

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, AS AMENDED

Date of Report (Date of earliest event reported): August 29, 1996

NATIONSBANK CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina	1-6523	56-0906609
-----	-----	-----
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

NationsBank Corporate Center, Charlotte, North Carolina	28255
-----	-----
(Address of principal executive offices)	Zip Code

(704) 386-5000

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS.

On August 29, 1996, NationsBank Corporation, a corporation organized and existing under the laws of the State of North Carolina ("NationsBank"), and Boatmen's Bancshares, Inc., a corporation organized and existing under the laws of the State of Missouri ("Boatmen's"), and each registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Boatmen's will be merged with a wholly owned subsidiary of NationsBank (the "Merger"). The Board of Directors of both NationsBank and Boatmen's approved the Merger Agreement and the transactions contemplated thereby at their meetings held on August 29, 1996.

In accordance with the terms of the Merger Agreement, (i) each share of Boatmen's common stock, \$1.00 par value per share ("Boatmen's Common Stock"), outstanding immediately prior to the effective time of the Merger (the "Effective Time") will be converted into the right to receive 0.6525 of a share (the "Exchange Ratio") of NationsBank common stock ("NationsBank Common Stock") or, at the election of each of the holders of Boatmen's Common Stock, an amount in cash in respect of each share of Boatmen's Common Stock that is equal to the Exchange Ratio times the average closing price of NationsBank Common Stock during the 10 consecutive trading day period during which the shares of NationsBank Common Stock are traded on the New York Stock Exchange ending on the tenth calendar day immediately prior to the anticipated Effective Time (such cash consideration in the aggregate not to exceed 40% of the aggregate consideration paid by NationsBank in exchange for Boatmen's Common Stock), and (ii) each share of Boatmen's pre-

ferred stock will be converted into new shares of NationsBank preferred stock having substantially similar terms.

If cash elections are made with respect to less than 40% of the Boatmen's Common Stock, NationsBank currently expects to repurchase shares of NationsBank Common Stock from time to time so that the pro forma impact of the Merger will be the issuance of approximately 60% of the aggregate Merger consideration in NationsBank Common Stock and 40% of the aggregate Merger consideration in cash.

The Merger is intended to constitute a tax-free reorganization under the Internal Revenue Code of 1986, as amended, and to be accounted for as a purchase.

In addition, the Merger Agreement contemplates that each stock option or other right to purchase shares of Boatmen's Common Stock under the stock option and other stock-based compensation plans of Boatmen's (each a "Boatmen's Plan"), will be converted into and become a right to purchase shares of NationsBank Common

Boatmen's Plan and Boatmen's option or right agreement by which it is evidenced, except that from and after the Effective Time (i) the number of shares of NationsBank Common Stock subject to each Boatmen's option or right shall be equal to the number of shares of Boatmen's Common Stock subject to such option or right immediately prior to the Effective Time multiplied by the Exchange Ratio, and (ii) the per share exercise price of NationsBank Common Stock purchasable thereunder or upon which the amount of a cash payment is determined shall be that specified in the Boatmen's option or right divided by the Exchange Ratio. Each holder of Boatmen's Common Stock or of a Boatmen's option or right who would otherwise be entitled to receive a fractional share of NationsBank Common Stock (after taking into account all of a shareholder's certificates) will receive, in lieu thereof, the equivalent cash value of such fractional share, without interest.

Consummation of the Merger is subject to various conditions, including: (i) receipt of approval by the shareholders of each of NationsBank and Boatmen's of appropriate matters relating to the Merger Agreement and the Merger, as required to be approved under applicable law; (ii) receipt of requisite regulatory approvals from the Board of Governors of the Federal Reserve System and other federal and state regulatory authorities; (iii) receipt of an opinion of counsel as to the tax treatment of certain aspects of the Merger; (iv) listing, subject to notice of issuance, of the NationsBank stock to be issued in the Merger; and (v) satisfaction of certain other conditions.

The Merger Agreement and the Merger will be submitted for approval at meetings of the shareholders of each of Boatmen's and NationsBank. Prior to such meetings, NationsBank will file a registration statement with the Securities and Exchange Commission registering under the Securities Act of 1933, as amended, the NationsBank stock to be issued in the Merger. Such shares of NationsBank stock will be offered to the Boatmen's shareholders pursuant to a prospectus that will also serve as a joint proxy statement for the shareholders' meetings.

The preceding description of the Merger Agreement is qualified in its entirety by reference to the copy of the Merger Agreement included as Exhibit 99.1 hereto and which is hereby incorporated herein by reference.

In connection with the Merger Agreement, NationsBank and Boatmen's entered into a Stock Option Agreement, dated August 29, 1996 (the "Stock Option Agreement"), pursuant to which Boatmen's granted to NationsBank an option to purchase, under certain circumstances, up to 31,218,660 shares of Boatmen's Common Stock at a price, subject to certain adjustments, of \$43.375 per share (the "NationsBank Option"). The NationsBank Option if exercised, would equal, before giving effect to the exercise of the NationsBank Option, 19.9% of the total number of shares of Boatmen's Common

Boatmen's as a condition and inducement to NationsBank's willingness to enter into the Merger Agreement. Under certain circumstances, Boatmen's may be required to repurchase the NationsBank Option or the shares acquired pursuant to the exercise of the NationsBank Option. The Stock Option Agreement contains a provision which caps at \$250 million the value of the NationsBank Option.

The preceding description of the Stock Option Agreement is qualified in its entirety by reference to the copy of the Stock Option Agreement included as Exhibit 99.2 hereto and which is

hereby incorporated herein by reference.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of businesses acquired.

The following supplemental consolidated financial statements of Boatmen's Bancshares, Inc. are incorporated herein by reference to Exhibit 99.4 filed herewith:

1. Consolidated Balance Sheet as of December 31, 1995 and 1994.
2. Consolidated Statement of Income for the years ended December 31, 1995 and 1994.
3. Consolidated Statement of Changes in Stockholders' Equity for the years ended December 31, 1995 and 1994.
4. Consolidated Statement of Cash Flows for the years ended December 31, 1995 and 1994.
5. Notes to the Consolidated Financial Statements.

The information presented in Exhibit 99.4 with respect to the year ended December 31, 1993 is not incorporated herein.

The report of Ernst & Young LLP, independent accountants, on the supplemental consolidated financial statements of Boatmen's Bancshares, Inc. as of December 31, 1995 and 1994 and for the three years then ended is filed herewith as part of Exhibit 99.4 and the related consent is filed herewith as Exhibit 99.5. Both the opinion and consent are incorporated herein by reference.

(b) Pro forma financial information

UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

The following unaudited Pro Forma Condensed Financial Information and explanatory notes are presented to show the impact on the historical financial position and results of operations of Nations-

In accordance with the Merger Agreement, each share of Boatmen's Common Stock outstanding at the Effective Time will be converted in the Merger into the right to receive 0.6525 of a share of NationsBank Common Stock or, at the election of each of the holders of Boatmen's Common Stock, an amount in cash in respect of each share of Boatmen's Common Stock that is equal to the Exchange Ratio times the average closing price of the NationsBank Common Stock during the 10 consecutive trading day period during which the shares of NationsBank Common Stock are traded on the New York Stock Exchange ending on the tenth calendar day immediately prior to the anticipated Effective Time (such cash consideration in the aggregate not to exceed 40% of the aggregate consideration paid by NationsBank for Boatmen's Common Stock), and each share of Boatmen's preferred stock will be converted into new shares of NationsBank preferred stock having substantially similar terms.

The unaudited Pro Forma Condensed Financial Information reflects the Merger using the purchase method of accounting. The cash component of the purchase price is assumed to equal 40% of the purchase price in the unaudited Pro Forma Condensed Financial Information and is expected to be funded by NationsBank through the issuance of additional debt securities.

The unaudited Pro Forma Condensed Balance Sheet assumes that the Merger was consummated on June 30, 1996. The unaudited Pro Forma Condensed Statements of Income reflect the consolidation of the results of operations of NationsBank and Boatmen's for the year ended December 31, 1995 and the six months ended June 30, 1996.

The unaudited Pro Forma Condensed Financial Information reflects preliminary purchase accounting adjustments. Estimates relating to the fair value of certain assets, liabilities and other items have been made as more fully described in the Notes to the unaudited Pro Forma Condensed Financial Information. Actual adjustments, which may include adjustments to additional assets, liabilities and other items, will be made on the basis of appraisals and evaluations as of the Effective Time and, therefore, will differ from those reflected in the unaudited Pro Forma Condensed Financial Information.

The combined company expects to achieve substantial merger benefits including operating cost savings and revenue enhancements. The pro forma earnings, which do not reflect any direct costs, potential savings or revenue enhancements which are expected to result from the consolidation of operations of NationsBank and

Boatmen's, are not indicative of the results of future operations.

The unaudited Pro Forma Condensed Financial Information and explanatory notes presented also show the impact on the historical financial position and results of operations of NationsBank of its acquisitions of Bank South Corporation ("Bank South"), completed January 9, 1996, TAC Bancshares, Inc. and its subsidiary, Chase

CSF Holdings, Inc. ("CSF"), completed January 10, 1996 (collectively, the "Other Acquisitions"). The Other Acquisitions are reflected net of pro forma adjustments in the unaudited Pro Forma Condensed Financial Information and explanatory notes.

With the exception of Chase Federal, which is reflected as if acquired on June 30, 1996, the Other Acquisitions were closed prior to June 30, 1996, and are reflected in the June 30, 1996 unaudited NationsBank historical balance sheet. The unaudited Pro Forma Condensed Statements of Income reflect the results of operations of the Other Acquisitions for the year ended December 31, 1995 and the six months ended June 30, 1996 as if the Other Acquisitions had occurred on January 1, 1995 and January 1, 1996 respectively. The acquisition of Chase Federal and CSF are reflected in the unaudited Pro Forma Condensed Financial Information using the purchase method of accounting and the acquisition of Bank South is reflected as a pooling of interests. The Other Acquisitions pro forma earnings do not reflect any direct costs, potential savings or revenue enhancements that may result from the consolidation of operations related to the Other Acquisitions, and are therefore not indicative of the results of future operations.

In addition to the Other Acquisitions, during 1995 and 1996 NationsBank also acquired several other businesses, including banking institutions in Florida and Texas as well as a mortgage corporation. These acquisitions were all accounted for under the purchase method of accounting and are included in the unaudited Pro Forma Condensed Financial Information for the periods subsequent to the consummation of each acquisition. The unaudited Pro Forma Condensed Financial Information does not reflect these acquisitions for the periods prior to consummation as the impacts, indi-

<TABLE>

PRO FORMA CONDENSED BALANCE SHEET
(Dollars in Millions)
(Unaudited)

<CAPTION>

		At June 30, 1996					
-----		-----					
				Pro Forma	NationsBank Boatmen's	Other	Pro
Forma		NationsBank	Boatmen's	Adjustments	Combined	Acquisitions	
Combined		-----	-----	-----	-----	-----	---

ASSETS							
<S>		<C>	<C>	<C>	<C>	<C>	<C>
Cash and cash equivalents	9,716	\$ 7,557	\$ 2,139	\$	\$ 9,696	\$ 20	\$
Time deposits placed	1,263	1,226	37		1,263	-	
Investment securities	22,004	19,110	11,723	28 (1)	20,861	1,143	
				(10,000) (2)			
Federal funds sold and securities purchased under agreements to resell	8,049	7,560	489		8,049	-	
Trading account assets	21,605	21,560	45		21,605	-	
Loans, leases and factored accounts receivable, net of unearned income	149,656	123,705	24,417		148,122	1,534	
Allowance for credit losses	(2,784)	(2,292)	(472)		(2,764)	(20)	
Premises, equipment and lease rights, net	3,528	2,721	787		3,508	20	
Customers' acceptance liability	935	935	-		935	-	
Other assets	17,243	10,226	1,517	5,273 (1)	17,046	197	
				30 (1)			
-----		-----	-----	-----	-----	-----	--
Total assets	231,215	\$ 192,308	\$ 40,682	\$ (4,669)	\$ 228,321	\$ 2,894	\$
		=====	=====	=====	=====	=====	

=====						
LIABILITIES						
Deposits	108,124	30,629		138,753	1,960	
140,713						
Borrowed funds	29,593	5,209	(10,000) (2)	24,802	423	
25,225						
Trading account liabilities	13,143	-		13,143	-	
13,143						
Acceptances outstanding	935	-		935	-	
935						
Accrued expenses and other liabilities	5,961	598	232 (1)	6,791	16	
6,807						
Long-term debt	20,527	655	3,436 (1)	24,618	495	
25,113						
	-----	-----	-----	-----	-----	--
Total liabilities	\$ 178,283	\$ 37,091	\$ (6,332)	\$ 209,042	\$ 2,894	\$
211,936	=====	=====	=====	=====	=====	
=====						
SHAREHOLDERS' EQUITY						
Preferred stock	\$ 176	\$ 99	\$	\$ 275	\$ -	\$
275						
Common stock	5,130	158	(158) (1)	10,285	-	
10,285						
Surplus	-	1,212	(1,212) (1)	-	-	
-						
Retained earnings	8,779	2,274	(2,274) (1)	8,779	-	
8,779						
Less: Treasury stock	-	(59)	59 (1)	-	-	
-						
Other including loan to ESOP trust	(60)	(93)	93 (1)	(60)	-	
(60)	-----	-----	-----	-----	-----	--
Total shareholders' equity	14,025	3,591	1,663	19,279	-	
19,279	-----	-----	-----	-----	-----	--
	-----	-----	-----	-----	-----	--
Total liabilities and shareholders' equity	\$ 192,308	\$ 40,682	\$ (4,669)	\$ 228,321	\$ 2,894	\$
231,215	=====	=====	=====	=====	=====	

=====

/TABLE

<TABLE>

PRO FORMA CONDENSED STATEMENT OF INCOME

(Dollars in Millions, Except Per Share Amounts)

(Unaudited)

<CAPTION>

For the Six Months Ended June 30, 1996						

Forma						
NationsBank Boatmen's Pro Forma Other Pro						
Combined NationsBank Boatmen's Adjustments Combined Acquisitions						

<S> <C> <C> <C> <C> <C> <C>						
Income from Earning Assets						
Interest and fees on loans and leases	\$ 5,254	\$ 1,059	\$	\$ 6,313	\$ 55	\$
6,368						
Interest and dividends on securities	759	358	3 (3)	794	45	
839						
			(326) (5)			
Interest on federal funds sold and securities purchased under agreements to resell	345	18		363	-	
363						
Trading account securities	578	1		579	-	
579						
Other	79	3		82	-	
82	-----	-----	-----	-----	-----	--
Total income from earning assets	7,015	1,439	(323)	8,131	100	
8,231						
Interest Expense						
Deposits	1,706	505		2,211	45	
2,256						
Borrowed funds	1,201	120	(287) (5)	1,034	9	
1,043						
Long-term debt	626	27	134 (4)	787	21	
808						
Other	338	-		338	-	
338	-----	-----	-----	-----	-----	--

Total interest expense	3,871	652	(153)	4,370	75	
4,445	-----	-----	-----	-----	-----	--

Net interest income	3,144	787	(170)	3,761	25	
3,786						
Provision for credit losses	310	46		356	6	
362	-----	-----	-----	-----	-----	--

Net credit income	2,834	741	(170)	3,405	19	
3,424						
Gains on sales of securities	8	1		9	2	
11						
Noninterest income	1,802	420	(2) (3)	2,220	3	
2,223						
Merger-related charge	118	42	(160) (8)	-	-	
-						
Noninterest expense	2,806	715	123 (3)	3,644	25	
3,669	-----	-----	-----	-----	-----	--

Income before taxes	1,720	405	(135)	1,990	(1)	
1,989						
Income taxes	602	148	(15) (7)	735	-	
735	-----	-----	-----	-----	-----	--

Net income	1,118	257	(120)	1,255	(1)	
1,254						
Preferred dividends	8	3		11	-	
11	-----	-----	-----	-----	-----	--

Net income available to common shareholders	\$ 1,110	\$ 254	\$ (120)	\$ 1,244	\$ (1)	\$
1,243	=====	=====	=====	=====	=====	
=====						
Primary earnings per common share	\$ 3.70	\$ 1.61		\$ 3.43		\$
3.43	=====	=====		=====		
=====						
Fully diluted earnings per common share	\$ 3.65			\$ 3.40		\$
3.40	=====			=====		

/TABLE
<TABLE>

PRO FORMA CONDENSED STATEMENT OF INCOME
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

<CAPTION>

For the Year Ended December 31, 1995

Forma			Pro Forma	NationsBank	Other	Pro
Combined	NationsBank	Boatmen's	Adjustments	Combined	Acquisitions	
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income from Earning Assets						
Interest and fees on loans and leases	\$ 9,552	\$ 2,108	\$	\$ 11,660	\$ 677	\$
12,337						
Interest and dividends on securities	1,468	719	6 (3)	1,543	379	
1,922			(650) (5)			
Interest on federal funds sold and securities purchased under agreements to resell	937	40		977	16	
993						
Trading account securities	1,097	2		1,099	1	
1,100						
Other	166	4		170	4	
174	-----	-----	-----	-----	-----	-----

Total income from earning assets	13,220	2,873	(644)	15,449	1,077	
16,526						
Interest Expense						
Deposits	3,281	1,025		4,306	444	
4,750						
Borrowed funds	2,710	305	(617) (5)	2,398	195	
2,593						
Long-term debt	886	51	268 (4)	1,205	66	
1,271						
Other	896	-		896	-	
896	-----	-----	-----	-----	-----	-----

Total interest expense	7,773	1,381	(349)	8,805	705	
9,510	-----	-----	-----	-----	-----	--

Net interest income	5,447	1,492	(295)	6,644	372	
7,016						
Provision for credit losses	382	60		442	10	
452	-----	-----	-----	-----	-----	--

Net credit income	5,065	1,432	(295)	6,202	362	
6,564						
Gains (losses) on sales of securities	29	(7)		22	9	
31						
Noninterest income	3,078	767	(4) (3)	3,841	165	
4,006						
Noninterest expense	5,181	1,451	245 (3)	6,877	438	
7,315	-----	-----	-----	-----	-----	--

Income before taxes	2,991	741	(544)	3,188	98	
3,286						
Income taxes	1,041	261	(130) (7)	1,172	27	
1,199	-----	-----	-----	-----	-----	--

Net income	1,950	480	(414)	2,016	71	
2,087						
Preferred dividends	8	7		15	6	
21	-----	-----	-----	-----	-----	--

Net income available to common shareholders	\$ 1,942	\$ 473	\$ (414)	\$ 2,001	\$ 65	\$
2,066	=====	=====	=====	=====	=====	
=====						
Primary earnings per common share	\$ 7.13	\$ 3.02		\$ 5.99		\$
5.74	=====	=====		=====		
=====						
Fully diluted earnings per common share	\$ 7.04			\$ 5.94		\$
5.69	=====			=====		
=====						
/TABLE						

NOTES TO THE UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

(Dollars in Millions,
Shares in Thousands,
Per-Share Amounts Actuals)

The unaudited Pro Forma Condensed Financial Information is based upon the following adjustments and related assumptions; the actual purchase accounting adjustments will be made on the basis of appraisals and evaluations as of the date of consummation of the Merger and, therefore, will differ from those reflected in the unaudited Pro Forma Condensed Financial Information.

