the shares of Series BB Preferred Stock to be converted and the notice of election to convert the same, the Corporation shall issue and deliver at said office a certificate or certificates for the number of whole shares of Common Stock issuable upon conversion of the shares of Series BB Preferred Stock surrendered for conversion, together with a cash payment in lieu of any fraction of a share, as hereinafter provided, to the person(s) entitled to receive the same. Shares of Series BB Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the date such shares are surrendered for conversion and notice of election to convert the same is received by the Corporation in accordance with the foregoing provisions, and the person(s) entitled to receive the Common Stock issuable upon such conversion shall be deemed for all purposes as record holder(s) of such Common Stock as of such date.

(3) No fractional shares of Common Stock shall be issued upon conversion of any shares of Series BB

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Preferred Stock. If more than one share of Series BB Preferred Stock is surrendered at one time by the same holder, the number of full shares issuable

upon conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered. If the conversion of any shares of Series BB Preferred Stock results in a fractional share of Common Stock, the Corporation shall pay cash in lieu thereof in an amount equal to such fraction multiplied times the closing price of the Common Stock on the date on which the shares of Series BB Preferred Stock were duly surrendered for conversion, or if such date is not a trading date, on the next succeeding trading date. The closing price of the Common Stock for any day shall mean the last reported sales price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on the New York Stock Exchange, or, if the Common Stock is not then listed on such Exchange, on the principal national securities exchange on which the Common Stock is listed for trading, or, if not then listed for trading on any national securities exchange, the average of the closing bid and asked prices of the Common Stock as furnished by the National Quotation Bureau, Inc., or if the National Quotation Bureau, Inc. ceases to furnish such information, by a comparable independent securities quotation service.

(4) In the event the Corporation shall at any time (i) pay a dividend or make a distribution to holders of Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Rate in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the holder of any shares of Series BB Preferred Stock surrendered for conversion after such record date or effective date shall be entitled to receive the number of shares of Common Stock which he would have owned or have been entitled to receive immediately following such record date or effective date had such shares of Series BB Preferred Stock been converted immediately prior thereto.

(5) Whenever the Conversion Rate shall be adjusted as herein provided (i) the Corporation shall forthwith keep available at the office of the Transfer Agent(s) for the Series BB Preferred Stock a statement describing in reasonable detail the adjustment, the facts requiring such adjustment and the method of calculation used; and (ii) the Corporation shall cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of Series BB Preferred Stock a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate.

(6) In the event of any consolidation of the Corporation with or merger of the Corporation into any other corporation (other than a merger in which the Corporation is the surviving corporation) or a sale of the assets of the Corporation substantially as an entirety, the holder of each share of Series BB Preferred Stock shall have the right,

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after such consolidation, merger or sale to convert such share into the number and kind of shares of stock or other securities and the amount and kind of property receivable upon such consolidation, merger or sale by a holder of the number of shares of Common Stock issuable upon conversion of such share of Series BB Preferred Stock immediately prior to such consolidation, merger or sale. Provision shall be made for adjustments in the Conversion Rate which shall be as nearly equivalent as may be practicable to the adjustments provided for in paragraph F(4). The provisions of this paragraph F(6) shall similarly apply to successive consolidations, mergers and sales.

(7) The Corporation shall pay any taxes that may be payable in respect of the issuance of shares of Common Stock upon conversion of shares of Series BB Preferred Stock, but the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance of shares of Common Stock in a name other than that in which the shares of Series BB Preferred Stock so converted are registered, and the Corporation shall not be required to issue or deliver any such shares unless and until the person(s) requesting such issuance shall have paid to the Corporation the amount of any such taxes, or shall have established to the satisfaction of the Corporation that such taxes have been paid.

(8) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable upon the conversion of all shares of Series BB Preferred Stock then outstanding.

(9) In the event that:

(i) The Corporation shall declare a dividend or any other distribution on its Common Stock, payable otherwise than in cash out of retained earnings; or

(ii) The Corporation shall authorize the granting to the holders of its Common Stock of rights to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) The Corporation shall propose to effect any consolidation of the Corporation with or merger of the Corporation with or into any other corporation or a sale of the assets of the company substantially as an entirety which would result in an adjustment under paragraph F(6),

the Corporation shall cause to be mailed to the holders of record of Series BB Preferred Stock at least 20 days prior to the applicable date hereinafter specified a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to

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be determined or (y) the date on which such consolidation, merger or sale is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such consolidation, merger or sale. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, consolidation, merger or sale.

G. Voting Rights.

Holders of Series BB Preferred Stock shall have no voting rights except as required by law and as follows: in the event that any quarterly dividend payable on the Series BB Preferred Stock is in arrears, the holders of Series BB Preferred Stock shall be entitled to vote together with the holders of Common Stock at the Corporation's next meeting of shareholders and at each subsequent meeting of shareholders unless all dividends in arrears have been paid or declared and set apart for payment prior to the date of such meeting. For the purpose of this paragraph G, each holder of Series BB Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which his Series BB Preferred Stock is then convertible.

H. Reacquired Shares.

Shares of Series BB Preferred Stock converted, redeemed, or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

I. No Sinking Fund.

Shares of Series BB Preferred Stock are not subject to the operation of a sinking fund.

4. The address of the registered office of the Corporation is NationsBank Corporate Center, NC1-007-56, Charlotte, Mecklenburg County, North Carolina 28255, and the name of its registered agent at such address is James W. Kiser.