Note 1

The purchase accounting adjustments to record the Merger used in the preparation of the unaudited Pro Forma Condensed Balance Sheet are summarized below:

Shares of Boatmen's Common Stock outstanding.....	156,741 (A)
Exchange Ratio.....	0.6525
NationsBank Common Stock equivalent	102,274
Consideration to be paid in NationsBank Common Stock....	60% (B)
NationsBank Common Stock assumed issued.....	61,364
Assumed NationsBank Share Price.....	\$ 84 (C)
Assumed additional shareholders' equity.....	\$ 5,155
Consideration to be paid in cash.....	40% (B)
NationsBank Common Stock assumed issued.....	40,910
Assumed NationsBank Share Price.....	\$ 84 (C)
Assumed cash consideration.....	\$ 3,436
Total purchase price.....	\$ 8,591

Historical net assets acquired.....	\$ 3,591
Less: Boatmen's preferred stock.....	(99)

	3,492

Premium to allocate.....	\$ 5,099

Adjustments to fair value of net assets acquired:	
Investment securities.....	28 (D)
Deferred income taxes.....	(232) (F)
Intangibles.....	5,273 (G)

	\$ 5,099

-
- (A) The number of shares of Boatmen's Common Stock to be exchanged will be those outstanding immediately prior to the Effective Time of the Merger. The number of shares of Boatmen's Common Stock outstanding on July 31, 1996 has been used in the pro forma computations.
- (B) Each share of Boatmen's Common Stock outstanding at the Effective Time will be converted in the Merger into the right to receive 0.6525 of a share of NationsBank Common Stock or, at the election of each of the holders of Boatmen's Common Stock, an amount in cash in respect of each share of Boatmen's Common Stock that is equal to the Exchange Ratio times the average closing price of the NationsBank Common Stock during the 10 consecutive trading day period during which the shares of NationsBank Common Stock are traded on the New York Stock Exchange ending on the tenth calendar day immediately prior to the anticipated Effective Time (such cash consideration in the aggregate not to exceed 40% of the aggregate consideration paid by NationsBank for Boatmen's Common Stock). An assumed cash election of 40% has been used in the pro forma computations. The unaudited Pro Forma Condensed Financial Information reflects funding of the cash component of the purchase price from issuance by NationsBank of additional debt securities.
- (C) NationsBank Common Stock price as of September 3, 1996.
- (D) Reflects the net appreciation in the investment securities portfolio at June 30, 1996.
- (E) Reflects the estimated fair value in excess of carrying value of mortgage servicing rights at June 30, 1996.
- (F) Represents the estimated tax liability associated with adjustments to the carrying value of investments securities, mortgage servicing rights and certain identifiable intangible assets.
- (G) Includes both identifiable intangibles and goodwill. Since the final determination of adjustments to assets and liabilities will be made based upon the fair values as of the Effective Time and after appraisals and evaluations are complete, the final amounts will differ from the esti-

Note 2

Reflects the planned reduction of discretionary investment security portfolio and related paydown of borrowed funds.

Note 3

The purchase accounting adjustments related to the Merger reflected in the unaudited Pro Forma Condensed Statement of Income are summarized as follows:

Six Months Ended June 30, 1996	Year Ended December 31, 1995
-----	-----

Interest income	
Amortization of investment securities adjustment.....	\$3
	\$6

Noninterest income		
Amortization of mortgage servicing rights adjustment.....	\$2	\$4
Noninterest expense		
Amortization of incremental intangibles.....	\$123	\$245

Note 4

Purchase accounting adjustments related to NationsBank's funding of the Merger have been reflected in the unaudited Pro Forma Condensed Statements of Income as follows:

	Six Months Ended June 30, 1996 -----	Year Ended December 31, 1995 -----
Interest expense		
Increase in interest expense on debt securities to fund the cash component of the purchase price.....	\$134	\$268

Note 5

Foregone interest income on discretionary investment security portfolio reduction and related reduction in funding cost.

	Six Months Ended June 30, 1996	Year Ended December 31, 1995
Interest income.....	\$326	\$650
Interest expense.....	\$287	\$617
	---	---
	\$39	\$33

Note 6

The following assumptions were used in establishing the purchase accounting adjustments related to the Merger in the unaudited Pro Forma Condensed Statements of Income.

Securities

Amortize the discount related to investment securities portfolio assumed to be retained into interest income on a straight-line method over the estimated maturities of the affected securities, 3 years.

Mortgage Servicing Rights

Amortize the excess of fair value over carrying value on a straight-line method over the estimated maturities of the underlying mortgages of 7 years.

Intangibles

Amortize the identifiable intangible value as noninterest expense over 10 years and goodwill on a straight-line basis over 25 years.

Note 7

Income tax expense on pro forma adjustments is reflected using a 36% tax rate.

Note 8

Reflects the elimination of nonrecurring merger-related charges incurred by NationsBank and Boatmen's associated with transactions other than the Merger. Such charges were comprised primarily of severance costs, facilities and branch closure costs, cancellations of contractual obligations and other merger-related expenses including investment banking fees.

Note 9

On July 18, 1996, NationsBank repurchased 10 million shares of NationsBank Common Stock. The effect of this repurchase has not been included in the unaudited Pro Forma Condensed Financial Information.

Exhibit -----	Description -----
99.1	Agreement and Plan of Merger, dated as of August 29, 1996, by and between NationsBank Corporation and Boatmen's Bancshares, Inc.
99.2	Stock Option Agreement, dated as of August 29, 1996, by and between NationsBank Corporation, as grantee, and Boatmen's Bancshares, Inc., as issuer.
99.3	Text of joint press release, dated August 30, 1996, issued by NationsBank Corporation and Boatmen's Bancshares.
99.4	Consolidated Financial Statements of Boatmen's Bancshares, Inc. and Report of Ernst & Young.

Signatures

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

NATIONSBANK CORPORATION
(Registrant)

By: /s/ Marc D. Oken

Marc D. Oken
Executive Vice
President
and Chief Accounting
Officer

EXHIBIT INDEX

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99.4	Consolidated Financial Statements of Boatmen's Bancshares, Inc. and Report of Ernst & Young LLP.
99.5	Consent of Ernst & Young LLP.

AGREEMENT AND PLAN OF MERGER

by and between

Boatmen's Bancshares, Inc.

and

NationsBank Corporation

Dated as of August 29, 1996

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AGREEMENT AND PLAN OF MERGER, dated as of August 29, 1996 (this "Agreement"), by and between Boatmen's Bancshares, Inc. (the "Company") and NationsBank Corporation ("Parent").

WITNESSETH:

WHEREAS, the Boards of Directors of the Company and Parent have determined that it is in the best interests of their respective companies and their stockholders to consummate the strategic business combination transaction provided for herein in which the Company will, subject to the terms and conditions set forth herein, merge (the "Merger") with and into a wholly-owned direct or indirect subsidiary of Parent ("Merger Sub"), so that Merger Sub is the surviving corporation in the Merger;

WHEREAS, in connection with the execution of this Agreement, the Company and Parent will enter into a stock option agreement (the "Stock Option Agreement") in the form attached hereto as Exhibit A; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.01. Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" shall have the meaning set forth in Section 6.07(a).

"Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Articles of Amendment" shall have the meaning set forth in Section 2.03.

"Average Closing Price" shall have the meaning set

"Average Index Price" shall have the meaning set forth in Section 8.01(e).

"Cash Amount" shall have the meaning set forth in Section 3.02.

"Cash Election Shares" shall have the meaning set forth in Section 3.02.

"Certificate of Merger" shall have the meaning set forth in Section 2.01(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning set forth in the recitals to this Agreement.

"Company Common Stock" shall have the meaning set forth in Section 3.01(a).

"Company Directors" shall have the meaning set forth in Section 6.14.

"Company Meeting" shall have the meaning set forth in Section 6.02.

"Company Preferred Stock" shall mean Company Series A Preferred Stock and Company Series B Preferred Stock.

"Company Right" shall have the meaning set forth in Section 3.01(a).

"Company Rights Agreement" shall have the meaning set forth in Section 3.01(a).

"Company Series A Preferred Stock" shall have the meaning set forth in Section 3.01(b).

"Company Series B Preferred Stock" shall have the meaning set forth in Section 3.01(b).

"Company Stock" shall mean Company Common Stock and Company Preferred Stock.

"Company Stock Option" shall have the meaning set forth in Section 3.09.

"Company Stock Option Plans" shall have the meaning set forth in Section 3.09.

"Compensation and Benefit Plans" shall have the meaning set forth in Section 5.03(l).

"Confidentiality Agreement" shall mean the Confidentiality Agreement, dated August 13, 1996, between the Company and Parent.

"Costs" shall have the meaning set forth in Section 6.12(a).

"Determination Date" shall have the meaning set forth in Section 8.01(e).

"Disclosure Schedule" shall have the meaning set forth in Section 5.01.

"Dissenting Shares" shall have the meaning set forth in Section 3.06.

"Effective Date" shall have the meaning set forth in Section 2.02.

"Effective Time" shall have the meaning set forth in Section 2.02.

"Election Deadline" shall have the meaning set forth in Section 3.02.

"Election Form" shall have the meaning set forth in Section 3.02.

"Election Form Record Date" shall have the meaning set forth in Section 3.02.

"Employee Benefit Plans" shall have the meaning set forth in Section 6.13.

"Environmental Laws" shall have the meaning set forth in Section 5.03(o).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall have the meaning set forth in Section 5.03(l).

"ESOP Preferred Stock" shall have the meaning set forth in Section 4.03(1).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Exchange Agent" shall have the meaning set forth in Section 3.02.

"Exchange Fund" shall have the meaning set forth in Section 3.05(a).

"Exchange Ratio" shall have the meaning set forth in Section 3.01(a).

"FDIC" shall mean the Federal Deposit Insurance Corporation.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System.

"GBCL" shall have the meaning set forth in Section 2.01(b).

"Indemnified Party" shall have the meaning set forth in Section 6.12(a).

"Index Group" shall have the meaning set forth in Section 8.01(e).

"Index Price" shall have the meaning set forth in Section 8.01(e).

"Index Ratio" shall have the meaning set forth in Section 8.01(e).

"Joint Proxy Statement" shall have the meaning set forth in Section 6.03.

"Liens" shall mean any charge, mortgage, pledge,

security interest, restriction, claim, lien, or encumbrance.

"Mailing Date" shall have the meaning set forth in Section 3.02.

"Material Adverse Effect" shall mean with respect to the Company or Parent, respectively, any effect that (i) is material and adverse to the financial position, results of operations or business of the Company and its Subsidiaries taken as a whole, or Parent and its Subsidiaries taken as a whole, respectively, or (ii) would materially impair the ability of the Company or Parent,

respectively, to perform its obligations under this Agreement or otherwise materially threaten or materially impede the consummation of the Merger and the other transactions contemplated by this Agreement; provided, however, that Material Adverse Effect shall not be deemed to include the impact of (a) changes in banking and similar laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or savings associations and their holding companies generally, (c) actions or omissions of the Company, Parent or Merger Sub taken with the prior written consent of the Company or Parent, as applicable, in contemplation of the transactions contemplated hereby, (d) circumstances affecting banks or savings associations and their holding companies generally, and (e) the effects of the Merger and compliance with the provisions of this Agreement on the operating performance of such party and its Subsidiaries.

"Meeting" shall have the meaning set forth in Section 6.02.

"Merger" shall have the meaning set forth in the recitals to this Agreement and in Section 2.01(a).

"Merger Consideration" shall have the meaning set forth in Section 2.01.

"Merger Sub" shall have the meaning set forth in the recitals to this Agreement.

"Merger Sub Common Stock" shall have the meaning set forth in Section 3.01(c).

"Multiemployer Plans" shall have the meaning set forth in Section 5.03(1).

"NASDAQ" shall mean the Nasdaq Stock Market, Inc.'s National Market.

"New Certificates" shall have the meaning set forth in Section 3.05(a).

"No Election Shares" shall have the meaning set forth in Section 3.02.

"NYSE" shall mean the New York Stock Exchange.

"OCC" shall mean the Office of the Comptroller of the Currency.

"Old Certificates" shall have the meaning set forth

in Section 3.02.

"OTS" shall mean the Office of Thrift Supervision.

"Parent" shall have the meaning set forth in the recitals to this Agreement.

"Parent Common Stock" shall have the meaning set forth in Section 3.01(a).

"Parent Meeting" shall have the meaning set forth in Section 6.02.

"Parent Preferred Stock" shall mean Parent Series A Preferred Stock and Parent Series B Preferred Stock.

"Parent Ratio" shall have the meaning set forth in Section 8.01(e).

"Parent Series A Preferred Stock" shall have the meaning set forth in Section 3.01(b).

"Parent Series B Preferred Stock" shall have the meaning set forth in Section 3.01(b).

"Parent Stock" shall mean Parent Common Stock and Parent Preferred Stock.

"Pension Plan" shall have the meaning set forth in Section 5.03(l).

"Per Share Cash Consideration" shall have the meaning set forth in Section 3.02.

"Per Share Stock Consideration" shall have the meaning set forth in Section 3.01(a).

"Person" or "person" shall mean any individual, bank, corporation, partnership, association, joint-stock company, business trust or unincorporated organization.

"Plans" shall have the meaning set forth in Section 5.03(l).

"Previously Disclosed" by a party shall mean information set forth in its Disclosure Schedule.

"Registration Statement" shall have the meaning set forth in Section 6.03.

"Regulatory Authorities" shall have the meaning set forth in Section 5.03(h).

"Rights" shall mean, with respect to any person, securities or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, or any options, calls or commitments relating to, shares of capital stock of such person.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Documents" shall have the meaning set forth in Section 5.03(g).

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Starting Date" shall have the meaning set forth in Section 8.01(e).

"Starting Price" shall have the meaning set forth in Section 8.01(e).

"Stock Designees" shall have the meaning set forth in Section 3.02.

"Stock Option Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Subsidiary" and "Significant Subsidiary" shall have the meanings ascribed to them in Rule 1-02 of Regulation S-X of the SEC; provided that for purposes of Article V, Merger Sub shall be deemed a Significant Subsidiary of Parent.

"Surviving Corporation" shall have the meaning set forth in Section 2.01(a).

"Takeover Laws" shall have the meaning set forth in Section 5.03(n).

"Takeover Proposal" shall mean, with respect to any person, any tender or exchange offer, proposal for a merger, consolidation or other business combination involving the Company or any of its Significant Subsidiaries or any proposal or offer to acquire in any

manner a substantial equity interest in, or a substantial portion of the assets of, the Company or any of its Significant Subsidiaries other than the transactions contemplated or permitted by this Agreement.

"Tax Returns" shall have the meaning set forth in Section 5.03(p).

"Taxes" shall mean all taxes, charges, fees, levies or other assessments, including, without limitation, all net income, gross income, gross receipts, sales, use, ad valorem, goods and services, capital, transfer, franchise, profits, license, withholding, payroll, employment, employer health, excise, estimated, severance, stamp, occupation, property or other taxes, custom duties, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority.

"Treasury Shares" shall have the meaning set forth in Section 3.01(a).

"Valuation Period" shall have the meaning set forth in Section 3.02.

"Valuation Period Market Value" shall have the meaning set forth in Section 3.02.

ARTICLE II

THE MERGER; EFFECTS OF THE MERGER

2.01. The Merger. (a) The Surviving Corporation. At the Effective Time, the Company shall merge with and into Merger Sub (the "Merger"), the separate corporate existence of the Company shall cease and Merger Sub shall survive and continue to exist as a Missouri corporation (Merger Sub, as the surviving corporation in the Merger, sometimes being referred to herein as the "Surviving Corporation"). Parent may at any time change the method of effecting the combination with the Company (including without limitation the provisions of this Article II) if and to the extent it deems such change to be desirable, including without limitation to provide for a merger of the Company directly into Parent, in which Parent is the surviving corporation; provided, however, that no such change shall (A) alter or change the amount or kind of consideration to be issued to holders of Company Stock as provided for in this Agreement (the "Merger Consideration"), (B) adversely affect the tax treatment of the Company's stockholders as a result of receiving the Merger Consideration or (C) materially

impede or delay consummation of the transactions contemplated by this Agreement.

(b) Effectiveness And Effects Of The Merger. Subject to the satisfaction or waiver of the conditions set forth in Article VII in accordance with this Agreement, the Merger shall become effective upon the filing in the office of the Secretary of State of Missouri of a certificate of merger (the "Certificate of Merger"), or such later date and time as may be set forth in the Certificate of Merger, in accordance with Section 440 of the General and Business Corporation Law of Missouri (the "GBCL"). The Merger shall have the effects prescribed in Section 450 of the GBCL.

(c) Certificate Of Incorporation And By-Laws. The certificate of incorporation and by-laws of the Surviving Corporation shall be those of Merger Sub, as in effect immediately prior to the Effective Time.

2.02. Effective Date And Effective Time. Subject to the satisfaction or waiver of the conditions as set forth in Article VII in accordance with this Agreement, the parties shall cause the effective date of the Merger (the "Effective Date") to occur on (1) the third business day to occur after the last of the conditions set forth in Sections 7.01, 7.02, 7.03 and 7.10 shall have been satisfied or waived in accordance with the terms of this Agreement or (2) such other date to which the parties may agree in writing. The time on the Effective Date when the Merger shall become effective is referred to as the "Effective Time."

2.03. Amendment Of Parent Articles. At the Effective Time, the articles of incorporation of Parent shall be amended to fix the preferences, limitations and relative rights of the series of Parent Preferred Stock, shares of which are to be issued in the Merger pursuant to Section 3.01(b). At or prior to the Effective Time, Parent shall deliver to the Secretary of State of North Carolina for filing, pursuant to Section 6-02 of the North Carolina Business Corporation Act, articles of amendment, in a form mutually acceptable to Parent and the Company, giving effect to the foregoing and containing any other provisions with respect to the aforementioned series of Parent Preferred Stock necessary to permit consummation of the Merger in accordance with the terms of this Agreement (the "Articles of Amendment").

2.04. Tax Consequences. It is intended that the Merger shall qualify as a reorganization under Section 368(a) of the Code.

ARTICLE III

MERGER CONSIDERATION; EXCHANGE PROCEDURES

3.01. Merger Consideration. Subject to the provisions of this Agreement, at the Effective Time, automatically by virtue of the Merger and without any action on the part of any party or stockholder:

(a) Outstanding Company Common Stock. Each share (excluding (i) shares held by the Company or any of its Subsidiaries or by Parent or any of its Subsidiaries, in each case other than in a fiduciary capacity or as a result of debts previously contracted ("Treasury Shares") and (ii) Dissenting Shares) of the common stock, par value \$1.00 per share, of the Company, including each attached right (a "Company Right") issued pursuant to the Rights Agreement, dated August 14, 1990, as amended (the "Company Rights Agreement"), between the Company and the Rights Agent named therein (the "Company Common Stock"), issued and outstanding immediately prior to the Effective Time shall become and be converted into the right to receive 0.6525 share (subject to adjustment as set forth

herein, the "Exchange Ratio") of common stock (the "Parent Common Stock") of Parent (the "Per Share Stock Consideration"), subject to the election rights set forth in Section 3.02.

(b) Outstanding Company Preferred Stock. (i) Each share of the Company's Cumulative Convertible Preferred Stock, Series A, stated value \$100 per share, liquidation preference \$400 per share ("Company Series A Preferred Stock"), excluding any Treasury Shares, issued and outstanding immediately prior to the Effective Time, shall become and be converted into the right to receive one share of newly created preferred stock of Parent ("Parent Series A Preferred Stock") having terms (to be set forth in the Articles of Amendment) substantially identical to those of the Company Series A Preferred Stock.

(ii) Each share of the Company's 7% Cumulative Redeemable Preferred Stock, Series B, stated value \$100 per share, liquidation preference \$100 per share ("Company Series B Preferred Stock"), excluding any Treasury Shares, issued and outstanding immediately prior to the Effective Time, shall become and be converted into the right to receive one share of newly created preferred stock of Parent ("Parent Series B Preferred Stock") having terms (to be set forth in the Articles of Amendment) substantially identical to those of the Company Series B Preferred Stock.

(iii) At the Effective Time, any deposit agreements pursuant to which shares of Company Preferred Stock are held

subject to depositary receipts shall automatically, and without further action on the part of Parent or the Surviving Corporation, be assumed by Parent.

(c) Outstanding Merger Sub Common Stock. Each share of the common stock of Merger Sub ("Merger Sub Common Stock") issued and outstanding immediately prior to the Effective Time shall be unchanged and shall remain issued and outstanding as common stock of the Surviving Corporation.