5. No holder of any stock of the Corporation of any class now or hereafter authorized shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of stock of the Corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into any such shares, or any warrants or other instruments evidencing rights or options to subscribe for, purchase or otherwise acquire any such shares whether such shares, securities, warrants or other instruments be unissued, or issued and thereafter acquired by the Corporation.

6. To the fullest extent permitted by the North Carolina Business Corporation Act, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation, its shareholders or otherwise for monetary damage for breach of his duty as a director. Any repeal or modification of this Article shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

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FOR IMMEDIATE RELEASE

NATIONSBANK REPORTED 1997 NET INCOME OF \$3.1 BILLION, AN INCREASE OF 30 PERCENT

CHARLOTTE, NC, January 12, 1998 -- NationsBank increased net income in 1997 by 30 percent to \$3.08 billion, or \$4.27 per common share, due to growth in revenue, core expense management and the benefit from recent acquisitions.

"Our associates are to be commended for achieving record earnings while continuing to integrate some very important acquisitions," said Hugh L. McColl Jr., chief executive officer.

"The integration of Boatmen's and Montgomery Securities has added new dimensions to our company's market power and ability to compete in the financial sector," McColl added. "Combined with last week's merger with Barnett, we enter 1998 with added momentum and focus on serving the needs of our customers."

Net income for 1997 of \$3.08 billion, or \$4.27 per common share, compared to net income of \$2.38 billion, or \$4.00 per common share, in 1996. Excluding a merger-related charge in the first quarter of 1996, operating net income and earnings per common share for 1996 were \$2.45 billion and \$4.13, respectively.

Results in 1997 included the benefit of several acquisitions completed in 1996 and 1997, primarily the acquisition of Boatmen's Bancshares, Inc. on January 7, 1997, and Montgomery Securities Inc. on October 1, 1997.

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Earnings Highlights (1997 compared to 1996)

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- o Cash basis earnings (net income excluding amortization of intangibles) were \$4.89 per common share, up 16 percent from \$4.21 per share.
- o Return on average tangible common shareholders' equity increased 850 basis points to 30.6 percent, from 22.1 percent.
- o Noninterest income increased 37 percent to \$5.00 billion driven by increases in nearly all major categories.
- o The cash basis efficiency ratio improved to 53.8 percent from 55.0 percent, reflecting successful integration efforts and expense containment.
- o Shareholders' equity at year-end was \$21.34 billion, or 8.07 percent of year-end assets, compared to 7.38 percent at year-end 1996.

Fourth-Quarter Earnings

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In the fourth quarter of 1997, NationsBank earned \$818 million, an increase of 29 percent over the \$632 million earned in the fourth quarter of 1996. Earnings per common share rose 6 percent to \$1.15, from \$1.09 in the year-ago quarter. Return on average common shareholders' equity was 15.9 percent, down from 19.1 percent in the year-ago quarter due primarily to the equity issued in the Boatmen's acquisition.

Cash basis earnings increased 40 percent in the quarter to \$936 million, or \$1.31 per common share. This compared to \$669 million, or \$1.16 per common share, in the fourth quarter of 1996. The return on average tangible common shareholders' equity rose to 33.9 percent, from 23.8 percent in the year-ago quarter.

Taxable-equivalent net interest income increased 25 percent in the quarter to \$2.02 billion compared to the fourth quarter of 1996. The growth was achieved through an increase in average managed loans and leases, as well as higher levels of securities.

Noninterest income rose 57 percent in the quarter to \$1.50 billion from \$958 million in the fourth quarter of 1996 and represented 43 percent of total revenues. The growth was attributable to higher levels of income from several areas including investment banking, deposit accounts and brokerage.

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The cash basis efficiency ratio improved to 55.0 percent in the quarter, compared to 55.6 percent in the fourth quarter of 1996. Including the amortization of intangibles, the efficiency ratio was 58.3 percent in the fourth

quarter of 1997 compared to 57.1 percent in the fourth quarter of 1996.

Full-Year Earnings

NationsBank earned \$3.08 billion in 1997, an increase of 30 percent over the \$2.38 billion earned in 1996. Earnings per common share for the year rose 7 percent to \$4.27, from \$4.00 in 1996.

Cash basis earnings increased 41 percent to \$3.52 billion in 1997, or \$4.89 per common share. This compared to \$2.50 billion, or \$4.21 per share, in 1996. The return on average tangible common shareholders' equity rose to 30.6 percent in 1997, from 22.1 percent in 1996.

Taxable-equivalent net interest income increased 25 percent to \$8.01 billion in 1997, compared to \$6.42 billion in 1996. The growth was achieved through an increase in average loans and leases and a 17 basis point expansion in the net interest yield. The improvement in the net interest yield to 3.79 percent from 3.62 percent was primarily the result of the improved contribution of the securities portfolios and deposit expense management efforts.

Noninterest income rose 37 percent to \$5.00 billion in the 1997 from \$3.65 billion in 1996. As reflected in the quarter comparisons, this growth was attributable to higher levels of income from virtually all areas, including deposit accounts, investment banking, asset management and brokerage income.

The cash basis efficiency ratio in 1997 improved to 53.8 percent from 55.0 percent in 1996. Including the amortization of intangibles, the efficiency ratio was 57.2 percent in 1997 compared to 56.3 percent in 1996.

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Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

Total shareholders' equity was \$21.34 billion on December 31, 1997. This represented 8.07 percent of period-end assets, compared to 7.38 percent at year-end 1996. Book value per common share rose 26 percent to \$29.87 at December 31, 1997, from year-end 1996.

NationsBank Corporation, headquartered in Charlotte, N.C., is a bank holding company that provides financial products and services nationally and internationally to individuals, businesses, corporations, institutional investors and government agencies. NationsBank has primary retail and commercial banking operations in 16 states and the District of Columbia. With the completed acquisition of Barnett Banks on January 9, 1998, NationsBank had total assets of approximately \$310 billion.

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NATIONSBANK CORPORATION FINANCIAL HIGHLIGHTS

	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
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FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

Loans and leases, net	\$139.737	\$120.892	\$145.251	\$122.268
Managed loans and leases, net (3)	150.673	144.002	147.970	142.700
Securities held for investment	1.231	2.585	1.554	3.442
Securities available for sale	39.059	11.540	26.364	17.295
Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
Noninterest-bearing deposits	32.740	23.971	31.577	23.990
Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
Net charge-offs (in millions)	231	151	798	598
% of average loans, leases and factored accounts receivable, net	.65%	.49%	.54%	.48%
Managed credit card net charge-offs as a % of average managed credit card receivables	6.88%	5.23%	6.49%	4.54%
Efficiency ratio	58.31	57.11	57.22	56.26
Cash basis efficiency ratio	54.96	55.63	53.84	54.99

- (1) 1996 results included a merger-related charge of \$118 million (\$77 million, net of tax, or \$.13 per common share).
- (2) Cash basis earnings equal net income excluding amortization of intangibles.
- (3) Prior periods are restated for comparison (e.g. acquisitions and securitizations).

DECEMBER 31
1997 1996

BALANCE SHEET SUMMARY (In billions)

Loans and leases, net	\$142.718	\$121.583
Securities held for investment	1.156	2.110
Securities available for sale	46.047	12.277
Total securities	47.203	14.387
Earning assets	228.927	164.676
Factored accounts receivable	1.074	1.047

Mortgage servicing rights	1.282	.946
Goodwill, core deposit and other intangibles	9.380	2.030
Total assets	264.562	185.794
Noninterest-bearing deposits	34.674	25.738
Interest-bearing deposits	103.520	80.760

6

Total deposits	138.194	106.498
Shareholders' equity	21.337	13.709
Common shareholders' equity	21.274	13.586
Per share (not in billions)	29.87	23.69
Risk-based capital		
Tier 1 capital	\$13.593	\$12.384
Tier 1 capital ratio	6.50%	7.76%
Total capital	\$22.787	\$20.208
Total capital ratio	10.89%	12.66%
Leverage ratio	5.57%	7.09%
Common shares issued (in millions)	712.188	573.492
Allowance for credit losses	\$2.782	\$2.315
Allowance for credit losses as a % of net loans, leases and factored accounts receivable	1.94%	1.89%
Allowance for credit losses as a % of nonperforming loans	273.34	260.02
Nonperforming loans	\$1.018	\$.890
Nonperforming assets	1.135	1.043
Nonperforming assets as a % of:		
Total assets	.43%	.56%
Net loans, leases, factored accounts receivable foreclosed properties	.79%	.85%

OTHER DATA

Full-time equivalent headcount	80,360	62,971
Banking centers	2,594	1,979
ATMs	6,079	3,948

BUSINESS UNIT RESULTS - Three months ended December 31, 1997 (In millions)

	General Bank		Global Finance		Financial Services	
	-----		-----		-----	
Total revenue	\$2,360	67%	\$937	27%	\$196	6%
Net income	475	58%	245	30%	48	6%
Return on average tangible equity	30%		23%		17%	
Average loans and leases, net	\$90,654	65%	\$40,928	29%	\$8,868	6%

FOR IMMEDIATE RELEASE

NATIONSBANK REPORTED 1997 NET INCOME OF \$3.1 BILLION, AN INCREASE OF 30 PERCENT

CHARLOTTE, NC, January 12, 1998 -- NationsBank increased net income in 1997 by 30 percent to \$3.08 billion, or \$4.27 per common share, due to growth in revenue, core expense management and the benefit from recent acquisitions.

"Our associates are to be commended for achieving record earnings while continuing to integrate some very important acquisitions," said Hugh L. McColl Jr., chief executive officer.

"The integration of Boatmen's and Montgomery Securities has added new dimensions to our company's market power and ability to compete in the financial sector," McColl added. "Combined with last week's merger with Barnett, we enter 1998 with added momentum and focus on serving the needs of our customers."

Net income for 1997 of \$3.08 billion, or \$4.27 per common share, compared to net income of \$2.38 billion, or \$4.00 per common share, in 1996. Excluding a merger-related charge in the first quarter of 1996, operating net income and earnings per common share for 1996 were \$2.45 billion and \$4.13, respectively.

Results in 1997 included the benefit of several acquisitions completed in 1996 and 1997, primarily the acquisition of Boatmen's Bancshares, Inc. on January 7, 1997, and Montgomery Securities Inc. on October 1, 1997.

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Earnings Highlights (1997 compared to 1996)

- - - - -

- o Cash basis earnings (net income excluding amortization of intangibles) were \$4.89 per common share, up 16 percent from \$4.21 per share.
- o Return on average tangible common shareholders' equity increased 850 basis points to 30.6 percent, from 22.1 percent.
- o Noninterest income increased 37 percent to \$5.00 billion driven by increases in nearly all major categories.
- o The cash basis efficiency ratio improved to 53.8 percent from 55.0 percent, reflecting successful integration efforts and expense containment.
- o Shareholders' equity at year-end was \$21.34 billion, or 8.07 percent of year-end assets, compared to 7.38 percent at year-end 1996.