Section 3.02. Optional Cash Election. Holders of the Company Common Stock shall be provided with an opportunity to elect to receive cash consideration in lieu of receiving Parent Common Stock in the Merger, in accordance with the election procedures set forth below in this Section 3.02. Holders who are to receive cash in lieu of exchanging their shares of Company Common Stock for Parent Common Stock as specified below shall receive an amount in cash (the "Per Share Cash Consideration") in respect of each share of Company Common Stock that is so converted equal to the Exchange Ratio times the Valuation Period Market Value. The aggregate amount of cash that shall be issued in the Merger to satisfy such elections shall not exceed 40% of the aggregate consideration paid in exchange for shares of Company Common Stock in the Merger (the "Cash Amount"). For purposes of this Section 3.02:

(i) "Valuation Period Market Value" shall mean the average of the closing sales prices for Parent Common Stock as reported on the NYSE Composite Transactions reporting system (as reported in The Wall Street Journal or, in the absence thereof, by another authoritative source) during the Valuation Period; and

(ii) "Valuation Period" shall mean the ten (10) consecutive trading day period during which the shares of Parent Common Stock are traded on the NYSE ending on the tenth calendar day immediately prior to the anticipated Effective Time.

An election form and other appropriate and customary transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the certificates theretofore representing Company Common Stock ("Old Certificates") shall pass, only upon proper delivery of such Old Certificates to an exchange agent designated by Parent (the "Exchange Agent")) in such form as Parent and the Company shall mutually agree ("Election Form") shall be mailed 25 days prior to the anticipated Effective Time or on such other date as the

Company and Parent shall mutually agree ("Mailing Date") to each holder of record of Company Common Stock as of five

business days prior to the Mailing Date ("Election Form Record Date").

Each Election Form shall permit a holder (or the beneficial owner through appropriate and customary documentation and instructions) of Company Common Stock to elect to receive cash with respect to all or a portion of such holder's Company Common Stock (shares as to which the election is made being "Cash Election Shares").

Any shares of Company Common Stock with respect to which the holder (or the beneficial owner, as the case may be) shall not have submitted to the Exchange Agent an effective, properly completed Election Form on or before 5:00 p.m. on the 20th day following the Mailing Date (or such other time and date as Parent and the Company may mutually agree) (the "Election Deadline") shall be converted into Parent Common Stock at the Exchange Ratio (such shares being "No Election Shares").

Parent shall make available one or more Election Forms as may be reasonably requested by all persons who become holders (or beneficial owners) of Company Common Stock between the Election Form Record Date and the close of business on the business day prior to the Election Deadline, and the Company shall provide to the Exchange Agent all information reasonably necessary for it to perform as specified herein.

Any such election shall have been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by the Election Deadline. An Election Form shall be deemed properly completed only if accompanied by one or more certificates (or customary affidavits and indemnification regarding the loss or destruction of such certificates or the guaranteed delivery of such certificates) representing all shares of the Company Common Stock covered by such Election Form, together with duly executed transmittal materials included in the Election Form. Any Election Form may be revoked or changed by the person submitting such Election Form at or prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline, the shares of Company Common Stock represented by such Election Form shall become No Election Shares and Parent shall cause the certificates representing Company Common Stock to be promptly returned without charge to the person submitting the Election Form upon written request to that effect from the person who submitted the Election Form. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to

disregard immaterial defects in the Election Forms, and any good faith decisions of the Exchange Agent regarding such matters shall be binding and conclusive. Neither Parent nor the Exchange Agent shall be under any obligation to notify any person of any defect in an Election Form. Any Dissenting Shares (as defined below) shall be treated as Cash Election Shares for the purposes of the determinations set forth below (but shall not be converted into the right to receive the Per Share Cash Consideration and shall instead be treated as set forth in Section 3.06).

Within five business days after the Election Deadline, unless the Effective Time has not yet occurred, in which case as soon thereafter as practicable, Parent shall cause the Exchange Agent to effect the allocation among the

holders of Company Common Stock in accordance with the Election Forms as follows:

(i) Cash Elections Less Than or Equal To the Cash Amount. If the amount of cash that would be issued upon conversion in the Merger of the Cash Election Shares is less than or equal to the Cash Amount, then:

(1) all Cash Election Shares shall be converted into the right to receive the Per Share Cash Consideration, and

(2) the No Election Shares shall be converted into the right to receive the Per Share Stock Consideration.

(ii) Cash Elections More Than the Cash Amount. If the amount of cash that would be issued upon the conversion of the Cash Election Shares is greater than the Cash Amount, then:

(1) all No Election Shares shall be converted into the right to receive the Per Share Stock Consideration,

(2) the Exchange Agent shall select from among the holders of Cash Election Shares (other than Dissenting Shares), by random selection (as described below), a sufficient number of such holders ("Stock Designees") such that the amount of cash that will be issued in the Merger equals as closely as practicable the Cash Amount, and all shares held by the Stock Designees shall be converted into the right to receive the Per Share Stock Consideration, and

(3) the Cash Election Shares not held by Stock Designees shall be converted into the right to receive the Per Share Cash Consideration.

The random selection process to be used by the Exchange Agent shall consist of such processes as shall be mutually determined by Parent and the Company.

3.03. Rights As Stockholders; Stock Transfers. At the Effective Time, holders of Company Stock shall cease to be, and shall have no rights as, stockholders of the Company, other than to receive any dividend or other distribution with respect to such Company Stock with a record date occurring prior to the Effective Time and the consideration provided under this Article III. After the Effective Time, there shall be no transfers on the stock transfer books of the Company or the Surviving Corporation of shares of Company Stock.

3.04. Fractional Shares. Notwithstanding any other provision hereof, no fractional shares of Parent Common Stock and no certificates or scrip therefor, or other evidence of ownership thereof, will be issued in the Merger; instead, Parent shall pay to each holder of Company Common Stock who would otherwise be entitled to a fractional share of Parent Common Stock (after taking into account all Old Certificates delivered by such holder) an amount in cash (without interest) determined by multiplying such fraction by the average of the last sale prices of Parent Common Stock, as reported by the NYSE Composite Transactions reporting system (as reported in The Wall Street Journal or, if not reported therein, in another authoritative source), for the five NYSE trading days immediately preceding the Effective Date.

3.05. Exchange Procedures. (a) At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with the Exchange Agent, for the benefit of the holders of Old Certificates (which for purposes of this Section 3.05 shall include certificates formerly representing shares of Company Preferred Stock), for exchange in accordance with this Article III, certificates representing the shares of Parent Stock ("New Certificates") and an estimated amount of cash

(such cash and New Certificates, together with any dividends or distributions with respect thereto (without any interest thereon), being hereinafter referred to as the "Exchange Fund") to be paid pursuant to this Article III in exchange for outstanding shares of Company Stock.

(b) As promptly as practicable after the Effective Date, Parent shall send or cause to be sent to each former holder of record of shares (other than Cash Election Shares,

Treasury Shares or Dissenting Shares) of Company Stock immediately prior to the Effective Time transmittal materials for use in exchanging such stockholder's Old Certificates for the consideration set forth in this Article III. Parent shall cause the New Certificates into which shares of a stockholder's Company Stock are converted on the Effective Date and/or any check in respect of the Per Share Cash Consideration and any fractional share interests or dividends or distributions which such person shall be entitled to receive to be delivered to such stockholder upon delivery to the Exchange Agent of Old Certificates representing such shares of Company Stock (or indemnity reasonably satisfactory to Parent and the Exchange Agent, if any of such certificates are lost, stolen or destroyed) owned by such stockholder. No interest will be paid on any such cash to be paid pursuant to this Article III upon such delivery.

(c) Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to any former holder of Company Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(d) No dividends or other distributions with respect to Parent Stock with a record date occurring after the Effective Time shall be paid to the holder of any unsurrendered Old Certificate representing shares of Company Stock converted in the Merger into shares of such Parent Stock until the holder thereof shall surrender such Old Certificate in accordance with this Article III. After the surrender of an Old Certificate in accordance with this Article III, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to shares of Parent Stock represented by such Old Certificate.

(e) Any portion of the Exchange Fund that remains unclaimed by the stockholders of the Company for twelve months after the Effective Time shall be paid to Parent. Any stockholders of the Company who have not theretofore complied with this Article III shall thereafter look only to Parent for payment of the shares of Parent Stock, cash in lieu of any fractional shares and unpaid dividends and distributions on the Parent Stock deliverable in respect of each share of Company Stock such stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon.

3.06. Dissenting Stockholders. Notwithstanding anything in this Agreement to the contrary, shares of Company Stock which are issued and outstanding immediately prior to the

Effective Time and which are held by stockholders who did not vote in favor of the adoption of this Agreement, who are entitled to demand the fair value of such shares of Company Stock under Section 455 of the GBCL, and who comply with all of the relevant provisions of such Section (the "Dissenting Shares") shall not be converted into or be exchangeable for the right to receive Parent Common Stock or Parent Preferred Stock, as applicable (unless and until such holders shall have failed

to perfect or shall have effectively withdrawn or lost their dissenters' rights under the GBCL), but shall instead be entitled to all applicable dissenters' rights as are prescribed by the GBCL. If any such holder shall have failed to perfect or shall have effectively withdrawn or lost such dissenters' rights, such holder's shares of Company Stock shall thereupon be converted into and become exchangeable for the right to receive, as of the Effective Time, Parent Common Stock or Parent Preferred Stock, as applicable, without any interest thereon. The Company shall give Parent (i) prompt notice of any written demands for payment for any Company Stock under Section 455 of the GBCL, attempted withdrawals of such demands, and any other instruments served pursuant to the GBCL and received by the Company relating to dissenters' rights, and (ii) the opportunity to participate in all negotiations and proceedings with respect to the exercise of dissenters' rights under the GBCL. The Company shall not, except with the prior written consent of the Parent, voluntarily make any payment with respect to any demands for payment for Company Stock under Section 455 of the GBCL, offer to settle or settle any such demands or approve any withdrawal of any such demands.

3.07. Anti-Dilution Provisions. In the event Parent changes (or establishes a record date for changing) the number of shares of Parent Common Stock issued and outstanding prior to the Effective Date as a result of a stock split, stock dividend, recapitalization or similar transaction with respect to the outstanding Parent Common Stock and the record date therefor shall be prior to the Effective Date, the Exchange Ratio shall be proportionately adjusted.

3.08. Treasury Shares. Each of the shares of Company Stock held as Treasury Shares immediately prior to the Effective Time shall be canceled and retired at the Effective Time and no consideration shall be issued in exchange therefor.

3.09. Options. At the Effective Time, all employee and director stock options to purchase shares of Company Common Stock (each, a "Company Stock Option"), which are then outstanding and unexercised, shall cease to represent a right to acquire shares of Company Stock and shall be converted automatically into options to purchase shares of Parent Common

Stock, and Parent shall assume each such Company Stock Option subject to the terms of any of the stock option plans listed under "Stock Option Plans" in Exhibit 5.03(1)(i) of the Company's Disclosure Schedule (collectively, the "Company Stock Option Plans"), and the agreements evidencing grants thereunder, including but not limited to the accelerated vesting of such options which shall occur in connection with and by virtue of the Merger as and to the extent required by such plans and agreements; provided, however, that from and after the Effective Time, (i) the number of shares of Parent Common Stock purchasable upon exercise of such Company Stock Option shall be equal to the number of shares of Company Common Stock that were purchasable under such Company Stock Option immediately prior to the Effective Time multiplied by the Exchange Ratio, and rounding to the nearest whole share, and (ii) the per share exercise price under each such Company Stock Option shall be adjusted by dividing the per share exercise price of each such Company Stock Option by the Exchange Ratio, and rounding down to the nearest cent. The terms of each Company Stock Option shall, in accordance with its terms, be subject to further adjustment as appropriate to reflect any stock split, stock dividend, recapitalization or other similar transaction with respect to Parent Common Stock on or subsequent to the Effective Date. Notwithstanding the foregoing, each Company Stock Option which is intended to be an "incentive stock option" (as defined in Section 422 of the Code) shall be adjusted in accordance with the requirements of Section 424 of the Code. Accordingly, with respect to any incentive stock options, fractional shares shall be rounded down to the nearest whole number of shares and where necessary the per share exercise price shall be rounded down to the nearest cent.

ACTIONS PENDING MERGER

From the date hereof until the Effective Time, except as expressly contemplated by this Agreement, (i) without the prior written consent of Parent (which consent shall not be unreasonably withheld or delayed) the Company will not, and will cause each of its Subsidiaries not to, and (ii) without the prior written consent of the Company (which consent shall not be unreasonably withheld or delayed) Parent will not, and will cause each of its Subsidiaries not to:

4.01. Ordinary Course. Conduct the business of it and its Subsidiaries other than in the ordinary and usual course or, to the extent consistent therewith, fail to use reasonable efforts to preserve intact their business

organizations and assets and maintain their rights, franchises and existing relations with customers, suppliers, employees and business associates, or take any action that would (i) adversely affect the ability of any party to obtain any necessary approvals of any Regulatory Authorities required for the transactions contemplated hereby without the imposition of a condition or restriction of the type referred to in the second sentence of Section 7.02 or (ii) adversely affect its ability to perform any of its material obligations under this Agreement.

4.02. Capital Stock. In the case of the Company, other than (i) pursuant to Rights or other stock options Previously Disclosed in its Disclosure Schedule and currently outstanding as of the date hereof, or (ii) upon conversion of shares of Company Preferred Stock pursuant to the terms thereof, (x) issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of capital stock, any stock appreciation rights or any Rights, (y) enter into any agreement with respect to the foregoing, or (z) permit any additional shares of capital stock to become subject to new grants of employee stock options, stock appreciation rights, or similar stock-based employee rights.

4.03. Dividends, Etc. (1) Make, declare or pay any dividend (other than (i) in the case of the Company, (A) quarterly cash dividends on Company Common Stock in an amount not to exceed the greater of (I) \$0.42 per share and (II) the product of the Exchange Ratio multiplied by Parent's then-effective quarterly dividend, dividends payable on Company Preferred Stock at a rate not exceeding the rate provided for in the terms thereof, and (B) dividends from greater than 95%-owned Subsidiaries to the Company or another greater than 95%-owned Subsidiary of the Company, as applicable, and (ii) in the case of Parent, quarterly cash dividends on Parent Common Stock not in excess of \$0.66 per share, semi-annual cash dividends on the ESOP Convertible Preferred Stock, Series C (the "ESOP Preferred Stock"), not in excess of \$3.30 per share and cash dividends on any other outstanding issues of preferred stock in accordance with the terms thereof and dividends from Subsidiaries to Parent or another Subsidiary of Parent, as applicable) on or in respect of, or declare or make any distribution on any shares of its capital stock, or (2) other than (A) as Previously Disclosed in its Disclosure Schedule, (B) in the case of the Company, pursuant to the terms of the Company Preferred Stock, (C) in the ordinary course pursuant to employee benefit plans, directly or indirectly combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock, or (D) in the case of Parent, repurchases of

Parent Stock in the ordinary course. After the date of this

Agreement, each of Parent and the Company shall coordinate with the other the declaration of any dividends in respect of Parent Common Stock and Company Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of Parent Common Stock or Company Common Stock shall not receive two dividends, or fail to receive one dividend, for any single calendar quarter with respect to their shares of Parent Common Stock and/or Company Common Stock and any shares of Parent Common Stock any such holder receives in exchange therefor in the Merger.

4.04. Compensation; Employment Agreements; Etc. In the case of the Company and its Subsidiaries, enter into or amend any written employment, severance or similar agreements or arrangements with any of its directors, officers or employees, or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except for (i) normal individual increases in compensation to employees in the ordinary course of business consistent with past practice or (ii) other changes as are provided for herein or as may be required by law or to satisfy contractual obligations existing as of the date hereof or additional grants of awards to newly hired employees consistent with past practice or such changes that, either individually or in the aggregate, would not reasonably be expected to result in a material liability to the Company or its Subsidiaries or such changes that, either individually or in the aggregate, would not reasonably be expected to result in a material liability to the Company or its Subsidiaries.

4.05. Benefit Plans. In the case of the Company and its Subsidiaries, enter into or amend (except as may be required by applicable law, to satisfy contractual obligations existing as of the date hereof or amendments which, either individually or in the aggregate, would not reasonably be expected to result in a material liability to the Company or its Subsidiaries) any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any of its directors, officers or other employees, including without limitation taking any action that accelerates the vesting or exercise of any benefits payable thereunder.

4.06. Acquisitions And Dispositions. In the case of the Company, except as Previously Disclosed in its Disclosure Schedule, dispose of or discontinue any portion of its assets, business or properties, which is material to it and its

Subsidiaries taken as a whole, or acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of, the business or property of any other entity which is material to it and its Subsidiaries taken as a whole. Parent will not, and will cause its Subsidiaries not to, make any acquisition or take any other action which would materially adversely affect its ability to consummate the transactions contemplated by this Agreement.

4.07. Amendments. In the case of the Company, amend its Articles of Incorporation or By-laws or amend or waive any rights under the Company Rights Agreement.

4.08. Accounting Methods. Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by generally accepted accounting principles.

4.09. Adverse Actions. (1) Take any action while knowing that such action would, or is reasonably likely to, prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; or (2) knowingly take any action that is intended or is reasonably likely to result in (x) any of its representations

and warranties set forth in this Agreement being or becoming untrue in any material respect at any time prior to the Effective Time, (y) any of the conditions to the Merger set forth in Article VII not being satisfied or (z) a material violation of any provision of this Agreement except, in each case, as may be required by applicable law.

4.10. Agreements. Agree or commit to do anything prohibited by Sections 4.01 through 4.09.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.01. Disclosure Schedules. On or prior to the date hereof, Parent has delivered to the Company and the Company has delivered to Parent a schedule (respectively, its "Disclosure Schedule") setting forth, among other things, items the disclosure of which is necessary or appropriate in relation to any or all of its representations and warranties; provided, that (i) no such item is required to be set forth in a Disclosure Schedule as an exception to a representation or warranty if its absence is not reasonably likely to result in

the related representation or warranty being deemed untrue or incorrect under the standard established by Section 5.02, and (ii) the mere inclusion of an item in a Disclosure Schedule shall not be deemed an admission by a party that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect.

5.02. Standard. No representation or warranty of Parent or the Company contained in Section 5.03 shall be deemed untrue or incorrect, and no party hereto shall be deemed to have breached a representation or warranty, as a consequence of the existence of any fact, circumstance or event unless such fact, circumstance or event, individually or taken together with all other facts, circumstances or events inconsistent with any paragraph of Section 5.03 has had or is expected to have a Material Adverse Effect.

5.03. Representations And Warranties. Subject to Sections 5.01 and 5.02 and except as Previously Disclosed in its Disclosure Schedule, the Company hereby represents and warrants to Parent, and Parent hereby represents and warrants to the Company, to the extent applicable, in each case with respect to itself and its Subsidiaries, as follows:

(a) Organization, Standing and Authority. Such party is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Such party is duly qualified to do business and is in good standing in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified. It has in effect all federal, state, local, and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted.

(b) Shares. (i) As of the date hereof, the authorized capital stock of the Company consists solely of 250,000,000 shares of Company Common Stock, of which, as of July 31, 1996, 156,741,130 shares were outstanding, 10,300,000 shares of Company Preferred Stock, of which 250,000 shares have been designated as Company Series A Preferred Stock, of which, as of July 31, 1996, 247,729 shares were outstanding, and 35,045 shares have been designated as Company Series B Preferred Stock, of which, as of July 31, 1996, 9,487 shares were outstanding. As of the date hereof, the authorized capital stock of Parent consists solely of 800,000,000 shares of Parent Common Stock, of which, as of July 31, 1996, 291,169,674 shares were outstanding, and 45,000,000 shares of

Parent Preferred Stock, of which, as of July 31, 1996, 2,445,143 shares of ESOP Preferred Stock were outstanding. As of July 31, 1996, 1,659,226 shares of Company Common Stock and no shares of Parent Common Stock were held in treasury. The outstanding shares of such party's capital stock are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). As of the date hereof, there are no shares of such party's capital stock authorized and reserved for issuance, such party does not have any Rights issued or outstanding with respect to its capital stock, and such party does not have any commitment to authorize, issue or sell any such shares or Rights, except pursuant to this Agreement and the Company Rights Agreement, as the case may be. Since July 31, 1996, the Company has issued no shares of its capital stock or rights in respect thereof or reserved any shares for such purposes except pursuant to plans or commitments Previously Disclosed in its Disclosure Schedule.