Fourth-Quarter Earnings

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In the fourth quarter of 1997, NationsBank earned \$818 million, an increase of 29 percent over the \$632 million earned in the fourth quarter of 1996. Earnings per common share rose 6 percent to \$1.15, from \$1.09 in the year-ago quarter. Return on average common shareholders' equity was 15.9 percent, down from 19.1 percent in the year-ago quarter due primarily to the equity issued in the Boatmen's acquisition.

Cash basis earnings increased 40 percent in the quarter to \$936 million, or \$1.31 per common share. This compared to \$669 million, or \$1.16 per common share, in the fourth quarter of 1996. The return on average tangible common shareholders' equity rose to 33.9 percent, from 23.8 percent in the year-ago quarter.

Taxable-equivalent net interest income increased 25 percent in the quarter to \$2.02 billion compared to the fourth quarter of 1996. The growth was achieved through an increase in average managed loans and leases, as well as higher levels of securities.

Noninterest income rose 57 percent in the quarter to \$1.50 billion from \$958 million in the fourth quarter of 1996 and represented 43 percent of total revenues. The growth was attributable to higher levels of income from several areas including investment banking, deposit accounts and brokerage.

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The cash basis efficiency ratio improved to 55.0 percent in the quarter, compared to 55.6 percent in the fourth quarter of 1996. Including the amortization of intangibles, the efficiency ratio was 58.3 percent in the fourth

quarter of 1997 compared to 57.1 percent in the fourth quarter of 1996.

Full-Year Earnings

NationsBank earned \$3.08 billion in 1997, an increase of 30 percent over the \$2.38 billion earned in 1996. Earnings per common share for the year rose 7 percent to \$4.27, from \$4.00 in 1996.

Cash basis earnings increased 41 percent to \$3.52 billion in 1997, or \$4.89 per common share. This compared to \$2.50 billion, or \$4.21 per share, in 1996. The return on average tangible common shareholders' equity rose to 30.6 percent in 1997, from 22.1 percent in 1996.

Taxable-equivalent net interest income increased 25 percent to \$8.01 billion in 1997, compared to \$6.42 billion in 1996. The growth was achieved through an increase in average loans and leases and a 17 basis point expansion in the net interest yield. The improvement in the net interest yield to 3.79 percent from 3.62 percent was primarily the result of the improved contribution of the securities portfolios and deposit expense management efforts.

Noninterest income rose 37 percent to \$5.00 billion in the 1997 from \$3.65 billion in 1996. As reflected in the quarter comparisons, this growth was attributable to higher levels of income from virtually all areas, including deposit accounts, investment banking, asset management and brokerage income.

The cash basis efficiency ratio in 1997 improved to 53.8 percent from 55.0 percent in 1996. Including the amortization of intangibles, the efficiency ratio was 57.2 percent in 1997 compared to 56.3 percent in 1996.

3

Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

Total shareholders' equity was \$21.34 billion on December 31, 1997. This represented 8.07 percent of period-end assets, compared to 7.38 percent at year-end 1996. Book value per common share rose 26 percent to \$29.87 at December 31, 1997, from year-end 1996.

NationsBank Corporation, headquartered in Charlotte, N.C., is a bank holding company that provides financial products and services nationally and internationally to individuals, businesses, corporations, institutional investors and government agencies. NationsBank has primary retail and commercial banking operations in 16 states and the District of Columbia. With the completed acquisition of Barnett Banks on January 9, 1998, NationsBank had total assets of approximately \$310 billion.

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NATIONSBANK CORPORATION FINANCIAL HIGHLIGHTS

	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
	----	----	----	-----

FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

Loans and leases, net	\$139.737	\$120.892	\$145.251	\$122.268
Managed loans and leases, net (3)	150.673	144.002	147.970	142.700
Securities held for investment	1.231	2.585	1.554	3.442
Securities available for sale	39.059	11.540	26.364	17.295
Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
Noninterest-bearing deposits	32.740	23.971	31.577	23.990
Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
Net charge-offs (in millions)	231	151	798	598
% of average loans, leases and factored accounts receivable, net	.65%	.49%	.54%	.48%
Managed credit card net charge-offs as a % of average managed credit card receivables	6.88%	5.23%	6.49%	4.54%
Efficiency ratio	58.31	57.11	57.22	56.26
Cash basis efficiency ratio	54.96	55.63	53.84	54.99

- (1) 1996 results included a merger-related charge of \$118 million (\$77 million, net of tax, or \$.13 per common share).
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DECEMBER 31
1997 1996

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Interest-bearing deposits	103.520	80.760

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Common shareholders' equity	21.274	13.586
Per share (not in billions)	29.87	23.69
Risk-based capital		
Tier 1 capital	\$13.593	\$12.384
Tier 1 capital ratio	6.50%	7.76%
Total capital	\$22.787	\$20.208
Total capital ratio	10.89%	12.66%
Leverage ratio	5.57%	7.09%
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Allowance for credit losses as a % of nonperforming loans	273.34	260.02
Nonperforming loans	\$1.018	\$.890
Nonperforming assets	1.135	1.043
Nonperforming assets as a % of:		
Total assets	.43%	.56%
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OTHER DATA

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Banking centers	2,594	1,979
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BUSINESS UNIT RESULTS - Three months ended December 31, 1997 (In millions)

	General Bank		Global Finance		Financial Services	
	-----	-----	-----	-----	-----	-----
Total revenue	\$2,360	67%	\$937	27%	\$196	6%
Net income	475	58%	245	30%	48	6%
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Average loans and leases, net	\$90,654	65%	\$40,928	29%	\$8,868	6%

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Net income for 1997 of \$3.08 billion, or \$4.27 per common share, compared to net income of \$2.38 billion, or \$4.00 per common share, in 1996. Excluding a merger-related charge in the first quarter of 1996, operating net income and earnings per common share for 1996 were \$2.45 billion and \$4.13, respectively.

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Earnings Highlights (1997 compared to 1996)

- - - - -

- o Cash basis earnings (net income excluding amortization of intangibles) were \$4.89 per common share, up 16 percent from \$4.21 per share.
- o Return on average tangible common shareholders' equity increased 850 basis points to 30.6 percent, from 22.1 percent.
- o Noninterest income increased 37 percent to \$5.00 billion driven by increases in nearly all major categories.
- o The cash basis efficiency ratio improved to 53.8 percent from 55.0 percent, reflecting successful integration efforts and expense containment.
- o Shareholders' equity at year-end was \$21.34 billion, or 8.07 percent of year-end assets, compared to 7.38 percent at year-end 1996.

Fourth-Quarter Earnings

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In the fourth quarter of 1997, NationsBank earned \$818 million, an increase of 29 percent over the \$632 million earned in the fourth quarter of 1996. Earnings per common share rose 6 percent to \$1.15, from \$1.09 in the year-ago quarter. Return on average common shareholders' equity was 15.9 percent, down from 19.1 percent in the year-ago quarter due primarily to the equity issued in the Boatmen's acquisition.

Cash basis earnings increased 40 percent in the quarter to \$936 million, or \$1.31 per common share. This compared to \$669 million, or \$1.16 per common share, in the fourth quarter of 1996. The return on average tangible common shareholders' equity rose to 33.9 percent, from 23.8 percent in the year-ago quarter.

Taxable-equivalent net interest income increased 25 percent in the quarter to \$2.02 billion compared to the fourth quarter of 1996. The growth was achieved through an increase in average managed loans and leases, as well as higher levels of securities.

Noninterest income rose 57 percent in the quarter to \$1.50 billion from \$958 million in the fourth quarter of 1996 and represented 43 percent of total revenues. The growth was attributable to higher levels of income from several areas including investment banking, deposit accounts and brokerage.

2

The cash basis efficiency ratio improved to 55.0 percent in the quarter, compared to 55.6 percent in the fourth quarter of 1996. Including the amortization of intangibles, the efficiency ratio was 58.3 percent in the fourth

quarter of 1997 compared to 57.1 percent in the fourth quarter of 1996.

Full-Year Earnings

NationsBank earned \$3.08 billion in 1997, an increase of 30 percent over the \$2.38 billion earned in 1996. Earnings per common share for the year rose 7 percent to \$4.27, from \$4.00 in 1996.

Cash basis earnings increased 41 percent to \$3.52 billion in 1997, or \$4.89 per common share. This compared to \$2.50 billion, or \$4.21 per share, in 1996. The return on average tangible common shareholders' equity rose to 30.6 percent in 1997, from 22.1 percent in 1996.

Taxable-equivalent net interest income increased 25 percent to \$8.01 billion in 1997, compared to \$6.42 billion in 1996. The growth was achieved through an increase in average loans and leases and a 17 basis point expansion in the net interest yield. The improvement in the net interest yield to 3.79 percent from 3.62 percent was primarily the result of the improved contribution of the securities portfolios and deposit expense management efforts.

Noninterest income rose 37 percent to \$5.00 billion in the 1997 from \$3.65 billion in 1996. As reflected in the quarter comparisons, this growth was attributable to higher levels of income from virtually all areas, including deposit accounts, investment banking, asset management and brokerage income.

The cash basis efficiency ratio in 1997 improved to 53.8 percent from 55.0 percent in 1996. Including the amortization of intangibles, the efficiency ratio was 57.2 percent in 1997 compared to 56.3 percent in 1996.

3

Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

Total shareholders' equity was \$21.34 billion on December 31, 1997. This represented 8.07 percent of period-end assets, compared to 7.38 percent at year-end 1996. Book value per common share rose 26 percent to \$29.87 at December 31, 1997, from year-end 1996.

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NATIONSBANK CORPORATION FINANCIAL HIGHLIGHTS

	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
	----	----	----	-----

FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

Loans and leases, net	\$139.737	\$120.892	\$145.251	\$122.268
Managed loans and leases, net (3)	150.673	144.002	147.970	142.700
Securities held for investment	1.231	2.585	1.554	3.442
Securities available for sale	39.059	11.540	26.364	17.295
Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
Noninterest-bearing deposits	32.740	23.971	31.577	23.990
Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
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Risk-based capital		
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Tier 1 capital ratio	6.50%	7.76%
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Total capital ratio	10.89%	12.66%
Leverage ratio	5.57%	7.09%
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ATMs	6,079	3,948

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	General Bank		Global Finance		Financial Services	
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Total revenue	\$2,360	67%	\$937	27%	\$196	6%
Net income	475	58%	245	30%	48	6%
Return on average tangible equity	30%		23%		17%	
Average loans and leases, net	\$90,654	65%	\$40,928	29%	\$8,868	6%

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NATIONSBANK REPORTED 1997 NET INCOME OF \$3.1 BILLION, AN INCREASE OF 30 PERCENT

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"Our associates are to be commended for achieving record earnings while continuing to integrate some very important acquisitions," said Hugh L. McColl Jr., chief executive officer.