(ii) The number of shares of Company Common Stock which are issuable and reserved for issuance upon exercise of Company Stock Options as of the date hereof are Previously Disclosed in the Company's Disclosure Schedule, and the number of shares of Parent Common Stock which are issuable and reserved for issuance upon exercise of any employee or director stock options to purchase shares of Parent Common Stock as of the date hereof are Previously Disclosed in Parent's Disclosure Schedule.

(iii) In the case of the representations and warranties of Parent: (i) the outstanding shares of Merger Sub Common Stock are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights; and (ii) the shares of Parent Stock to be issued in exchange for shares of Company Stock in the Merger, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and nonassessable.

(c) Subsidiaries. (i) (A) Such party has Previously Disclosed in its Disclosure Schedule a list of all of its Subsidiaries together with the jurisdiction of organization of each such Subsidiary, (B) it owns, directly or indirectly at least 99% of the issued and outstanding shares of each of its Significant Subsidiaries, (C) no equity securities of any of its Significant Subsidiaries are or may become required to be issued (other than to it or a Subsidiary of it) by reason of any Rights, (D) there are no contracts, commitments, understandings or arrangements by which any of such Significant Subsidiaries is or may be bound to sell or otherwise transfer any shares of the capital stock of any such

Significant Subsidiaries (other than to it or a Subsidiary of it), (E) there are no contracts, commitments, understandings, or arrangements relating to its rights to vote or to dispose of such shares (other than to it or a Subsidiary of it), and (F) all of the shares of capital stock of each such Significant Subsidiary held by it or its Subsidiaries are fully paid and (except pursuant to 12 U.S.C. Section 55 or equivalent state statutes in the case of bank Subsidiaries) nonassessable and are owned by it or its Subsidiaries free and clear of any Liens.

(ii) In the case of the representations and warranties of the Company, the Company does not own (other than in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted) beneficially, directly or indirectly, any shares of any equity securities or similar interests of any person, or any interest in a partnership or joint venture of any kind.

(iii) Each of such party's Significant Subsidiaries

has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its organization, and is duly qualified to do business and in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified. Each of such Significant Subsidiaries has in effect all federal, state, local, and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted.

(d) Corporate Power. Such party and each of its Significant Subsidiaries has the corporate power and authority to carry on its business as it is now being conducted and to own all its properties and assets; and it has (and, in the case of the representations and warranties of Parent, Merger Sub will have as of the Effective Time) the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(e) Corporate Authority. Subject to receipt of the requisite approval by the holders of two-thirds of the outstanding Company Common Stock (in the case of the Company) and by the holders of a majority of a quorum of Parent Common Stock (in the case of Parent), this Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of it, and this Agreement is a legal, valid and binding agreement of it, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization,

moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(f) No Defaults. Subject to receipt of the regulatory approvals, and expiration of the waiting periods, referred to in Section 7.02 and the required filings under federal and state securities laws, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by it do not and will not (i) constitute a breach or violation of, or a default under, any law, rule or regulation or any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument of it or of any of its Significant Subsidiaries or to which it or any of its Significant Subsidiaries or properties is subject or bound, (ii) constitute a breach or violation of, or a default under, its articles or certificate of incorporation or by-laws, or (iii) require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license agreement, indenture or instrument.

(g) Financial Reports And SEC Documents. Its Annual Report on Form 10-K for the fiscal year ended December 31, 1995, and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by it or any of its Subsidiaries subsequent to December 31, 1995 under the Securities Act, or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, in the form filed, or to be filed (collectively, its "SEC Documents"), with the SEC (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and each of the balance sheets contained in or incorporated by reference into any such SEC Document (including the related notes and schedules thereto) fairly presents and will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent statements in such SEC Documents (including any related notes and schedules thereto) fairly presents and will fairly present the results of operations, changes in

stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which it relates for the periods to which they relate, in each case in accordance with generally accepted accounting principles consistently applied

during the periods involved, except in each case as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements.

(h) Litigation; Regulatory Action. (i) No litigation, claim or other proceeding before any court or governmental agency is pending against it or any of its Subsidiaries and, to the best of its knowledge, no such litigation, claim or other proceeding has been threatened.

(ii) Neither it nor any of its Subsidiaries or properties is a party to or is subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, any federal or state governmental agency or authority charged with the supervision or regulation of financial institutions or issuers of securities or engaged in the insurance of deposits (including, without limitation, the OCC, the Federal Reserve Board, the FDIC and the OTS) or the supervision or regulation of it or any of its Subsidiaries (collectively, the "Regulatory Authorities").

(iii) Neither it nor any of its Subsidiaries has been advised by any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter or similar submission.

(i) Compliance With Laws. It and each of its Subsidiaries:

(i) in the conduct of its business, is in compliance with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act and all other applicable fair lending laws and other laws relating to discriminatory business practices;

(ii) has all permits, licenses, authorizations, orders and approvals of, and have made all filings, applications and registrations with, all Regulatory Authorities that are required in order to permit them to conduct their businesses substantially as presently conducted; all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, to the best of its

knowledge, no suspension or cancellation of any of them is threatened; and

(iii) has received, since December 31, 1995, no notification or communication from any Regulatory Authority (A) asserting that it or any of its Subsidiaries is not in compliance with any of the statutes, regulations, or ordinances which such Regulatory Authority enforces, (B) threatening to revoke any license, franchise, permit, or governmental authorization, (C) threatening or contemplating revocation or limitation of, or which would have the effect of revoking or limiting, federal deposit insurance (nor, to its knowledge, do any grounds for any of the foregoing exist) or (D) failing to

approve any proposed acquisition, or stating its intention not to approve acquisitions proposed to be effected by it within a certain time period or indefinitely.

(j) Defaults. Neither it nor any of its Subsidiaries is in default under any contract, agreement, commitment, arrangement, lease, insurance policy, or other instrument to which it is a party, by which its respective assets, business, or operations may be bound or affected, or under which it or its respective assets, business, or operations receives benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default.

(k) No Brokers. No action has been taken by it that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Agreement, excluding, in the case of the Company, a fee to be paid to Goldman, Sachs & Co., and, in the case of Parent, a fee to be paid to Stephens, Inc., which, in each case, has been heretofore disclosed to the other party.

(l) Employee Benefit Plans. (i) Such Party's Disclosure Schedule contains a complete list of all written bonus, vacation, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock and stock option plans, all employment or severance contracts, all medical, dental, disability, health and life insurance plans, all other employee benefit and fringe benefit plans, contracts or arrangements and any applicable "change of control" or similar provisions in any plan, contract or arrangement maintained or contributed to by it or any of its Subsidiaries for the benefit of officers, former officers, employees, former employees, directors, former directors, or the beneficiaries of any of the foregoing (collectively, "Compensation and Benefit Plans").

(ii) True and complete copies of its Compensation and Benefit Plans, including, but not limited to, any trust instruments and/or insurance contracts, if any, forming a part thereof, and all amendments thereto have been supplied to the other party.

(iii) Each of its Compensation and Benefit Plans has been administered in all material respects in accordance with the terms thereof. All "employee benefit plans" within the meaning of Section 3(3) of ERISA, other than "multiemployer plans" within the meaning of Section 3(37) of ERISA ("Multiemployer Plans"), covering employees or former employees of it and its Subsidiaries (its "Plans"), to the extent subject to ERISA, are in material compliance with ERISA, the Code, the Age Discrimination in Employment Act and other applicable laws. Each Compensation and Benefit Plan of it or its Subsidiaries which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA ("Pension Plan") and which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and it is not aware of any circumstances reasonably likely to result in the revocation or denial of any such favorable determination letter. There is no pending or, to its knowledge, threatened litigation or governmental audit, examination or investigation relating to the Plans.

(iv) No material liability under Title IV of ERISA has been or is expected to be incurred by it or any of its Subsidiaries with respect to any ongoing, frozen or terminated "single-employer plan", within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by any of them, or the single-employer plan of any entity which is considered one employer with it under Section 4001(a)(15) of ERISA or Section 414 of the Code (an "ERISA Affiliate"). Neither it nor any of its Subsidiaries presently contributes to a Multiemployer Plan, nor have they contributed to such a plan within the past five calendar years. No notice of a "reportable event", within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived,

has been required to be filed for any Pension Plan of it or any of its Subsidiaries or by any ERISA Affiliate within the past 12 months.

(v) All contributions, premiums and payments required to be made under the terms of any Compensation and Benefit Plan of it or any of its Subsidiaries have been made. Neither any Pension Plan of it or any of its Subsidiaries nor any single-employer plan of an ERISA Affiliate of it or any of its Subsidiaries has an "accumulated funding deficiency" (whether or not waived) within the meaning of Section 412 of

the Code or Section 302 of ERISA. Neither it nor any of its Subsidiaries has provided, or is required to provide, security to any Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Code.

(vi) Under each Pension Plan of it or any of its Subsidiaries which is a single-employer plan, as of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all "benefit liabilities", within the meaning of Section 4001(a)(16) of ERISA (as determined on the basis of the actuarial assumptions contained in the Plan's most recent actuarial valuation) did not exceed the then current value of the assets of such Plan, and there has been no adverse change in the financial condition of such Plan (with respect to either assets or benefits) since the last day of the most recent Plan year.

(vii) Neither it nor any of its Subsidiaries has any obligations under any Compensation and Benefit Plans to provide benefits, including death or medical benefits, with respect to employees of it or its Subsidiaries beyond their retirement or other termination of service other than (i) coverage mandated by Part 6 of Title I of ERISA or Section 4980B of the Code, (ii) retirement or death benefits under any employee pension benefit plan (as defined under Section 3(2) of ERISA), (iii) disability benefits under any employee welfare plan that have been fully provided for by insurance or otherwise, or (iv) benefits in the nature of severance pay.

(viii) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including, without limitation, severance, unemployment compensation, golden parachute or otherwise) becoming due to any director or any employee of it or any of its Subsidiaries under any Compensation and Benefit Plan or otherwise from it or any of its Subsidiaries, (ii) increase any benefits otherwise payable under any Compensation and Benefit Plan or (iii) result in any acceleration of the time of payment or vesting of any such benefit.

(m) Labor Matters. Neither it nor any of its Subsidiaries is a party to, or is bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is it or any of its Subsidiaries the subject of a proceeding asserting that it or any such Subsidiaries has committed an

unfair labor practice (within the meaning of the National Labor Relations Act) or seeking to compel it or such Subsidiaries to bargain with any labor organization as to wages and conditions of employment.

(n) Takeover Laws; Rights Plans. (i) It has taken

all action required to be taken by it in order to exempt this Agreement and the transactions contemplated hereby from, and this Agreement and the transactions contemplated hereby are exempt from, the requirements of any "moratorium", "control share", "fair price" or other antitakeover laws and regulations (collectively, "Takeover Laws") of the State of Missouri in the case of the representations and warranties of the Company, including Section 459 of the GBCL. In the case of the representations and warranties of the Company, the transactions contemplated by this Agreement have been approved for purposes of Article XI of the Company's Restated Articles of Incorporation.

(ii) In the case of the representations and warranties of the Company, it has (A) duly entered into an amendment to the Company Rights Agreement in substantially the form of Exhibit B hereto and (B) taken all other action necessary or appropriate so that, the entering into of this Agreement, and the consummation of the transactions contemplated hereby (including, without limitation, the Merger) do not and will not result in the ability of any person to exercise any Rights under the Company Rights Agreement or enable or require the Company Rights to separate from the shares of Company Common Stock to which they are attached or to be triggered or become exercisable.

(iii) In the case of the representations and warranties of the Company, no "Distribution Date" or "Shares Acquisition Date" (as such terms are defined in the Company Rights Plan) has occurred.

(o) Environmental Matters. (i) As used in this Plan, "Environmental Laws" means all applicable local, state and federal environmental, health and safety laws and regulations, including, without limitation, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, the Federal Clean Air Act, and the Occupational Safety and Health Act, each as amended, regulations promulgated thereunder, and state counterparts.

(ii) Neither the conduct nor operation of such party or its Subsidiaries nor any condition of any property presently or previously owned, leased or operated by any of them violates

or violated Environmental Laws and no condition has existed or event has occurred with respect to any of them or any such property that, with notice or the passage of time, or both, is reasonably likely to result in liability under Environmental Laws. Neither such party nor any of its Subsidiaries has received any notice from any person or entity that it or its Subsidiaries or the operation or condition of any property ever owned, leased, operated, held as collateral or held as a fiduciary by any of them are or were in violation of or otherwise are alleged to have liability under any Environmental Law, including but not limited to responsibility (or potential responsibility) for the cleanup or other remediation of any pollutants, contaminants, or hazardous or toxic wastes, substances or materials at, on, beneath, or originating from any such property.

(p) Tax Matters. (i) (A) All returns, declarations, reports, estimates, information returns and statements required to be filed under federal, state, local or any foreign tax laws ("Tax Returns") with respect to it or any of its Subsidiaries, have been timely filed, or requests for extensions have been timely filed and have not expired; (B) all material Tax Returns filed by it are complete and accurate; (C) all Taxes shown to be due on such Tax Returns have been paid or adequate reserves have been established for the payment of such Taxes; and (D) no material (1) audit or examination or (2) refund litigation with respect to any Tax Return is pending.

(ii) It has no reason to believe that any conditions exist that might prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(q) Tax Treatment. As of the date hereof, it is aware of no reason why the Merger will fail to qualify as a reorganization under Section 368(a) of the Code.

(r) Regulatory Approvals. The approval of the following regulatory authorities is necessary to consummate the Merger: the Federal Reserve Board and the regulatory authorities of the States in which the Company and its Subsidiaries operate. As of the date hereof, neither of the Company nor Parent is aware of any reason why the approvals of such regulatory authorities will not be received without the imposition of a condition or requirement described in the second sentence of Section 7.02.

(s) No Material Adverse Effect. Since December 31, 1995, except as disclosed in its SEC Documents filed with the SEC on or before the date hereof, (i) it and its Subsidiaries

have conducted their respective businesses in the ordinary and usual course (excluding the incurrence of expenses related to this Agreement and the transactions contemplated hereby) and (ii) no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events (described in any paragraph of Section 5.03 or otherwise), is reasonably likely to have a Material Adverse Effect with respect to it.

ARTICLE VI

COVENANTS

The Company hereby covenants to and agrees with Parent, and Parent hereby covenants to and agrees with the Company, that:

6.01. Best Efforts. Subject to the terms and conditions of this Agreement, it shall use its best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Merger as promptly as practicable and otherwise to enable consummation of the transactions contemplated hereby and shall cooperate fully with the other parties hereto to that end.

6.02. Stockholder Approvals. Each of them shall take, in accordance with applicable law, applicable stock exchange or NASDAQ rules and its respective articles or certificate of incorporation and by-laws, all action necessary to convene, respectively, an appropriate meeting of stockholders of Parent to consider and vote upon the issuance of the shares of Parent Stock to be issued in the Merger pursuant to this Agreement and any other matters required to be approved by Parent stockholders for consummation of the Merger (including any adjournment or postponement, the "Parent Meeting"), and an appropriate meeting of stockholders of the Company to consider and vote upon the approval of this Agreement and any other matters required to be approved by the Company's stockholders for consummation of the Merger (including any adjournment or postponement, the "Company Meeting"; and each of the Parent Meeting and the Company Meeting, a "Meeting"), respectively, as promptly as practicable after the Registration Statement is declared effective. The Board of Directors of each of Parent and the Company shall (subject in the case of the Company to compliance with its fiduciary duties as advised by counsel) recommend such approval, and each of Parent and the Company shall take all

reasonable lawful action to solicit such approval by its respective stockholders.

6.03. Registration Statement. (a) Each of Parent and the Company agrees to cooperate in the preparation of a registration statement on Form S-4 (the "Registration Statement") to be filed by Parent with the SEC in connection with the issuance of Parent Stock in the Merger (including the joint proxy statement and prospectus and other proxy solicitation materials of Parent and the Company constituting a part thereof (the "Joint Proxy Statement") and all related documents). Provided the Company has cooperated as required above, Parent agrees to file the Registration Statement with the SEC as promptly as practicable, but in no event later than 45 days after the date of this Agreement. Each of the Company and Parent agrees to use all reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after filing thereof. Parent also agrees to use all reasonable efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement. The Company agrees to furnish to Parent all information concerning the Company, its Subsidiaries, officers, directors and stockholders as may be reasonably requested in connection with the foregoing.

(b) Each of the Company and Parent agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it for inclusion or incorporation by reference in (i) the Registration Statement will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Joint Proxy Statement and any amendment or supplement thereto will, at the date of mailing to stockholders and at the times of the Parent Meeting and the Company Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or any statement which, in the light of the circumstances under which such statement is made, will be false or misleading with respect to any material fact, or which will omit to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier statement in the Joint Proxy Statement or any amendment or supplement thereto. Each of the Company and Parent further agrees that if it shall

become aware prior to the Effective Date of any information that would cause any of the statements in the Joint Proxy Statement to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other party thereof and to take the necessary steps to correct the Joint Proxy Statement.

(c) In the case of Parent, Parent will advise the Company, promptly after Parent receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of the Parent Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information.

6.04. Press Releases. It will not, without the prior approval of the other parties, issue any press release or written statement for general circulation relating to the transactions contemplated hereby, except as otherwise required by applicable law or regulation.

6.05. Access; Information. (a) Upon reasonable

notice and subject to applicable laws relating to the exchange of information, it shall afford the other parties and their officers, employees, counsel, accountants and other authorized representatives, access, during normal business hours throughout the period prior to the Effective Date, to all of its properties, books, contracts, commitments and records and, during such period, it shall furnish promptly to such other parties and representatives (i) a copy of each material report, schedule and other document filed by it pursuant to the requirements of federal or state securities or banking laws, and (ii) all other information concerning the business, properties and personnel of it as the other may reasonably request.

(b) It will not use any information obtained pursuant to this Section 6.05 for any purpose unrelated to the consummation of the transactions contemplated by this Agreement and, if this Agreement is terminated, will hold all information and documents obtained pursuant to this paragraph in confidence (as provided in, and subject to the provisions of, the Confidentiality Agreement). No investigation by either party of the business and affairs of another shall affect or be deemed to modify or waive any representation, warranty, covenant or agreement in this Agreement, or the conditions to

either party's obligation to consummate the transactions contemplated by this Agreement.

6.06. Acquisition Proposals. Without the prior written consent of Parent, the Company shall not, and shall cause its Subsidiaries and its and its Subsidiaries' officers, directors, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any such person relating to, any tender offer or exchange offer for, or any proposal for the acquisition of a substantial equity interest in, or a substantial portion of the assets of, or any merger or consolidation with, the Company or any of its Significant Subsidiaries; provided, however, that the Board of Directors of the Company, on behalf of the Company, may furnish or cause to be furnished information and may participate in such discussions and negotiations directly or through its representatives if such Board of Directors, after having consulted with and considered the advice of outside counsel reasonably acceptable to Parent, has determined that the failure to provide such information or participate in such negotiations and discussions would cause the members of such Board of Directors to breach their fiduciary duties under applicable laws. The Company shall promptly (within 24 hours) advise Parent of its receipt of any such proposal or inquiry, of the substance thereof, and of the identity of the person making such proposal or inquiry.

6.07. Affiliate Agreements. (a) Not later than the 15th day prior to the mailing of the Joint Proxy Statement, the Company shall deliver to Parent, a schedule of each person that, to the best of its knowledge, is or is reasonably likely to be, as of the date of the relevant Meeting, deemed to be an "affiliate" of it (each, an "Affiliate") as that term is used in Rule 145 under the Securities Act.

(b) The Company shall use its best efforts to cause each person who may be deemed to be an Affiliate of the Company to execute and deliver to the Company and Parent on or before the date of mailing of the Joint Proxy Statement an agreement in the form attached hereto as Exhibit C.

6.08. Takeover Laws. No party shall take any action that would cause the transactions contemplated by this Agreement to be subject to requirements imposed by any Takeover Law and each of them shall take all necessary steps within its control to exempt (or ensure the continued exemption of) the transactions contemplated by this Agreement from, or if necessary challenge the validity or applicability of, any

applicable Takeover Law, as now or hereafter in effect, including, without limitation, Section 459 of the GBCL and Takeover Laws of any other State that purport to apply to this Agreement or the transactions contemplated hereby or thereby.

6.09. No Rights Triggered. Each of Company and Parent shall take all steps necessary to ensure that the entering into of this Agreement and the consummation of the transactions contemplated hereby and any other action or combination of actions, or any other transactions contemplated hereby, do not and will not result in the grant of any rights to any person (i) under its articles or certificate of incorporation or by-laws, (ii) under any material agreement to which it or any of its Subsidiaries is a party (including without limitation, in the case of the Company, the Company Rights Agreement) or (iii) in the case of the Company, to exercise or receive certificates for Rights, or acquire any property in respect of Rights, under the Company Rights Agreement.

6.10. Shares Listed. In the case of Parent, Parent shall use its best efforts to list, prior to the Effective Date, on the NYSE (or, in the case of Company Preferred Stock, NASDAQ), upon official notice of issuance, the shares of Parent Stock to be issued to the holders of Company Stock in the Merger (but only to the extent that the corresponding class or series of Company Stock were listed on NASDAQ immediately prior to the Effective Time).

6.11. Regulatory Applications. Parent and the Company and their respective Subsidiaries shall cooperate and use their respective best efforts (i) to prepare all documentation, to effect all filings and to obtain all permits, consents, approvals and authorizations of all third parties and Regulatory Authorities necessary to consummate the transactions contemplated by this Agreement, including, without limitation, any such approvals or authorizations required by the Federal Reserve Board and the regulatory authorities of the States in which the Company and its Subsidiaries operate, and (ii) to cause the Merger to be consummated as expeditiously as practicable. Provided the Company has cooperated as required above, Parent agrees to file the requisite applications to be filed by it with the Federal Reserve Board and the regulatory authorities of the States in which the Company and its Subsidiaries operate as promptly as practicable, but in no event later than 45 days after the date of this Agreement. Each of Parent and the Company shall have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable laws relating to the exchange of information, with respect to, all

material written information submitted to any third party or any Regulatory Authorities in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each party hereto agrees that it will consult with the other parties hereto with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and Regulatory Authorities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other parties apprised of the status of material matters relating to completion of the transactions contemplated hereby.

(2) Each party agrees, upon request, to furnish the other parties with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on

behalf of such other party or any of its Subsidiaries to any Regulatory Authority.

6.12. Indemnification. (a) Following the Effective Date and without limitation as to time, Parent shall indemnify, defend and hold harmless the present and former directors, officers and employees of the Company and its Subsidiaries (each, an "Indemnified Party") against all costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities (collectively, "Costs") incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement) to the fullest extent that the Company is permitted to indemnify such persons under the laws of the State of Missouri and the Company's Restated Articles of Incorporation and By-laws as in effect on the date hereof (and Parent shall also advance expenses (including expenses constituting Costs described in Section 6.12(e)) as incurred to the fullest extent permitted under applicable law; provided that any determination required to be made with respect to whether an officer's or director's conduct complies with the standards set forth under Missouri law and such articles of incorporation and by-laws shall be made by independent counsel (which shall not be counsel that provides material services to Parent) selected by Parent and reasonably acceptable to such officer or director; and provided, further, that in the absence of applicable Missouri judicial precedent to the contrary, such counsel, in making such determination, shall presume such officer's or director's conduct complied with such standard and Parent shall have the burden to

demonstrate that such officer's or director's conduct failed to comply with such standard.

(b) Parent shall maintain the Company's existing directors' and officers' liability insurance policy (or a policy providing comparable coverage amount on terms no less favorable to the covered persons, including Parent's existing policy if it meets the foregoing standard) covering persons who are currently covered by such insurance for a period of six years after the Effective Date.

(c) Any Indemnified Party wishing to claim indemnification under Section 6.12(a), upon learning of any claim, action, suit, proceeding or investigation described above, shall promptly notify Parent thereof; provided that the failure so to notify shall not affect the obligations of Parent under Section 6.12(a) unless and to the extent such failure materially increases Parent's liability under such subsection (a).

(d) If Parent or any of its successors or assigns shall consolidate with or merge into any other entity and shall not be the continuing or surviving entity of such consolidation or merger or shall transfer all or substantially all of its assets to any entity, then and in each case, proper provision shall be made so that the successors and assigns of Parent shall assume the obligations set forth in this Section 6.12.

(e) Parent shall pay all reasonable Costs, including attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided for in this Section 6.12. The rights of each Indemnified Party hereunder shall be in addition to any other rights such Indemnified Party may have under applicable law.

6.13. Benefit Plans. (i) Until the transition to Parent's benefit plans as set forth below, Parent shall cause the Surviving Corporation and its Subsidiaries to provide employees of the Company and its Subsidiaries who become employees of the Surviving Corporation and its Subsidiaries with compensation and employee benefit plans, programs, arrangements and other perquisites (including, but not limited to, "employee benefit plans" within the meaning of section 3(3) of ERISA) ("Employee Benefit Plans") that are, in the

aggregate, substantially the same as the compensation and Employee Benefit Plans provided to such individuals by the Company immediately prior to the Effective Date; provided, however, that for at least a one-year period, Parent shall cause the Surviving Corporation and its Subsidiaries to

continue the Company's severance benefits, as disclosed in the Company's Disclosure Schedule, with respect to all employees of the Company and its Subsidiaries who become employees of the Surviving Corporation or its Subsidiaries. Promptly following the Effective Time, Parent shall cause the Surviving Corporation and its Subsidiaries to provide Company employees who are employees thereof with compensation and Employee Benefit Plans that are substantially the same as the compensation and Employee Benefit Plans provided to similarly situated employees of the Surviving Corporation or its Subsidiaries who were not employees of the Company; provided, however, that employees of the Company shall not be required to satisfy any additional copayment or other eligibility requirements in connection with such transition of Employee Benefit Plans. For the purpose of determining eligibility to participate in Employee Benefit Plans, eligibility for benefit forms and subsidies and the vesting of benefits under such Employee Benefit Plans (including, but not limited to, any pension, severance, 401(k), vacation and sick pay), and for purposes of accrual of benefits under any severance, sick leave, vacation and other similar Employee Benefit Plans, Parent shall give effect to years of service (and for purposes of qualified and nonqualified pension plans, prior earnings) with the Company or its Subsidiaries, as the case may be, as if they were with Parent or its Subsidiaries. For a period of one year after the Effective Date, Parent shall cause the Surviving Corporation and its Subsidiaries to continue substantially the same retiree benefits to all retirees of the Company and its Subsidiaries as well as all employees of the Company and its Subsidiaries who become retirees during the one-year period. Parent also shall cause the Surviving Corporation and its Subsidiaries to assume and agree to perform the Company's obligations under all employment, severance, consulting and other compensation contracts as disclosed in the Company Disclosure Schedule, including without limitation the Company Change in Control Severance Plan, between the Company or any of its Subsidiaries and any current or former director, officer or employee thereof. Parent shall give fair consideration to the promotion, retention, firing, and other terms and conditions of employment of all employees of the Company and its Subsidiaries who become employees thereof. Furthermore, Parent will offer to enter into executive compensation arrangements with certain Company executives on terms to be set forth in separate letter agreements.

6.14. Certain Director And Officer Positions. (a) Parent agrees to cause five (5) persons designated by the Company willing so to serve and reasonably satisfactory to Parent ("Company Directors"), which shall include Mr. Andrew B. Craig, III, to be elected or appointed as directors of Parent

at, or as promptly as practicable after, the Effective Time. At the first annual meeting of stockholders of Parent subsequent to the Effective Time, Parent shall take all corporate action necessary to, and shall, renominate each such person, including Mr. Andrew B. Craig, III, for election as directors of Parent and shall recommend that the Parent stockholders vote for the election of such individuals as directors.

(b) Parent agrees to cause Mr. Andrew B. Craig, III to be elected or appointed as a member of the Executive

Committee of the Board of Directors of Parent at, or as promptly as practicable after, the Effective Time.

(c) At the Effective Time, Mr. Andrew B. Craig, III shall be Chairman of the Board of Directors of Parent for a term extending through one year from the Effective Date.

6.15. Notification Of Certain Matters. Each of the Company and Parent shall give prompt notice to the other of any fact, event or circumstance known to it that (i) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect with respect to it or (ii) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained herein.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

The obligations of each of the parties to consummate the Merger is conditioned upon the satisfaction at or prior to the Effective Time of each of the following:

7.01. Shareholder Vote. Approval of the Plan of Merger contained in this Agreement by the requisite vote of the stockholders of the Company and of Parent, respectively.

7.02. Regulatory Approvals. All regulatory approvals required to consummate the transactions contemplated hereby, including, without limitation, those specified in Section 5.03(r), shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired. No such approvals shall contain any conditions or restrictions which the Board of Directors of either Parent or the Company reasonably determines in good faith will have a Material Adverse Effect on Parent and its Subsidiaries (including the Surviving Corporation and its

Subsidiaries) taken as a whole. For purposes of this paragraph, a divestiture required as a condition to any regulatory approval shall not be deemed to have a Material Adverse Effect if such divestiture is consistent with Department of Justice and Federal Reserve Board guidelines, policies and practices regarding mergers of bank holding companies that have been utilized in transactions that have recently been reviewed prior to the date of this Agreement.

7.03. Third Party Consents. All consents or approvals of all persons (other than Regulatory Authorities) required for the consummation of the Merger shall have been obtained and shall be in full force and effect, unless the failure to obtain any such consent or approval is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on the Company or Parent.

7.04. No Injunction, Etc. No order, decree or injunction of any court or agency of competent jurisdiction shall be in effect, and no law, statute or regulation shall have been enacted or adopted, that enjoins, prohibits or makes illegal consummation of any of the transactions contemplated hereby.

7.05. Representations, Warranties And Covenants Of Parent. In the case of the Company's obligations: (i) each of the representations and warranties contained herein of Parent shall be true and correct as of the date of this Agreement and upon the Effective Date with the same effect as though all such representations and warranties had been made on the Effective Date, except for any such representations and warranties made as of a specified date, which shall be true and correct as of such date, in any case subject to the standard set forth in Section 5.02, (ii) each and all of the agreements and covenants of Parent to be performed and complied with pursuant to this Agreement on or prior to the Effective Date shall have been duly performed and complied with in all material respects, and

(iii) the Company shall have received a certificate signed by the Chief Financial Officer of Parent, dated the Effective Date, to the effect set forth in clauses (i) and (ii) of this Section 7.05.

7.06. Representations, Warranties And Covenants Of The Company. In the case of Parent's obligations: (i) each of the representations and warranties contained herein of the Company shall be true and correct as of the date of this Agreement and upon the Effective Date with the same effect as though all such representations and warranties had been made on the Effective Date, except for any such representations and warranties made as of a specified date, which shall be true and correct as of such date, in any case subject to the standard

set forth in Section 5.02, (ii) each and all of the agreements and covenants of the Company to be performed and complied with pursuant to this Agreement on or prior to the Effective Date shall have been duly performed and complied with in all material respects, and (iii) Parent shall have received a certificate signed by the Chief Financial Officer of the Company, dated the Effective Date, to the effect set forth in clauses (i) and (ii) of this Section 7.06.

7.07. Effective Registration Statement. The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Regulatory Authority.

7.08. Tax Opinion. Parent and the Company shall have received an opinion from Wachtell, Lipton, Rosen & Katz, Cleary, Gottlieb, Steen & Hamilton or such other tax counsel as is reasonably acceptable to the Company and Parent, dated as of the Effective Time, substantially to the effect that, on the basis of the facts, representations and assumptions set forth in such opinions which are consistent with the state of facts existing at the Effective Time, the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that accordingly:

(i) No gain or loss will be recognized by Parent, the Company or Merger Sub as a result of the Merger;

(ii) No gain or loss will be recognized by the stockholders of the Company who exchange their Company Stock solely for Parent Stock pursuant to the Merger (except with respect to cash received in lieu of a fractional share interest in Parent Stock); and

(iii) The tax basis of the Parent Stock received by stockholders who exchange all of their Company Stock solely for Parent Stock in the Merger will be the same as the tax basis of the Company Stock surrendered in exchange therefor (reduced by any amount allocable to a fractional share interest for which cash is received).

In rendering such opinion, such counsel may require and rely upon representations and covenants including those contained in certificates of officers of Parent, the Company and Merger Sub and others.

7.09. Articles Of Amendment. The Articles of Amendment shall have become effective in accordance with the North Carolina Business Corporation Act.

7.10. NYSE Listing. The shares of Parent Stock issuable pursuant to this Agreement shall have been approved for listing on the NYSE (or, in the case of Company Preferred Stock, NASDAQ) (but only to the extent that the corresponding class or series of Company Stock were listed on NASDAQ immediately prior to the Effective Time), subject to official notice of issuance.

7.11. Company Rights Agreement. There shall exist no "Shares Acquisition Date" or "Distribution Date" (as each of such terms is defined in the Company Rights Agreement).

It is specifically provided, however, that a failure to satisfy any of the conditions set forth in Section 7.06 or 7.11 shall only constitute conditions if asserted by Parent, and a failure to satisfy the condition set forth in Section 7.05 shall only constitute a condition if asserted by the Company.

ARTICLE VIII

TERMINATION

8.01. Termination. This Agreement may be terminated, and the Merger may be abandoned:

(a) Mutual Consent. At any time prior to the Effective Time, by the mutual consent of Parent and the Company, if the Board of Directors of each so determines by vote of a majority of the members of its entire Board.

(b) Breach. At any time prior to the Effective Time, by Parent or the Company, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event of either: (i) a breach by the other party of any representation or warranty contained herein (subject to the standard set forth in Section 5.02), which breach cannot be or has not been cured within 30 days after the giving of written notice to the breaching party of such breach; or (ii) a material breach by the other party of any of the covenants or agreements contained herein, which breach cannot be or has not been cured within 30 days after the giving of written notice to the breaching party of such breach.

(c) Delay. At any time prior to the Effective Time, by Parent or the Company, if its Board of Directors so determines by vote of a majority of the members of its entire

Board, in the event that the Merger is not consummated by September 1, 1997, except to the extent that the failure of the Merger then to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate pursuant to this Section 8.01(c).

(d) No Approval. By the Company or Parent, if its Board of Directors so determines by a vote of a majority of the members of its entire Board, in the event (i) the approval of the Federal Reserve Board required for consummation of the Merger and the other transactions contemplated by the Merger shall have been denied by final nonappealable action of such Regulatory Authority or (ii) any stockholder approval required by Section 7.01 herein is not obtained at the Company Meeting or the Parent Meeting.

(e) Possible Adjustment. By the Company, if its Board of Directors so determines by a vote of a majority of the members of its entire Board, at any time during the ten-day period commencing two days after the Determination Date, if either (x) both of the following conditions are satisfied:

(i) the Average Closing Price shall be less than \$79.26; and

(ii) (A) the number obtained by dividing the Average Closing Price by the Starting Price (such number being referred to herein as the "Parent Ratio") shall be less than

(B) the number obtained by dividing the Average Index Price by the Index Price on the Starting Date and subtracting .15 from the quotient in this clause (x) (ii) (B) (such number being referred to herein as the "Index Ratio");

or (y) the Average Closing Price shall be less than \$74.60;

subject, however, to the following four sentences. If the Company elects to exercise its termination right pursuant to the immediately preceding sentence, it shall give prompt written notice to Parent which notice shall specify which of clause (x) or (y) is applicable (or if both would be applicable, which clause is being invoked); provided that such notice of election to terminate may be withdrawn at any time within the aforementioned ten-day period. During the five-day period commencing with its receipt of such notice, Parent shall have the option in the case of a failure to satisfy the condition in clause (x), of adjusting the Exchange Ratio to equal the lesser of (i) a number equal to a quotient (rounded to the nearest one-thousandth), the numerator of which is the product of \$79.26 and the Exchange Ratio (as then in effect) and the denominator of which is the Average Closing Price, and

(ii) a number equal to a quotient (rounded to the nearest one-thousandth), the numerator of which is the Index Ratio multiplied by the Exchange Ratio (as then in effect) and the denominator of which is the Parent Ratio. During such five-day period, Parent shall have the option, in the case of a failure to satisfy the condition in clause (y), to elect to increase the Exchange Ratio to equal a number equal to a quotient (rounded to the nearest one-thousandth), the numerator of which is the product of \$74.60 and the Exchange Ratio (as then in effect) and the denominator of which is the Average Closing Price. If Parent makes an election contemplated by either of the two preceding sentences within such five-day period, it shall give prompt written notice to the Company of such election and the revised Exchange Ratio, whereupon no termination shall have occurred pursuant to this Section 8.01(e) and this Agreement shall remain in effect in accordance with its terms (except as the Exchange Ratio shall have been so modified), and any references in this Agreement to "Exchange Ratio" shall thereafter be deemed to refer to the Exchange Ratio as adjusted pursuant to this Section 8.01(e).

For purposes of this Section 8.01(e), the following terms shall have the meanings indicated:

"Average Closing Price" means the average of the daily last sale prices of Parent Common Stock as reported on the NYSE Composite Transactions reporting system (as reported in The Wall Street Journal or, if not reported therein, in another mutually agreed upon authoritative source) for the ten consecutive full trading days in which such shares are traded on the NYSE ending at the close of trading on the Determination Date.

"Average Index Price" means the average of the Index Prices for the ten consecutive full NYSE trading days ending at the close of trading on the Determination Date.

"Determination Date" means the date on which the approval of the Federal Reserve Board required for consummation of the Merger shall be received.

"Index Group" means the group of each of the 15 bank holding companies listed below, the common stock of all of which shall be publicly traded and as to which there shall not have been, since the Starting Date and before the Determination Date, any public announcement of a proposal for such company to be acquired or for such company to acquire another company or companies in transactions with a value exceeding 25% of the acquiror's market capitalization. In the event that the common stock of any such company ceases to be publicly traded or such

an announcement is made, such company will be removed from the Index Group, and the weights (which have been determined based on the number of outstanding shares of common stock) redistributed proportionately for purposes of determining the Index Price. The 15 bank holding companies and the weights attributed to them are as follows:

Bank Holding Company	Weighting
Citicorp	15.8%
Chase Manhattan Corp.	13.2
BankAmerica Corporation	11.3
Wells Fargo & Company	9.4
First Union Corporation	7.2
Banc One Corporation	6.5
Norwest Corporation	5.5
First Chicago NBD Corporation	5.4
Fleet Financial Group, Inc.	4.4
PNC Bank Corp.	4.2
Bank of New York Company, Inc.	4.2
KeyCorp	3.6
SunTrust Banks, Inc.	3.4
Wachovia Corporation	3.0
Mellon Bank Corporation	2.9
Total	100.0%

"Index Price" on a given date means the weighted average (weighted in accordance with the factors listed above) of the closing prices on such date of the companies composing the Index Group.

"Starting Date" means the last full day on which the NYSE was open for trading prior to the execution of this Agreement.

"Starting Price" shall mean the last sale price per share of Parent Common Stock on the Starting Date, as reported by the NYSE Composite Transactions reporting system (as reported in The Wall Street Journal or, if not reported therein, in another mutually agreed upon authoritative source).

If any company belonging to the Index Group or Parent declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction between the Starting Date and the Determination Date, the prices for the common stock of such company or Parent shall be appropriately adjusted for the purposes of applying this Section 8.01(e).

8.02. Effect Of Termination And Abandonment. In the event of termination of this Agreement and the abandonment of

the Merger pursuant to this Article VIII, no party to this Agreement shall have any liability or further obligation to any other party hereunder except (i) as set forth in Section 9.01 and (ii) that termination will not relieve a breaching party from liability for any willful breach of this Agreement giving rise to such termination.