"The integration of Boatmen's and Montgomery Securities has added new dimensions to our company's market power and ability to compete in the financial sector," McColl added. "Combined with last week's merger with Barnett, we enter 1998 with added momentum and focus on serving the needs of our customers."

Net income for 1997 of \$3.08 billion, or \$4.27 per common share, compared to net income of \$2.38 billion, or \$4.00 per common share, in 1996. Excluding a merger-related charge in the first quarter of 1996, operating net income and earnings per common share for 1996 were \$2.45 billion and \$4.13, respectively.

Results in 1997 included the benefit of several acquisitions completed in 1996 and 1997, primarily the acquisition of Boatmen's Bancshares, Inc. on January 7, 1997, and Montgomery Securities Inc. on October 1, 1997.

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Earnings Highlights (1997 compared to 1996)

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- o Cash basis earnings (net income excluding amortization of intangibles) were \$4.89 per common share, up 16 percent from \$4.21 per share.
- o Return on average tangible common shareholders' equity increased 850 basis points to 30.6 percent, from 22.1 percent.
- o Noninterest income increased 37 percent to \$5.00 billion driven by increases in nearly all major categories.
- o The cash basis efficiency ratio improved to 53.8 percent from 55.0 percent, reflecting successful integration efforts and expense containment.
- o Shareholders' equity at year-end was \$21.34 billion, or 8.07 percent of year-end assets, compared to 7.38 percent at year-end 1996.

Fourth-Quarter Earnings

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In the fourth quarter of 1997, NationsBank earned \$818 million, an increase of 29 percent over the \$632 million earned in the fourth quarter of 1996. Earnings per common share rose 6 percent to \$1.15, from \$1.09 in the year-ago quarter. Return on average common shareholders' equity was 15.9 percent, down from 19.1 percent in the year-ago quarter due primarily to the equity issued in the Boatmen's acquisition.

Cash basis earnings increased 40 percent in the quarter to \$936 million, or \$1.31 per common share. This compared to \$669 million, or \$1.16 per common share, in the fourth quarter of 1996. The return on average tangible common shareholders' equity rose to 33.9 percent, from 23.8 percent in the year-ago quarter.

Taxable-equivalent net interest income increased 25 percent in the quarter to \$2.02 billion compared to the fourth quarter of 1996. The growth was achieved through an increase in average managed loans and leases, as well as higher levels of securities.

Noninterest income rose 57 percent in the quarter to \$1.50 billion from \$958 million in the fourth quarter of 1996 and represented 43 percent of total revenues. The growth was attributable to higher levels of income from several areas including investment banking, deposit accounts and brokerage.

2

The cash basis efficiency ratio improved to 55.0 percent in the quarter, compared to 55.6 percent in the fourth quarter of 1996. Including the amortization of intangibles, the efficiency ratio was 58.3 percent in the fourth

quarter of 1997 compared to 57.1 percent in the fourth quarter of 1996.

Full-Year Earnings

NationsBank earned \$3.08 billion in 1997, an increase of 30 percent over the \$2.38 billion earned in 1996. Earnings per common share for the year rose 7 percent to \$4.27, from \$4.00 in 1996.

Cash basis earnings increased 41 percent to \$3.52 billion in 1997, or \$4.89 per common share. This compared to \$2.50 billion, or \$4.21 per share, in 1996. The return on average tangible common shareholders' equity rose to 30.6 percent in 1997, from 22.1 percent in 1996.

Taxable-equivalent net interest income increased 25 percent to \$8.01 billion in 1997, compared to \$6.42 billion in 1996. The growth was achieved through an increase in average loans and leases and a 17 basis point expansion in the net interest yield. The improvement in the net interest yield to 3.79 percent from 3.62 percent was primarily the result of the improved contribution of the securities portfolios and deposit expense management efforts.

Noninterest income rose 37 percent to \$5.00 billion in the 1997 from \$3.65 billion in 1996. As reflected in the quarter comparisons, this growth was attributable to higher levels of income from virtually all areas, including deposit accounts, investment banking, asset management and brokerage income.

The cash basis efficiency ratio in 1997 improved to 53.8 percent from 55.0 percent in 1996. Including the amortization of intangibles, the efficiency ratio was 57.2 percent in 1997 compared to 56.3 percent in 1996.

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Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

Total shareholders' equity was \$21.34 billion on December 31, 1997. This represented 8.07 percent of period-end assets, compared to 7.38 percent at year-end 1996. Book value per common share rose 26 percent to \$29.87 at December 31, 1997, from year-end 1996.

NationsBank Corporation, headquartered in Charlotte, N.C., is a bank holding company that provides financial products and services nationally and internationally to individuals, businesses, corporations, institutional investors and government agencies. NationsBank has primary retail and commercial banking operations in 16 states and the District of Columbia. With the completed acquisition of Barnett Banks on January 9, 1998, NationsBank had total assets of approximately \$310 billion.

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NATIONSBANK CORPORATION FINANCIAL HIGHLIGHTS

	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
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FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

Loans and leases, net	\$139.737	\$120.892	\$145.251	\$122.268
Managed loans and leases, net (3)	150.673	144.002	147.970	142.700
Securities held for investment	1.231	2.585	1.554	3.442
Securities available for sale	39.059	11.540	26.364	17.295
Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
Noninterest-bearing deposits	32.740	23.971	31.577	23.990
Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
Net charge-offs (in millions)	231	151	798	598
% of average loans, leases and factored accounts receivable, net	.65%	.49%	.54%	.48%
Managed credit card net charge-offs as a % of average managed credit card receivables	6.88%	5.23%	6.49%	4.54%
Efficiency ratio	58.31	57.11	57.22	56.26
Cash basis efficiency ratio	54.96	55.63	53.84	54.99

- (1) 1996 results included a merger-related charge of \$118 million (\$77 million, net of tax, or \$.13 per common share).
- (2) Cash basis earnings equal net income excluding amortization of intangibles.
- (3) Prior periods are restated for comparison (e.g. acquisitions and securitizations).

DECEMBER 31
1997 1996

BALANCE SHEET SUMMARY (In billions)

Loans and leases, net	\$142.718	\$121.583
Securities held for investment	1.156	2.110
Securities available for sale	46.047	12.277
Total securities	47.203	14.387
Earning assets	228.927	164.676
Factored accounts receivable	1.074	1.047

Mortgage servicing rights	1.282	.946
Goodwill, core deposit and other intangibles	9.380	2.030
Total assets	264.562	185.794
Noninterest-bearing deposits	34.674	25.738
Interest-bearing deposits	103.520	80.760

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Total deposits	138.194	106.498
Shareholders' equity	21.337	13.709
Common shareholders' equity	21.274	13.586
Per share (not in billions)	29.87	23.69
Risk-based capital		
Tier 1 capital	\$13.593	\$12.384
Tier 1 capital ratio	6.50%	7.76%
Total capital	\$22.787	\$20.208
Total capital ratio	10.89%	12.66%
Leverage ratio	5.57%	7.09%
Common shares issued (in millions)	712.188	573.492
Allowance for credit losses	\$2.782	\$2.315
Allowance for credit losses as a % of net loans, leases and factored accounts receivable	1.94%	1.89%
Allowance for credit losses as a % of nonperforming loans	273.34	260.02
Nonperforming loans	\$1.018	\$.890
Nonperforming assets	1.135	1.043
Nonperforming assets as a % of:		
Total assets	.43%	.56%
Net loans, leases, factored accounts receivable foreclosed properties	.79%	.85%

OTHER DATA

Full-time equivalent headcount	80,360	62,971
Banking centers	2,594	1,979
ATMs	6,079	3,948

BUSINESS UNIT RESULTS - Three months ended December 31, 1997 (In millions)

	General Bank		Global Finance		Financial Services	
	-----	-----	-----	-----	-----	-----
Total revenue	\$2,360	67%	\$937	27%	\$196	6%
Net income	475	58%	245	30%	48	6%
Return on average tangible equity	30%		23%		17%	
Average loans and leases, net	\$90,654	65%	\$40,928	29%	\$8,868	6%

FOR IMMEDIATE RELEASE

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Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

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	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
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FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

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Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
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Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
Net charge-offs (in millions)	231	151	798	598
% of average loans, leases and factored accounts receivable, net	.65%	.49%	.54%	.48%
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DECEMBER 31
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Cash basis earnings increased 41 percent to \$3.52 billion in 1997, or \$4.89 per common share. This compared to \$2.50 billion, or \$4.21 per share, in 1996. The return on average tangible common shareholders' equity rose to 30.6 percent in 1997, from 22.1 percent in 1996.

Taxable-equivalent net interest income increased 25 percent to \$8.01 billion in 1997, compared to \$6.42 billion in 1996. The growth was achieved through an increase in average loans and leases and a 17 basis point expansion in the net interest yield. The improvement in the net interest yield to 3.79 percent from 3.62 percent was primarily the result of the improved contribution of the securities portfolios and deposit expense management efforts.

Noninterest income rose 37 percent to \$5.00 billion in the 1997 from \$3.65 billion in 1996. As reflected in the quarter comparisons, this growth was attributable to higher levels of income from virtually all areas, including deposit accounts, investment banking, asset management and brokerage income.

The cash basis efficiency ratio in 1997 improved to 53.8 percent from 55.0 percent in 1996. Including the amortization of intangibles, the efficiency ratio was 57.2 percent in 1997 compared to 56.3 percent in 1996.

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Credit Quality

Total nonperforming assets were \$1.14 billion on December 31, 1997, or .79 percent of net loans, leases and factored receivables and foreclosed properties, down from .85 percent of net levels on December 31, 1996. The allowance for credit losses totaled \$2.78 billion at year-end, equaling 276 percent of nonperforming loans, compared to \$2.32 billion, or 260 percent, one year earlier. In 1997, provision for credit losses was \$800 million. Net charge-offs for the year were \$798 million, or .54 percent of average net loans, leases and factored receivables, compared to .48 percent in 1996.

Capital Strength

Total shareholders' equity was \$21.34 billion on December 31, 1997. This represented 8.07 percent of period-end assets, compared to 7.38 percent at year-end 1996. Book value per common share rose 26 percent to \$29.87 at December 31, 1997, from year-end 1996.

NationsBank Corporation, headquartered in Charlotte, N.C., is a bank holding company that provides financial products and services nationally and internationally to individuals, businesses, corporations, institutional investors and government agencies. NationsBank has primary retail and commercial banking operations in 16 states and the District of Columbia. With the completed acquisition of Barnett Banks on January 9, 1998, NationsBank had total assets of approximately \$310 billion.