ARTICLE IX

MISCELLANEOUS

9.01. Survival. All representations, warranties, agreements and covenants contained in this Agreement shall not survive the Effective Time or termination of this Agreement if this Agreement is terminated prior to the Effective Time; provided, however, if the Effective Time occurs, the agreements of the parties in Sections 6.12, 6.13, 6.14, 9.01, 9.04 and 9.08 shall survive the Effective Time, and if this Agreement is terminated prior to the Effective Time, the agreements of the

parties in Sections 6.05(b), 8.02, 9.01, 9.02, 9.04, 9.05, 9.06, 9.07 and 9.08, shall survive such termination.

9.02. Waiver; Amendment. Prior to the Effective Time, any provision of this Agreement may be (i) waived by the party benefited by the provision, or (ii) amended or modified at any time, by an agreement in writing among the parties hereto approved by their respective Boards of Directors and executed in the same manner as this Agreement, except that, after the Company Meeting the consideration to be received by the stockholders of the Company for each share of Company Stock shall not thereby be decreased. Prior to submission of this Agreement for approval by the stockholders of the Company, Parent shall supplement this Agreement by specifying the name of Merger Sub and may make such amendments as are permitted by Section 2.01 and the Company's Board of Directors shall approve the supplements and amendments specified in this sentence.

9.03. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original.

9.04. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Missouri, without regard to the conflict of law principles thereof (except to the extent that mandatory provisions of Federal law govern).

9.05. Expenses. Each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, except that printing

expenses and SEC registration fees shall be shared equally between the Company and Parent.

9.06. Confidentiality. Each of the parties hereto and their respective agents, attorneys and accountants will maintain the confidentiality of all information provided in connection herewith in accordance, and subject to the limitations of, the Confidentiality Agreement.

9.07. Notices. All notices, requests and other communications hereunder to a party shall be in writing and shall be deemed given if personally delivered, telecopied (with confirmation) or mailed by registered or certified mail (return receipt requested) to such party at its address set forth below or such other address as such party may specify by notice to the parties hereto.

If to Parent, to:

NationsBank Corporation
NationsBank Corporate Center
100 North Tryon Center
Charlotte, North Carolina 28255
Attention: Hugh L. McColl, Jr.
Chairman and Chief Executive Officer

With copies to:

Paul J. Polking, Esq.
Executive Vice President and General Counsel
NationsBank Corporation
NationsBank Corporate Center
Legal Department
100 North Tryon Center
Charlotte, North Carolina 28255

and:

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

If to the Company, to:

Boatmen's Bancshares, Inc.
One Boatmen's Plaza
800 Market Street
P.O. Box 236
St. Louis, Missouri 63166-0236
Attention: Andrew B. Craig, III
Chairman and Chief Executive Officer

With copies to:

John C. Murphy, Jr., Esq.
Cleary, Gottlieb, Steen & Hamilton
1752 N Street, N.W.
Washington, D.C. 20036

and:

Thomas C. Erb, Esq.
Lewis, Rice & Fingersh
500 N. Broadway, Suite 2000
St. Louis, Missouri 63102-2147

9.08. Entire Understanding; No Third Party Beneficiaries. Except for the Confidentiality Agreement, which shall remain in effect, this Agreement represents the entire understanding of the parties hereto with reference to the transactions contemplated hereby and thereby and supersede any and all other oral or written agreements heretofore made. Except for Sections 6.12 and 6.14, nothing in this Agreement expressed or implied, is intended to confer upon any person, other than the parties hereto or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.09. Headings. The headings contained in this Agreement are for reference purposes only and are not part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BOATMEN'S BANCSHARES, INC.

By: /s/ Andrew B. Craig, III
Andrew B. Craig, III
Chairman and Chief

Executive Officer

NATIONSBANK CORPORATION

By: /s/ Hugh L. McColl, Jr.
Hugh L. McColl, Jr.
Chairman and Chief
Executive Officer

STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT, dated as of August 29, 1996 (the "Agreement"), by and between BOATMEN'S BANCSHARES, INC., a Missouri corporation ("Issuer"), and NATIONS BANK CORPORATION, a North Carolina corporation ("Grantee").

RECITALS

(A) Merger Agreement. Grantee and Issuer have, on the date hereof, entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing for, among other things, the merger of Issuer with and into a wholly owned subsidiary of Grantee, with such subsidiary being the surviving corporation.

(B) Condition to Merger Agreement. As a condition and inducement to Grantee's pursuit of the transactions contemplated by the Merger Agreement, and in consideration therefor, Issuer has agreed to grant Grantee the Option (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein and in the Merger Agreement, and intending to be legally bound hereby, Issuer and Grantee agree as follows:

1. Defined Terms. Capitalized terms which are used but not defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

2. Grant of Option. Subject to the terms and conditions set forth herein, Issuer hereby grants to Grantee an irrevocable option (the "Option") to purchase a number of shares of common stock, par value \$1.00 per share ("Issuer Common"), of Issuer up to 31,218,660 of such shares (as adjusted as set forth herein, the "Option Shares", which shall include the Option Shares before and after any transfer of such Option Shares, but in no event shall the number of Option Shares for which this Option is exercisable exceed 19.9% of the issued and outstanding shares of Issuer Common) at a purchase price per Option Share (as adjusted as set forth herein, the "Purchase Price") equal to \$43.375.

3. Exercise of Option.

(a) Provided that (i) Grantee or Holder (as hereinafter defined), as applicable, shall not be in material breach

the Merger Agreement, and (ii) no preliminary or permanent injunction or other order against the delivery of shares covered by the Option issued by any court of competent jurisdiction in the United States shall be in effect, the Holder may exercise the Option, in whole or in part, at any time and from time to time following the occurrence of a Purchase Event (as hereinafter defined); provided that the Option shall terminate and be of no further force or effect upon the earliest to occur of (A) the Effective Time, (B) termination of the Merger Agreement in accordance with the terms thereof prior to the occurrence of a Purchase Event or a Preliminary Purchase Event (as hereinafter defined) other than a termination thereof by Grantee pursuant to Section 8.01(b) of the Merger Agreement (but only if the breach of Issuer giving rise to such termination was willful) (a termination of the Merger Agreement by Grantee pursuant to Section 8.01 (b) thereof as a result of a willful breach by Issuer being referred to herein as a "Default Termination"), (C) fifteen (15) months after a Default Termination, or (D) fifteen (15) months after termination of the Merger Agreement (other than by reason of a Default Termination) following the occurrence of a Purchase Event or a Preliminary Purchase Event;

provided, however, that any purchase of shares upon exercise of the Option shall be subject to compliance with applicable law. The term "Holder" shall mean the holder or holders of the Option from time to time, and which initially is Grantee. The rights set forth in Section 8 hereof shall terminate when the right to exercise the Option terminates (other than as a result of a complete exercise of the Option) as set forth herein.

(b) As used herein, a "Purchase Event" means any of the following events:

(i) Without Grantee's prior written consent, Issuer shall have recommended, publicly proposed or publicly announced an intention to authorize, recommend or propose, or entered into an agreement with any person (other than Grantee or any subsidiary of Grantee) to effect (A) a merger, consolidation or similar transaction involving Issuer or any of its significant subsidiaries (other than transactions solely between Issuer's subsidiaries that are not violative of the Merger Agreement), (B) the disposition, by sale, lease, exchange or otherwise, of assets or deposits of Issuer or any of its significant subsidiaries representing in either case 25% or more of the consolidated assets or deposits of Issuer and its subsidiaries, or (C) the issuance, sale or other disposition by Issuer of (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 25% or more of the voting power of Issuer or any of its significant subsidiaries, other than,

in each case of (A), (B), or (C), any merger, consolidation or similar transaction involving Issuer or any of its significant subsidiaries in which the voting securities of Issuer outstanding immediately prior thereto continue to represent (by either remaining outstanding or being converted into the voting securities of the surviving entity of any such transaction) at least 65% of the combined voting power of the voting securities of the Issuer or the surviving entity outstanding immediately after the consummation of such merger, consolidation, or similar transaction (provided any such transaction is not violative of the Merger Agreement) (each of (A), (B), or (C), an "Acquisition Transaction"); or

(ii) any person (other than Grantee or any subsidiary of Grantee) shall have acquired beneficial ownership (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of or the right to acquire beneficial ownership of, or any "group" (as such term is defined in Section 13(d)(3) of the Exchange Act), other than a group of which Grantee or any subsidiary of Grantee is a member, shall have been formed which beneficially owns, or has the right to acquire beneficial ownership of, 25% or more of the voting power of Issuer or any of its significant subsidiaries.

(c) As used herein, a "Preliminary Purchase Event" means any of the following events:

(i) any person (other than Grantee or any subsidiary of Grantee) shall have commenced (as such term is defined in Rule 14d-2 under the Exchange Act) or shall have filed a registration statement under the Securities Act, with respect to, a tender offer or exchange offer to purchase any shares of Issuer Common such that, upon consummation of such offer, such person would own or control 15% or more of the then outstanding shares of Issuer Common (such an offer being referred to herein as a "Tender Offer" or an "Exchange Offer," respectively); or

(ii) the shareholders shall not have approved the Merger Agreement by the requisite vote at the Company Meeting, the Company Meeting shall not have been held or shall have been canceled prior to termination of the Merger Agreement, or Issuer's Board of Directors shall have withdrawn or modified in a manner adverse to Grantee the recommendation of Issuer's Board of Directors with respect

to the Merger Agreement, in each case after it shall have been publicly announced that any person (other than Grantee or any subsidiary of Grantee) shall have (A) made,

or disclosed an intention to make, a bona fide proposal to engage in an Acquisition Transaction, (B) commenced a Tender Offer or filed a registration statement under the Securities Act with respect to an Exchange Offer, or (C) filed an application (or given a notice), whether in draft or final form, under the Home Owners' Loan Act, as amended, the Bank Holding Company Act of 1956, as amended, the Bank Merger Act, as amended, or the Change in Bank Control Act of 1978, as amended, for approval to engage in an Acquisition Transaction; or

(iii) any person (other than Grantee or any subsidiary of Grantee) shall have made a bona fide proposal to Issuer or its shareholders by public announcement, or written communication that is or becomes the subject of public disclosure, to engage in an Acquisition Transaction; or

(iv) after a proposal is made by a third party to Issuer or its shareholders to engage in an Acquisition Transaction, or such third party states its intention to the Issuer to make such a proposal if the Merger Agreement terminates, Issuer shall have breached any representation, warranty, covenant or agreement contained in the Merger Agreement and such breach would entitle Grantee to terminate the Merger Agreement under Article VIII thereof (without regard to the cure period provided for therein unless such cure is promptly effected without jeopardizing consummation of the Merger pursuant to the terms of the Merger Agreement); or

(v) any person (other than Grantee or any subsidiary of Grantee), other than in connection with a transaction to which Grantee has given its prior written consent, shall have filed an application or notice with any Regulatory Authority for approval to engage in an Acquisition Transaction.

As used in this Agreement, "person" shall have the meaning specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(d) Issuer shall notify Grantee promptly in writing of the occurrence of any Preliminary Purchase Event or Purchase Event, it being understood that the giving of such notice by Issuer shall not be a condition to the right of Holder to exercise the Option.

(e) In the event Holder wishes to exercise the Option, it shall send to Issuer a written notice (the date of which being herein referred to as the "Notice Date") specifying

(i) the total number of Option Shares it intends to purchase pursuant to such exercise and (ii) a place and date not earlier than three (3) business days nor later than fifteen (15) business days from the Notice Date for the closing (the "Closing") of such purchase (the "Closing Date"); provided that the first notice of exercise shall be sent to Issuer within one hundred eighty (180) days after the first Purchase Event of which Grantee has been notified. If prior notification to or approval of any Regulatory Authority is required in connection with such purchase, Issuer shall cooperate with the Holder in the filing of the required notice or application for approval and the obtaining of such approval and the Closing shall occur immediately following such regulatory approvals (and any mandatory waiting periods). Any exercise of the Option shall be

deemed to occur on the Notice Date relating thereto.

4. Payment and Delivery of Certificates.

(a) On each Closing Date, Holder shall (i) pay to Issuer, in immediately available funds by wire transfer to a bank account designated by Issuer, an amount equal to the Purchase Price multiplied by the number of Option Shares to be purchased on such Closing Date, and (ii) present and surrender this Agreement to the Issuer at the address of the Issuer specified in Section 13(f).

(b) At each Closing, simultaneously with the delivery of immediately available funds and surrender of this Agreement as provided in Section 4(a), (i) Issuer shall deliver to Holder (A) a certificate or certificates representing the Option Shares to be purchased at such Closing, which Option Shares shall be free and clear of all liens and subject to no preemptive rights, and (B), if the Option is exercised in part only, an executed new agreement with the same terms as this Agreement evidencing the right to purchase the balance of the shares of Issuer Common purchasable hereunder, and (ii) Holder shall deliver to Issuer a letter agreeing that Holder shall not offer to sell or otherwise dispose of such Option Shares in violation of applicable federal and state law or of the provisions of this Agreement.

(c) In addition to any other legend that is required by applicable law, certificates for the Option Shares delivered at each Closing shall be endorsed with a restrictive legend which shall read substantially as follows:

THE TRANSFER OF THE STOCK REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS ARISING UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND PURSUANT TO THE TERMS OF A STOCK OPTION AGREEMENT DATED AS OF AUGUST 29, 1996. A

COPY OF SUCH AGREEMENT WILL BE PROVIDED TO THE HOLDER HEREOF WITHOUT CHARGE UPON RECEIPT BY THE ISSUER OF A WRITTEN REQUEST THEREFOR.

It is understood and agreed that the portion of the above legend relating to the Securities Act shall be removed by delivery of substitute certificate(s) without such legend if Holder shall have delivered to Issuer a copy of a letter from the staff of the SEC, or an opinion of counsel in form and substance reasonably satisfactory to Issuer and its counsel, to the effect that such legend is not required for purposes of the Securities Act.

(d) Upon the giving by Holder to Issuer of the written notice of exercise of the Option provided for under Section 3(e), the tender of the applicable purchase price in immediately available funds and the tender of this Agreement to Issuer, Holder shall be deemed to be the holder of record of the shares of Issuer Common issuable upon such exercise, notwithstanding that the stock transfer books of issuer shall then be closed or that certificates representing such shares of Issuer Common shall not then be actually delivered to Holder. Issuer shall pay all expenses, and any and all United States federal, state, and local taxes and other charges that may be payable in connection with the preparation, issuance and delivery of stock certificates under this Section in the name of Holder or its assignee, transferee, or designee.

(e) Issuer agrees (i) that it shall at all times maintain, free from preemptive rights, sufficient authorized but unissued or treasury shares of Issuer Common so that the Option may be exercised without additional authorization of Issuer Common after giving effect to all other options, warrants, convertible securities and other rights to purchase Issuer Common, (ii) that it will not, by charter amendment or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by Issuer, (iii) promptly to take all action as may from

time to time be required (including (A) complying with all pre-merger notification, reporting and waiting period requirements, and (B) in the event prior approval of or notice to any Regulatory Authority is necessary before the Option may be exercised, cooperating fully with Holder in preparing such applications or notices and providing such information to such Regulatory Authority as it may require) in order to permit Holder to exercise the Option and Issuer duly and effectively to issue shares of the Issuer Common pursuant hereto, and (iv) promptly to take

all action provided herein to protect the rights of Holder against dilution.

5. Representations and Warranties of Issuer. Issuer hereby represents and warrants to Grantee (and Holder, if different than Grantee) as follows:

(a) Corporate Authority. Issuer has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Issuer, and no other corporate proceedings on the part of Issuer are necessary to authorize this Agreement or to consummate the transactions so contemplated; this Agreement has been duly and validly executed and delivered by Issuer.

(b) Beneficial Ownership. To the best knowledge of Issuer, as of the date of this Agreement, no person or group has beneficial ownership of more than 10% of the issued and outstanding shares of Issuer Common.

(c) Shares Reserved for Issuance; Capital Stock. Issuer has taken all necessary corporate action to authorize and reserve and permit it to issue, and at all times from the date hereof through the termination of this Agreement in accordance with its terms, will have reserved for issuance upon the exercise of the Option, that number of shares of Issuer Common equal to the maximum number of shares of Issuer Common at any time and from time to time purchasable upon exercise of the Option, and all such shares, upon issuance pursuant to the Option, will be duly authorized, validly issued, fully paid and nonassessable, and will be delivered free and clear of all claims, liens, encumbrances, and security interests (other than those created by this Agreement) and not subject to any preemptive rights.

(d) No Violations. The execution, delivery and performance of this Agreement does not or will not, and the consummation by Issuer of any of the transactions contemplated hereby will not, constitute or result in (A) a breach or violation of, or a default under, its certificate of incorporation or by-laws, or the comparable governing instruments of any of its subsidiaries, or (B) a breach or violation of, or a default under, any agreement, lease, contract, note, mortgage, indenture, arrangement or other obligation of it or any of its subsidiaries (with or without the giving of notice, the lapse of time or both) or under any law, rule, ordinance or regulation

or judgment, decree, order, award or governmental or non-governmental permit or license to which it or any of its subsidiaries is subject, that would, in any case give any other person the ability to prevent or enjoin Issuer's performance under this Agreement in any material respect.

6. Representations and Warranties of Grantee. Grantee

hereby represents and warrants to Issuer that Grantee has full corporate power and authority to enter into this Agreement and, subject to obtaining the approvals referred to in this Agreement, to consummate the transactions contemplated by this Agreement; the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Grantee; and this Agreement has been duly executed and delivered by Grantee.

7. Adjustment upon Changes in Issuer Capitalization, etc.

(a) In the event of any change in Issuer Common by reason of a stock dividend, stock split, split-up, recapitalization, combination, exchange of shares or similar transaction, the type and number of shares or securities subject to the Option, and the Purchase Price therefor, shall be adjusted appropriately, and proper provision shall be made in the agreements governing such transaction so that Holder shall receive, upon exercise of the Option, the number and class of shares or other securities or property that Holder would have received in respect of Issuer Common if the Option had been exercised immediately prior to such event, or the record date therefor, as applicable. If any additional shares of Issuer Common are issued after the date of this Agreement (other than pursuant to an event described in the first sentence of this Section 7(a), upon exercise of any option to purchase Issuer Common outstanding on the date hereof or upon conversion into Issuer Common of any convertible security of Issuer outstanding on the date hereof), the number of shares of Issuer Common subject to the Option shall be adjusted so that, after such issuance, it, together with any shares of Issuer Common previously issued pursuant hereto, equals 19.9% of the number of shares of Issuer Common then issued and outstanding, without giving effect to any shares subject to or issued pursuant to the Option. No provision of this Section 7 shall be deemed to affect or change, or constitute authorization for any violation of, any of the covenants or representations in the Merger Agreement.

(b) In the event that Issuer shall enter into an agreement (i) to consolidate with or merge into any person, other than Grantee or one of its subsidiaries, and shall not be

the continuing or surviving corporation of such consolidation or merger, (ii) to permit any person, other than Grantee or one of its subsidiaries, to merge into Issuer and Issuer shall be the continuing or surviving corporation, but, in connection with such merger, the then outstanding shares of Issuer Common shall be changed into or exchanged for stock or other securities of Issuer or any other person or cash or any other property or the outstanding shares of Issuer Common immediately prior to such merger shall after such merger represent less than 50% of the outstanding shares and share equivalents of the merged company, or (iii) to sell or otherwise transfer all or substantially all of its assets or deposits to any person, other than Grantee or one of its subsidiaries, then, and in each such case, the agreement governing such transaction shall make proper provisions so that the Option shall, upon the consummation of any such transaction and upon the terms and conditions set forth herein, be converted into, or exchanged for, an option (the "Substitute Option"), at the election of Holder, of either (x) the Acquiring Corporation (as hereinafter defined), (y) any person that controls the Acquiring Corporation, or (z) in the case of a merger described in clause (ii), Issuer (such person being referred to as "Substitute Option Issuer").

(c) The Substitute Option shall have the same terms as the Option, provided, that, if the terms of the Substitute Option cannot, for legal reasons, be the same as the Option, such terms shall be as similar as possible and in no event less advantageous to Holder. Substitute Option Issuer shall also enter into an agreement with Holder in substantially the same form as this Agreement, which shall be applicable to the Substitute Option.

(d) The Substitute Option shall be exercisable for

such number of shares of Substitute Common (as hereinafter defined) as is equal to the Assigned Value (as hereinafter defined) multiplied by the number of shares of Issuer Common for which the Option was theretofore exercisable, divided by the Average Price (as hereinafter defined). The exercise price of Substitute Option per share of Substitute Common (the "Substitute Option Price") shall then be equal to the Purchase Price multiplied by a fraction in which the numerator is the number of shares of Issuer Common for which the Option was theretofore exercisable and the denominator is the number of shares of the Substitute Common for which the Substitute Option is exercisable.

(e) The following terms have the meanings indicated:

(1) "Acquiring Corporation" shall mean (i) the continuing or surviving corporation of a consolidation or

merger with Issuer (if other than Issuer), (ii) Issuer in a merger in which Issuer is the continuing or surviving person, or (iii) the transferee of all or substantially all of Issuer's assets (or a substantial part of the assets of its subsidiaries taken as a whole).

(2) "Substitute Common" shall mean the shares of capital stock (or similar equity interest) with the greatest voting power in respect of the election of directors (or persons similarly responsible for the direction of the business and affairs) of the Substitute Option Issuer.

(3) "Assigned Value" shall mean the highest of (w) the price per share of Issuer Common at which a Tender Offer or an Exchange Offer therefor has been made, (x) the price per share of Issuer Common to be paid by any third party pursuant to an agreement with Issuer, (y) the highest closing price for shares of Issuer Common within the six (6) month period immediately preceding the consolidation, merger, or sale in question and (z) in the event of a sale of all or substantially all of Issuer's assets or deposits an amount equal to (i) the sum of the price paid in such sale for such assets (and/or deposits) and the current market value of the remaining assets of Issuer, as determined by a nationally recognized investment banking firm selected by Holder divided by (ii) the number of shares of Issuer Common outstanding at such time. In the event that a Tender Offer or an Exchange Offer is made for Issuer Common or an agreement is entered into for a merger or consolidation involving consideration other than cash, the value of the securities or other property issuable or deliverable in exchange for Issuer Common shall be determined by a nationally recognized investment banking firm selected by Holder.

(4) "Average Price" shall mean the average closing price of a share of Substitute Common for the one year immediately preceding the consolidation, merger, or sale in question, but in no event higher than the closing price of the shares of Substitute Common on the day preceding such consolidation, merger or sale; provided that if Issuer is the issuer of the Substitute Option, the Average Price shall be computed with respect to a share of common stock issued by Issuer, the person merging into Issuer or by any company which controls such person, as Holder may elect.

(f) In no event, pursuant to any of the foregoing paragraphs, shall the Substitute Option be exercisable for more

than 19.9 % of the aggregate of the shares of Substitute Common outstanding prior to exercise of the Substitute Option. In the event that the Substitute Option would be exercisable for more than 19.9% of the aggregate of the shares of Substitute Common but for the limitation in the first sentence of this Section 7(f), Substitute Option Issuer shall make a cash payment to Holder equal to the excess of (i) the value of the Substitute Option without giving effect to the limitation in the first sentence of this Section 7(f) over (ii) the value of the Substitute Option after giving effect to the limitation in the first sentence of this Section 7(f). This difference in value shall be determined by a nationally-recognized investment banking firm selected by Holder.

(g) Issuer shall not enter into any transaction described in Section 7(b) unless the Acquiring Corporation and any person that controls the Acquiring Corporation assume in writing all the obligations of Issuer hereunder and take all other actions that may be necessary so that the provisions of this Section 7 are given full force and effect (including, without limitation, any action that may be necessary so that the holders of the other shares of common stock issued by Substitute Option Issuer are not entitled to exercise any rights by reason of the issuance or exercise of the Substitute Option and the shares of Substitute Common are otherwise in no way distinguishable from or have lesser economic value (other than any diminution in value resulting from the fact that the Substitute Common are restricted securities, as defined in Rule 144 under the Securities Act or any successor provision) than other shares of common stock issued by Substitute Option Issuer).

8. Repurchase at the Option of Holder.

(a) Subject to the last sentence of Section 3(a), at the request of Holder at any time commencing upon the first occurrence of a Repurchase Event (as defined in Section 8(d)) and ending twelve (12) months immediately thereafter, Issuer shall repurchase from Holder (i) the Option, and (ii) all shares of Issuer Common purchased by Holder pursuant hereto with respect to which Holder then has beneficial ownership. The date on which Holder exercises its rights under this Section 8 is referred to as the "Request Date". Such repurchase shall be at an aggregate price (the "Section 8 Repurchase Consideration") equal to the sum of:

(i) the aggregate Purchase Price paid by Holder for any shares of Issuer Common acquired pursuant to the Option with respect to which Holder then has beneficial ownership;

(ii) the excess, if any, of (x) the Applicable Price (as defined below) for each share of Issuer Common over (y) the Purchase Price (subject to adjustment pursuant to Section 7), multiplied by the number of shares of Issuer Common with respect to which the Option has not been exercised; and

(iii) the excess, if any, of the Applicable Price over the Purchase Price (subject to adjustment pursuant to Section 7) paid (or, in the case of Option Shares with respect to which the Option has been exercised but the Closing Date has not occurred, payable) by Holder for each share of Issuer Common with respect to which the Option has been exercised and with respect to which Holder then has beneficial ownership, multiplied by the number of such shares.

(b) If Holder exercises its rights under this Section 8, Issuer shall, within ten (10) business days after the Request Date, pay the Section 8 Repurchase Consideration to Holder in immediately available funds, and contemporaneously with such payment, Holder shall surrender to Issuer the Option and the certificates evidencing the shares of Issuer Common purchased thereunder with respect to which Holder then has beneficial ownership, and Holder shall warrant that it has sole record and beneficial ownership of such shares and that the

same are then free and clear of all liens. Notwithstanding the foregoing, to the extent that prior notification to or approval of any Regulatory Authority is required in connection with the payment of all or any portion of the Section 8 Repurchase Consideration, Holder shall have the ongoing option to revoke its request for repurchase pursuant to Section 8, in whole or in part, or to require that Issuer deliver from time to time that portion of the Section 8 Repurchase Consideration that it is not then so prohibited from paying and promptly file the required notice or application for approval and expeditiously process the same (and each party shall cooperate with the other in the filing of any such notice or application and the obtaining of any such approval). If any Regulatory Authority disapproves of any part of Issuer's proposed repurchase pursuant to this Section 8, Issuer shall promptly give notice of such fact to Holder. If any Regulatory Authority prohibits the repurchase in part but not in whole, then Holder shall have the right (i) to revoke the repurchase request, or (ii) to the extent permitted by such Regulatory Authority, determine whether the repurchase should apply to the Option and/or Option Shares and to what extent to each, and Holder shall thereupon have the right to exercise the Option as to the number of Option Shares for which the Option was exercisable at the Request Date less

the sum of the number of shares covered by the Option in respect of which payment has been made pursuant to Section 8(a)(ii) and the number of shares covered by the portion of the Option (if any) that has been repurchased. Holder shall notify Issuer of its determination under the preceding sentence within five (5) business days of receipt of notice of disapproval of the repurchase.

Notwithstanding anything herein to the contrary, all of Holder's rights under this Section 8 shall terminate on the date of termination of this Option pursuant to Section 3(a).

(c) For purposes of this Agreement, the "Applicable Price" means the highest of (i) the highest price per share of Issuer Common paid for any such share by the person or groups described in Section 8(d)(i), (ii) the price per share of Issuer Common received by holders of Issuer Common in connection with any merger or other business combination transaction described in Section 7(b)(i), 7(b)(ii) or 7(b)(iii), or (iii) the highest closing sales price per share of Issuer Common on Nasdaq (or if Issuer Common is not traded on Nasdaq, the highest bid price per share as quoted on the principal trading market or securities exchange on which such shares are traded as reported by a recognized source chosen by Holder) during the forty (40) business days preceding the Request Date; provided, however, that in the event of a sale of less than all of Issuer's assets, the Applicable Price shall be the sum of the price paid in such sale for such assets and the current market value of the remaining assets of Issuer as determined by a nationally recognized investment banking firm selected by Holder, divided by the number of shares of the Issuer Common outstanding at the time of such sale. If the consideration to be offered, paid or received pursuant to either of the foregoing clauses (i) or (ii) shall be other than in cash, the value of such consideration shall be determined in good faith by an independent nationally recognized investment banking firm selected by Holder and reasonably acceptable to Issuer, which determination shall be conclusive for all purposes of this Agreement.

(d) As used herein, "Repurchase Event" shall occur if (i) any person (other than Grantee or any subsidiary of Grantee) shall have acquired beneficial ownership of (as such term is defined in Rule 13d-3 promulgated under the Exchange Act), or the right to acquire beneficial ownership of, or any "group" (as such term is defined under the Exchange Act) shall have been formed which beneficially owns or has the right to

acquire beneficial ownership of, 50% or more of the then outstanding shares of Issuer Common, or (ii) any of the transactions described in Section 7(b)(i), 7(b)(ii) or 7(b)(iii) shall be consummated.

9. Registration Rights.

(a) Demand Registration Rights. Issuer shall, subject to the conditions of Section 9(c) below, if requested by any Holder, including Grantee and any permitted transferee ("Selling Shareholder"), as expeditiously as possible prepare and file a registration statement under the Securities Act if such registration is necessary in order to permit the sale or other disposition of any or all shares of Issuer Common or other securities that have been acquired by or are issuable to the Selling Shareholder upon exercise of the Option in accordance with the intended method of sale or other disposition stated by the Selling Shareholder in such request, including without limitation a "shelf" registration statement under Rule 415 under the Securities Act or any successor provision, and Issuer shall use its best efforts to qualify such shares or other securities for sale under any applicable state securities laws.

(b) Additional Registration Rights. If Issuer at any time after the exercise of the Option proposes to register any shares of Issuer Common under the Securities Act in connection with an underwritten public offering of such Issuer Common, Issuer will promptly give written notice to the Selling Shareholders of its intention to do so and, upon the written request of any Selling Shareholder given within thirty (30) days after receipt of any such notice (which request shall specify the number of shares of Issuer Common intended to be included in such underwritten public offering by the Selling Shareholder), Issuer will cause all such shares for which a Selling Shareholder requests participation in such registration, to be so registered and included in such underwritten public offering; provided, however, that Issuer may elect to not cause any such shares to be so registered (i) if the underwriters in good faith object for valid business reasons, or (ii) in the case of a registration solely to implement an employee benefit plan or a registration filed on Form S-4 of the Securities Act or any successor Form; provided, further, however, that such election pursuant to (i) may only be made two times. If some but not all the shares of Issuer Common, with respect to which Issuer shall have received requests for registration pursuant to this Section 9(b), shall be excluded from such registration, Issuer shall make appropriate allocation of shares to be registered among the Selling Shareholders desiring to register their shares pro rata in the proportion that the

number of shares requested to be registered by each such Selling Shareholder bears to the total number of shares requested to be registered by all such Selling Shareholders then desiring to have Issuer Common registered for sale.

(c) Conditions to Required Registration. Issuer shall use all reasonable efforts to cause each registration statement referred to in Section 9(a) above to become effective and to obtain all consents or waivers of other parties which are required therefor and to keep such registration statement effective; provided, however, that Issuer may delay any registration of Option Shares required pursuant to Section 9(a) above for a period not exceeding ninety (90) days provided Issuer shall in good faith determine that any such registration would adversely affect an offering or contemplated offering of other securities by Issuer, and Issuer shall not be required to register Option Shares under the Securities Act pursuant to Section 9(a) above:

(i) prior to the earliest of (a) termination of the Merger Agreement pursuant to Article VIII thereof, (b) failure to obtain the requisite shareholder approval pursuant to Section 7.01 of the Merger Agreement, and (c) a Purchase Event or a Preliminary Purchase Event;

(ii) on more than one occasion during any calendar year;

(iii) within ninety (90) days after the effective date of a registration referred to in Section 9(b) above pursuant to which the Selling Shareholder or Selling Shareholders concerned were afforded the opportunity to register such shares under the Securities Act and such shares were registered as requested; and

(iv) unless a request therefor is made to Issuer by Selling Shareholders that hold at least 25% or more of the aggregate number of Option Shares (including shares of Issuer Common issuable upon exercise of the Option) then outstanding.

In addition to the foregoing, Issuer shall not be required to maintain the effectiveness of any registration statement after the expiration of nine (9) months from the effective date of such registration statement. Issuer shall use all reasonable efforts to make any filings, and take all steps, under all applicable state securities laws to the extent necessary to permit the sale or other disposition of the Option Shares so registered in accordance with the intended method of distribution for such shares; provided, however, that Issuer

shall not be required to consent to general jurisdiction or qualify to do business in any state where it is not otherwise required to so consent to such jurisdiction or to so qualify to do business.

(d) Expenses. Except where applicable state law prohibits such payments, Issuer will pay all expenses (including without limitation registration fees, qualification fees, blue sky fees and expenses (including the fees and expenses of counsel), legal expenses, including the reasonable fees and expenses of one counsel to the holders whose Option Shares are being registered, printing expenses and the costs of special audits or "cold comfort" letters, expenses of underwriters, excluding discounts and commissions but including liability insurance if Issuer so desires or the underwriters so require, and the reasonable fees and expenses of any necessary special experts) in connection with each registration pursuant to Section 9(a) or 9(b) above (including the related offerings and sales by holders of Option Shares) and all other qualifications, notifications or exemptions pursuant to Section 9(a) or 9(b) above.

(e) Indemnification. In connection with any registration under Section 9(a) or 9(b) above, Issuer hereby indemnifies the Selling Shareholders, and each underwriter thereof, including each person, if any, who controls such holder or underwriter within the meaning of Section 15 of the Securities Act, against all expenses, losses, claims, damages and liabilities caused by any untrue, or alleged untrue, statement of a material fact contained in any registration statement or prospectus or notification or offering circular (including any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission, or alleged omission, to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such expenses, losses, claims, damages or liabilities of such indemnified party are caused by any untrue statement or alleged untrue statement that was included by Issuer in any such registration statement or prospectus or notification or offering circular (including any amendments or supplements thereto) in reliance upon and in conformity with, information furnished in writing to issuer by such indemnified party expressly for use therein, and Issuer and each officer, director and controlling person of Issuer shall be indemnified by such Selling Shareholders, or by such underwriter, as the case may

be, for all such expenses, losses, claims, damages and liabilities caused by any untrue, or alleged untrue, statement, that was included by issuer in any such registration statement or prospectus or notification or offering circular (including any amendments or supplements thereto) in reliance upon, and in

conformity with, information furnished in writing to issuer by such holder or such underwriter, as the case may be, expressly for such use.

Promptly upon receipt by a party indemnified under this Section 9(e) of notice of the commencement of any action against such indemnified party in respect of which indemnity or reimbursement may be sought against any indemnifying party under this Section 9(e), such indemnified party shall notify the indemnifying party in writing of the commencement of such action, but the failure so to notify the indemnifying party shall not relieve it of any liability which it may otherwise have to any indemnified party under this Section 9(e). In case notice of commencement of any such action shall be given to the indemnifying party as above provided, the indemnifying party shall be entitled to participate in and, to the extent it may wish, jointly with any other indemnifying party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and satisfactory to such indemnified party. The indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel (other than reasonable costs of investigation) shall be paid by the indemnified party unless (i) the indemnifying party either agrees to pay the same, (ii) the indemnifying party fails to assume the defense of such action with counsel satisfactory to the indemnified party, or (iii) the indemnified party has been advised by counsel that one or more legal defenses may be available to the indemnifying party that may be contrary to the interest of the indemnified party, in which case the indemnifying party shall be entitled to assume the defense of such action notwithstanding its obligation to bear fees and expenses of such counsel. No indemnifying party shall be liable for any settlement entered into without its consent, which consent may not be unreasonably withheld.

If the indemnification provided for in this Section 9(e) is unavailable to a party otherwise entitled to be indemnified in respect of any expenses, losses, claims, damages or liabilities referred to herein, then the indemnifying party, in lieu of indemnifying such party otherwise entitled to be indemnified, shall contribute to the amount paid or payable by such party to be indemnified as a result of such expenses, losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative benefits received by issuer, the Selling Shareholders and the underwriters from the offering of the securities and also the relative fault of Issuer, the Selling Shareholders and the underwriters in connection with the statements or omissions which resulted in such expenses, losses, claims, damages or liabilities, as well as any other

relevant equitable considerations. The amount paid or payable by a party as a result of the expenses, losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim, provided, however, that in no case shall any Selling Shareholder be responsible, in the aggregate, for any amount in excess of the net offering proceeds attributable to its Option Shares included in the offering. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Any obligation by any holder to indemnify shall be several and not joint with other holders.

In connection with any registration pursuant to Section 9(a) or 9(b) above, Issuer and each Selling Shareholder (other than Grantee) shall enter into an agreement containing the indemnification provisions of this Section 9(e).

(f) Miscellaneous Reporting. Issuer shall comply with all reporting requirements and will do all such other things as may be necessary to permit the expeditious sale at any time of any Option Shares by the Selling Shareholders thereof in accordance with and to the extent permitted by any rule or regulation promulgated by the SEC from time to time, including, without limitation, Rule 144A. Issuer shall at its expense provide the Selling Shareholders with any information necessary in connection with the completion and filing of any reports or forms required to be filed by them under the Securities Act or the Exchange Act, or required pursuant to any state securities laws or the rules of any stock exchange.

(g) Issue Taxes. Issuer will pay all stamp taxes in connection with the issuance and the sale of the Option Shares and in connection with the exercise of the Option, and will save the Selling Shareholders harmless, without limitation as to time, against any and all liabilities, with respect to all such taxes.

10. Quotation; Listing. If Issuer Common or any other securities to be acquired in connection with the exercise of the Option are then authorized for quotation or trading or listing on any securities exchange, Issuer, upon the request of Holder, will promptly file an application, if required, to authorize for quotation or trading or listing the shares of Issuer Common or other securities to be acquired upon exercise of the Option on such securities exchange and will use its best efforts to obtain approval, if required, of such quotation or listing as soon as practicable.

11. Division of Option. This Agreement (and the Option granted hereby) are exchangeable, without expense, at the option of Holder, upon presentation and surrender of this Agreement at the principal office of Issuer for other Agreements providing for Options of different denominations entitling the holder thereof to purchase in the aggregate the same number of shares of Issuer Common purchasable hereunder. The terms "Agreement" and "Option" as used herein include any other Agreements and related Options for which this Agreement (and the Option granted hereby) may be exchanged. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Agreement, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Agreement, if mutilated, Issuer will execute and deliver a new Agreement of like tenor and date. Any such new Agreement executed and delivered shall constitute an additional contractual obligation on the part of Issuer, whether or not the Agreement so lost, stolen, destroyed or mutilated shall at any time be enforceable by anyone.

12. Limitation on Total Profit and Notional Total Profit.

(a) Notwithstanding anything to the contrary contained herein, in no event shall Grantee's Total Profit (as defined below in Section 12(c) hereof) exceed \$250 million and, if it otherwise would exceed such amount, Grantee, at its sole election, shall either (i) reduce the number of shares of Issuer Common subject to the Option, (ii) deliver to Issuer for cancellation Option Shares previously purchased by Grantee, (iii) pay cash to Issuer, or (iv) any combination thereof, so that Grantee's actually realized Total Profit shall not exceed \$250 million after taking into account the foregoing actions.

(b) Notwithstanding anything to the contrary contained herein, the Option may not be exercised for a number of shares as would, as of the date of exercise, result in a Notional Total Profit (as defined below in Section 14(d) hereof)

of more than \$250 million; provided, that nothing in this sentence shall restrict any exercise of the Option permitted hereby on any subsequent date.

(c) As used herein, the term "Total Profit" shall mean the aggregate amount (before taxes) of the following: (i) the amount received by Grantee pursuant to Issuer's repurchase of the Option (or any portion thereof) pursuant to Section 8 hereof, (ii) (x) the amount received by Grantee pursuant to Issuer's repurchase of Option Shares pursuant to Section 8 hereof, less (y) Grantee's purchase price for such Option

Shares, (iii) (x) the net cash amounts received by Grantee pursuant to the sale of Option Shares (or any other securities into which such Option Shares shall be converted or exchanged) to any unaffiliated party, less (y) Grantee's purchase price of such Option Shares, (iv) any amounts received by Grantee on the transfer of the Option (or any portion thereof) to any unaffiliated party, and (v) any equivalent amount with respect to the Substitute Option.