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NATIONSBANK CORPORATION FINANCIAL HIGHLIGHTS

	THREE MONTHS		TWELVE MONTHS	
	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31	ENDED DECEMBER 31
	1997	1996	1997	1996(1)
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FINANCIAL SUMMARY

(In millions except per-share data)

Net income	\$818	\$632	\$3,077	\$2,375
Earnings per common share	1.15	1.09	4.27	4.00
Diluted earnings per common share	1.12	1.07	4.17	3.92
Cash basis earnings (2)	936	669	3,518	2,503
Cash basis earnings per common share	1.31	1.16	4.89	4.21
Cash basis diluted earnings per common share	1.28	1.14	4.76	4.13
Average common shares issued	711.400	574.345	717.450	590.216

Average diluted common shares issued	729.503	589.182	737.791	603.530
Price per share of common stock at period end	\$60.8125	\$48.8750	\$60.8125	\$48.8750
Common dividends paid	271	189	985	707
Common dividends paid per share	.38	.33	1.37	1.20
Preferred dividends paid	2	4	11	15

EARNINGS SUMMARY

(Taxable-equivalent in millions)

Net interest income	\$2,018	\$1,612	\$8,014	\$6,423
Provision for credit losses	(230)	(150)	(800)	(605)
Gains on sales of securities	62	33	153	67
Noninterest income	1,500	958	5,002	3,646
Foreclosed properties expense	(3)	(7)	(10)	(20)
Noninterest expense	(2,051)	(1,466)	(7,447)	(5,783)
Income before income taxes	1,296	980	4,912	3,728
Income taxes - including FTE adjustment*	478	348	1,835	1,353
Net income	\$818	\$632	\$3,077	\$2,375
*FTE adjustment	\$30	\$22	\$116	\$94

AVERAGE BALANCE SHEET SUMMARY

(In billions)

Loans and leases, net	\$139.737	\$120.892	\$145.251	\$122.268
Managed loans and leases, net (3)	150.673	144.002	147.970	142.700
Securities held for investment	1.231	2.585	1.554	3.442
Securities available for sale	39.059	11.540	26.364	17.295
Total securities	40.290	14.125	27.918	20.737
Earning assets	218.289	171.249	211.226	177.400

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Total assets	253.342	194.321	244.504	200.885
Noninterest-bearing deposits	32.740	23.971	31.577	23.990
Interest-bearing deposits	99.654	81.794	102.084	83.595
Total deposits	132.394	105.765	133.661	107.585
Shareholders' equity	20.366	13.224	20.187	13.263
Common shareholders' equity	20.311	13.108	20.088	13.149

OTHER FINANCIAL DATA

Net interest yield	3.68%	3.75%	3.79%	3.62%
Return on average assets	1.28	1.29	1.26	1.18
Return on average tangible assets	1.52	1.38	1.49	1.26
Return on average common shareholders' equity	15.93	19.06	15.26	17.95
Return on average tangible common shareholders' equity	33.86	23.81	30.59	22.12
Total equity to assets ratio (period-end)	8.07	7.38	8.07	7.38
Gross charge-offs (in millions)	\$313	\$208	\$1,106	\$836
Net charge-offs (in millions)	231	151	798	598
% of average loans, leases and factored accounts receivable, net	.65%	.49%	.54%	.48%
Managed credit card net charge-offs as a % of average managed credit card receivables	6.88%	5.23%	6.49%	4.54%
Efficiency ratio	58.31	57.11	57.22	56.26
Cash basis efficiency ratio	54.96	55.63	53.84	54.99

(1) 1996 results included a merger-related charge of \$118 million (\$77 million, net of tax, or \$.13 per common share).

(2) Cash basis earnings equal net income excluding amortization of intangibles.

(3) Prior periods are restated for comparison (e.g. acquisitions and securitizations).

DECEMBER 31
1997 1996

BALANCE SHEET SUMMARY (In billions)

Loans and leases, net	\$142.718	\$121.583
Securities held for investment	1.156	2.110
Securities available for sale	46.047	12.277
Total securities	47.203	14.387
Earning assets	228.927	164.676
Factored accounts receivable	1.074	1.047

Mortgage servicing rights	1.282	.946
Goodwill, core deposit and other intangibles	9.380	2.030
Total assets	264.562	185.794
Noninterest-bearing deposits	34.674	25.738
Interest-bearing deposits	103.520	80.760

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Total deposits	138.194	106.498
Shareholders' equity	21.337	13.709
Common shareholders' equity	21.274	13.586
Per share (not in billions)	29.87	23.69
Risk-based capital		
Tier 1 capital	\$13.593	\$12.384
Tier 1 capital ratio	6.50%	7.76%
Total capital	\$22.787	\$20.208
Total capital ratio	10.89%	12.66%
Leverage ratio	5.57%	7.09%
Common shares issued (in millions)	712.188	573.492
Allowance for credit losses	\$2.782	\$2.315
Allowance for credit losses as a % of net loans, leases and factored accounts receivable	1.94%	1.89%
Allowance for credit losses as a % of nonperforming loans	273.34	260.02
Nonperforming loans	\$1.018	\$.890
Nonperforming assets	1.135	1.043
Nonperforming assets as a % of:		
Total assets	.43%	.56%
Net loans, leases, factored accounts receivable foreclosed properties	.79%	.85%

OTHER DATA

Full-time equivalent headcount	80,360	62,971
Banking centers	2,594	1,979
ATMs	6,079	3,948

BUSINESS UNIT RESULTS - Three months ended December 31, 1997 (In millions)

	General Bank		Global Finance		Financial Services	
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Total revenue	\$2,360	67%	\$937	27%	\$196	6%
Net income	475	58%	245	30%	48	6%
Return on average tangible equity	30%		23%		17%	
Average loans and leases, net	\$90,654	65%	\$40,928	29%	\$8,868	6%