(d) As used herein, the term "Notional Total Profit" with respect to any number of shares as to which Grantee may propose to exercise the Option shall be the Total Profit determined as of the date of such proposed exercise assuming that the Option were exercised on such date for such number of shares and assuming that such shares, together with all other Option Shares held by Grantee and its affiliates as of such date, were sold for cash at the closing market price for the Issuer Common as of the close of business on the preceding trading day (less customary brokerage commissions).

(e) Grantee agrees, promptly following any exercise of all or any portion of the Option, and subject to its rights under Section 8 hereof, to use commercially reasonable efforts promptly to maximize the value of Option Shares purchased taking into account market conditions, the number of Option Shares, the potential negative impact of substantial sales on the market price for Issuer Common, and the availability of an effective registration statement to permit public sale of Option Shares.

13. Miscellaneous.

(a) Expenses. Each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

(b) Waiver and Amendment. Any provision of this Agreement may be waived at any time by the party that is entitled to the benefits of such provision. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

(c) Entire Agreement: No Third-Party Beneficiaries; Severability. This Agreement, together with the Merger Agreement and the other documents and instruments referred to herein and therein, between Grantee and Issuer (i) constitutes the

entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, and (ii) is not intended to confer upon any person other than the parties hereto (other than the indemnified parties under Section 9(e) and any trans-

ferrees of the Option Shares or any permitted transferee of this Agreement pursuant to Section 13(h)) any rights or remedies hereunder. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or Regulatory Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. If for any reason such court or Regulatory Authority determines that the Option does not permit Holder to acquire, or does not require Issuer to repurchase, the full number of shares of Issuer Common as provided in Section 3 (as may be adjusted herein), it is the express intention of Issuer to allow Holder to acquire or to require Issuer to repurchase such lesser number of shares as may be permissible without any amendment or modification hereof.

(d) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Missouri without regard to any applicable conflicts of law rules.

(e) Descriptive Headings. The descriptive headings contained herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (with confirmation) or mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth in the Merger Agreement (or at such other address for a party as shall be specified by like notice).

(g) Counterparts. This Agreement and any amendments hereto may be executed in two counterparts, each of which shall be considered one and the same agreement and shall become effective when both counterparts have been signed and delivered, it being understood that both parties need not sign the same counterpart.

(h) Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder or under the Option shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written

consent of the other party, except that Holder may assign this Agreement to a wholly-owned subsidiary of Holder and Holder may assign its rights hereunder in whole or in part after the occurrence of a Purchase Event. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

(i) Further Assurances. In the event of any exercise of the Option by the Holder, Issuer and the Holder shall execute and deliver all other documents and instruments and take all other action that may be reasonably necessary in order to consummate the transactions provided for by such exercise.

(j) Specific Performance. The parties hereto agree that this Agreement may be enforced by either party through specific performance, injunctive relief and other equitable relief. Both parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such equitable relief and that this provision is without prejudice to any other rights that the parties hereto may have for any failure to perform this Agreement.

IN WITNESS WHEREOF, Issuer and Grantee have caused this Stock Option Agreement to be signed by their respective officers thereunto duly authorized, all as of the day and year first written above.

By /s/ Andrew B. Craig, III
Andrew B. Craig, III
Chairman and Chief
Executive Officer

NATIONSBANK CORPORATION

By /s/ Hugh L. McColl, Jr.
Hugh L. McColl, Jr.
Chairman and Chief
Executive Officer

NationsBank

News Release

FOR IMMEDIATE RELEASE

August 30, 1996 -- NationsBank Corporation and Boatmen's Bancshares, Inc., today announced a definitive agreement to merge the two companies. The combined company will create an unmatched banking franchise serving more than 13 million customers in 16 states in the Midwest, Southwest, Southeast and Mid-Atlantic.

Following the merger, NationsBank will have combined assets of approximately \$230 billion, \$20 billion in shareholders' equity and a market capitalization of \$33 billion. The company will have the earnings power to produce nearly \$3 billion in net income during 1997, based on current analyst consensus estimates. The transaction is expected to close in January 1997.

Andrew B. Craig III, chairman and chief executive officer of Boatmen's, will be chairman of the board of NationsBank Corp. Hugh L. McColl Jr., current chairman and chief executive officer of NationsBank Corp., will be chief executive officer of the merged company.

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"The combination of these two great companies creates a new power in banking in North America. The access to products and services in our newly expanded 16-state franchise is evidence of our continued commitment to convenience, choice and value for our new and existing customers. We are creating tomorrow's banking company today," McColl said.

"In addition, the short-term and long-term earnings potential of our company has been strengthened dramatically, providing increasing financial opportunity for NationsBank shareholders," McColl added. "We welcome our new teammates and eagerly anticipate joining them in this partnership. Such a dynamic expansion of our company means greater opportunity for all."

Banking customers in the expanded NationsBank territory will have access to the premier retail banking organization in the United States. NationsBank will reach a population of 100 million people through more than 5,000 ATMs and approximately 2,600 banking centers. NationsBank will have a combined 15 percent deposit share across its franchise.

"We believe NationsBank is the best partner for Boatmen's. Together we bring an innovative technological expertise and the same strong commitment to helping our customers succeed," Craig said. "We feel confident that our customers, our communities, our associates and our shareholders will benefit from this combination."

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In addition to creating a unique retail banking franchise, the newly combined company will enjoy:

- A trust and asset management division with \$111 billion in assets under discretionary management, making it the sixth-largest bank-owned asset management business in North America, and generating \$650 million in annual fees
- \$23 billion in combined proprietary mutual funds
- A \$110 billion mortgage servicing portfolio
- A greatly expanded business customer base in small- to middle-market companies

NationsBank will use purchase accounting for the transaction. The purchase price is based on a fixed exchange rate of .6525 shares of NationsBank common stock for each share of Boatmen's common stock outstanding.

For Boatmen's shareholders, the merger will be structured as a "cash election" merger, in which holders of Boatmen's common stock will have the right to choose to receive either form of consideration. At least 60 percent of the aggregate purchase price paid to all holders will be in shares of NationsBank common stock, and the balance of approximately 40 percent will be paid in either cash or NationsBank common stock, or a mix of the two. The transaction will be a tax-free exchange for Boatmen's shareholders to the extent they receive shares of NationsBank stock.

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NationsBank projects \$335 million in annual cost savings from the merger, fully realized by 1999. This represents a reduction in the combined expenses of 5 percent. These cost savings will come in the areas of operational consolidation, delivery system optimization, business line consolidation and vendor leverage.

The merger is subject to the approval of Boatmen's and NationsBank shareholders and the appropriate regulatory authorities.

At June 30, 1996, NationsBank had \$192 billion in total assets, ranking the Charlotte, N.C.-based company as the fifth-largest U.S. commercial bank. The assets of St. Louis, Mo.-based Boatmen's totaled \$41 billion. The combined company is expected to rank fourth in assets.

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Editor's Note:

Executives of the two companies will answer questions from the media at a news conference today at 1 p.m. CDT in the Regency Ballroom of the Hyatt Regency at Union Station on Market Street in St. Louis. Reporters wishing to participate in the news conference by telephone may call 913 749-9362, ID code: NB 831.

A satellite uplink will be available at the following coordinates: KU Band; Galaxy 7; Transponder 4; Full transponder; Vertical polarization; Located 91 degrees West: Downlink frequency 11780 MGH; Audio frequency 6.2/6.8; Not encrypted / in the clear.

Media contacts:	NationsBank	314 621-5188
Analyst contacts:	Jenny Repass, NationsBank	704 386-8465
	Kevin Stitt, Boatmen's	314 466-7662

<TABLE>

BOATMEN'S BANCSHARES, INC. 1995 SUPPLEMENTAL FINANCIAL STATEMENTS

Consolidated Balance Sheet

<CAPTION>

December 31 (dollars in thousands)	1995	1994
<hr/>		
<hr/>		
<S>	<C>	<C>
Assets		
Cash and due from banks	\$ 2,611,765	\$ 2,558,509
Short-term investments	83,166	45,216
Securities:		
Held to maturity (market value \$973,801 and \$6,813,697, respectively)	923,130	7,175,158
Available for sale (amortized cost \$10,330,233, and \$5,389,615, respectively)	10,347,172	5,170,611
Trading	58,361	32,393
Federal funds sold and securities purchased under resale agreements	1,225,671	1,120,190
Loans (net of unearned income of \$86,981, and \$84,409 respectively)	24,050,903	22,717,562
Less reserve for loan losses	452,560	449,485
<hr/>		
Loans, net	23,598,343	22,268,077
<hr/>		
Property and equipment	800,502	796,385
Other assets	1,475,379	1,525,930
<hr/>		
Total assets	\$41,123,489	\$40,692,469
<hr/>		
<hr/>		
Liabilities and Stockholders' Equity		
Liabilities:		
Demand deposits	\$ 6,894,649	\$ 6,294,793
Retail savings deposits and interest-bearing transaction accounts	13,510,720	12,253,259
Time deposits	11,572,768	12,560,617
<hr/>		
Total deposits	31,978,137	31,108,669
<hr/>		
Federal funds purchased and securities sold under repurchase agreements	2,902,973	2,987,315
Short-term borrowings	1,474,991	2,387,280
Capital lease obligations	39,076	40,408
Long-term debt	615,129	599,493

Other liabilities	512,436	403,732

Total liabilities	37,522,742	37,526,897

Redeemable preferred stock	961	1,142

Stockholders' Equity:		
Preferred stock	99,324	100,000
Common stock (\$1 par value; 200,000,000 shares authorized; 158,067,758 and 156,084,081 shares issued, respectively)	158,068	156,084
Surplus	1,212,838	1,171,184
Retained earnings	2,137,176	1,886,119
Treasury stock (476,519 and 508,698 shares at cost, respectively)	(18,096)	(14,516)
Unrealized net appreciation (depreciation), available for sale securities	10,476	(134,521)

Total stockholders' equity	3,599,786	3,164,430

Total liabilities and stockholders' equity	\$41,123,489	\$40,692,469
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See accompanying notes to the consolidated financial statements.		
</TABLE>		
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Consolidated Statement of Income

<CAPTION>

Year ended December 31 (in thousands)	1995	1994	1993

<S>	<C>	<C>	<C>
Interest income			
Interest and fees on loans	\$2,107,749	\$1,748,732	\$1,549,786
Interest on short-term investments	4,787	3,569	2,334
Interest on Federal funds sold and securities purchased under resale agreements	40,028	18,047	20,747
Interest on held to maturity securities			
Taxable	357,753	348,264	623,173
Tax-exempt	56,108	60,488	81,844

Total interest on held to maturity securities	413,861	408,752	705,017
Interest on available for sale securities	304,816	329,391	29,057
Interest on trading securities	2,049	2,629	2,705

Total interest income	2,873,290	2,511,120	2,309,646

Interest expense			
Interest on deposits	1,025,459	768,995	767,151
Interest on Federal funds purchased and other short-term borrowings	304,509	202,506	95,086
Interest on capital lease obligations	3,896	4,016	4,105
Interest on long-term debt	47,454	66,660	49,611

Total interest expense	1,381,318	1,042,177	915,953

Net interest income	1,491,972	1,468,943	1,393,693
Provision for loan losses	59,756	26,176	70,922

Net interest income after provision for loan losses	1,432,216	1,442,767	1,322,771

Noninterest income			
Trust fees	200,242	186,081	178,055
Service charges	231,648	225,479	210,833
Mortgage banking revenues	80,702	63,349	71,022
Credit card	61,483	55,499	41,090
Investment banking revenues	42,158	42,318	48,073
Securities gains (losses), net	(7,040)	9,832	9,903
Other	150,437	131,100	121,591

Total noninterest income	759,630	713,658	680,567

Noninterest expense			
Staff	726,472	718,592	687,318
Net occupancy	98,777	100,909	105,138
Equipment	116,704	116,187	113,447
FDIC insurance	39,288	65,723	65,302
Intangible amortization	43,755	45,306	48,814
Advertising	42,866	43,005	40,334
Other	382,963	321,359	340,196

Total noninterest expense	1,450,825	1,411,081	1,400,549

Income before income tax expense	741,021	745,344	602,789
Income tax expense	261,010	254,418	174,315

Net income	\$ 480,011	\$ 490,926	\$ 428,474
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Net income per share	\$3.02	\$3.10	\$2.74
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Dividends declared per share	\$1.42	\$1.30	\$1.18
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See accompanying notes to the consolidated financial statements.

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Consolidated Statement of Changes in Stockholders' Equity

<CAPTION>

Net Unrealized

Appreciation,

(Depreciation) Preferred Stock Common Stock Treasury Stock

for ----- ----- Retained ----- Available

(in thousands) Shares Amount Shares Amount Surplus Earnings Shares Amount Sale

Securities -----

Total -----

<S> <C> <C> <C> <C> <C> <C> <C> <C> <C> <C>

<C>

December 31, 1992 1,222 \$103,641 100,959 \$100,959 \$1,177,740 \$1,306,679 -- -- --

\$2,689,019

Net income -- -- -- -- -- 428,474 -- --

--

428,474

Cash dividends declared:

Common (\$1.18 per share) -- -- -- -- -- (117,334) -- -- -

-

(117,334)

Redeemable preferred -- -- -- -- -- (85) -- -- -

-

(85)

By pooled companies prior

to merger--common -- -- -- -- -- (32,227) -- -- -

-

(32,227)

By pooled companies prior

to merger--preferred -- -- -- -- -- (7,000) -- -- -

-

(7,000)

Acquisition of treasury

stock -- -- -- -- -- -- (52) (3,102)

--

(3,102)

Common stock issued

pursuant to employee

and shareholder stock

issuance plans -- -- 893 893 19,791 -- 52 3,102 -

-

23,786

Common stock issued upon

preferred stock	(1)	(176)	6	6	170	--	--	--	-
--									
Common stock issued upon conversion of convertible subordinated debentures	--	--	6	6	52	--	2	55	-
113									
Adjustment of available for sale securities to market value	--	--	--	--	--	--	--	--	
144,997									
144,997									
Other, net	--	--	--	--	(1,556)	(20)	--	--	-
(1,576)									

December 31, 1995	248	\$ 99,324	158,068	\$158,068	\$1,212,838	\$2,137,176	(477)	\$ (18,096)	\$ 10,476
\$3,599,786									

See accompanying notes to the consolidated financial statements.

</TABLE>
<TABLE>

Consolidated Statement of Cash Flows

<CAPTION>

Year ended December 31 (in thousands)	1995	1994
1993		

<S>	<C>	<C>	<C>
Operating Activities:			
Net income	\$ 480,011	\$ 490,926	\$
428,474			
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	59,756	26,176	
70,922			
Depreciation, amortization and accretion	174,616	193,533	
176,297			
Decrease in deferred loan fees	(6,256)	(1,080)	
(767)			
Realized securities (gains) losses	7,040	(9,832)	
(9,903)			
Net (increase) decrease in trading securities	(25,968)	16,162	
(6,517)			
(Increase) decrease in interest receivable	(16,432)	(24,528)	
8,572			
Increase (decrease) in interest payable	23,199	15,889	
(15,817)			
Increase (decrease) in tax liability	57,802	(66,746)	
27,023			
Net gain on sales and writedowns of foreclosed property	(2,629)	(9,093)	
(3,782)			
Other, net	(34,070)	85,969	
45,458			
Net cash provided by operating activities	717,069	717,376	

719,960

Investing Activities:

Net (increase) decrease in Federal funds sold and securities purchased under resale agreements	(76,381)	(607,147)
1,180,084		
Net increase in loans	(1,301,371)	(2,058,258)
(1,353,592)		
Proceeds from the maturity of held to maturity securities	1,101,936	1,569,503
4,454,389		
Proceeds from the sales of held to maturity securities		
143,717		
Purchases of held to maturity securities	(556,268)	(2,265,283)
(6,012,696)		
Proceeds from the maturity of available for sale securities	1,233,862	1,716,558
23,020		
Proceeds from the sales of available for sale securities	706,693	680,318
Purchases of available for sale securities	(876,761)	(1,006,994)
(61,199)		
Net increase (decrease) in short-term investments	(37,718)	(15,821)
124,707		
Increase in property and equipment	(95,530)	(140,214)
(151,319)		
Proceeds from the sale of foreclosed property	48,439	87,697
93,947		
Net cash received from (paid for) purchase acquisitions	12,720	(87,818)
441,454		

Net cash provided (used) by investing activities	159,621	(2,127,459)
(1,117,488)		

Financing Activities:

Net increase (decrease) in Federal funds purchased and securities sold under repurchase agreements	(88,707)	370,569
504,769		
Net increase (decrease) in deposits	409,105	762,453
(1,165,973)		
Net increase (decrease) in short-term borrowings	(912,514)	877,102
814,364		
Payments on long-term debt	(78,024)	(20,964)
(53,852)		
Proceeds from the issuance of long-term debt	91,287	30,350
167,313		
Payments on capital lease obligations	(1,332)	(1,101)
(649)		
Decrease in redeemable preferred stock	(181)	(13)
(93)		
Decrease in preferred stock	(583)	
Cash dividends paid	(213,741)	(179,877)
(151,442)		
Common stock issued pursuant to various employee and shareholder stock issuance plans	47,735	7,700

23,786		
Acquisition of treasury stock (3,102)	(76,479)	(15,406)

Net cash provided (used) by financing activities 135,121	(823,434)	1,830,813

Increase (decrease) in cash and due from banks (262,407)	53,256	420,730
Cash and due from banks at beginning of year 2,400,186	2,558,509	2,137,779

Cash and due from banks at end of year \$2,137,779	\$2,611,765	\$2,558,509

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See accompanying notes to the consolidated financial statements.

For the years ended December 31, 1995, 1994 and 1993, interest paid totaled \$1,359,404, \$1,020,492, and \$917,133, respectively.

Income taxes paid totaled \$222,849 in 1995, \$250,456 in 1994, and \$205,360 in 1993. Additional common stock was issued upon the conversion of \$118 of the Corporation's convertible subordinated debt for the year ended December 31, 1995, \$311 for the year ended December 31, 1994, and \$13,748 for the year ended December 31, 1993. Securities transferred to available for sale securities totaled approximately \$5.7 billion in 1995 and \$5.7 billion in 1993. Loans transferred to foreclosed property totaled \$14 million in 1995, \$23 million in 1994, and \$36 million in 1993. In 1995, assets and liabilities of purchased subsidiaries at dates of acquisition included investment securities of \$185 million, loans of \$262 million, other assets of \$86 million, deposits of \$460 million and other liabilities of \$9 million. In 1994, assets and liabilities of purchased subsidiaries at dates of acquisition included investment securities of \$269 million, loans of \$291 million, other assets of \$102 million, deposits of \$548 million and other liabilities of \$113 million. In 1993, assets and liabilities of purchased subsidiaries at dates of acquisition included investment securities of \$298 million, loans of \$1.1 billion, cash of \$485 million, other assets of \$502 million, deposits of \$2.3 billion and other liabilities of \$41 million.

</TABLE>

<TABLE>

NOTES TO CONSOLIDATED

FINANCIAL STATEMENTS

(amounts in thousands except per share data and when otherwise indicated)

1 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Business Boatmen's Bancshares Inc. ("Corporation"), is a multi-bank holding company, headquartered in St. Louis, Missouri. At December 31, 1995, the Corporation owned substantially all of the capital stock of 57 subsidiary banks, including a federal savings bank, and provided commercial, retail and correspondent banking services from over 650 banking offices and over 1,300 ATM's in Missouri, Arkansas, Illinois, Iowa, Kansas, New Mexico, Oklahoma, Tennessee and Texas. At December 31, 1995, the Corporation had consolidated assets of \$41.1 billion, making it one of the 25 largest bank holding companies in the United States. The Corporation's largest banking subsidiary, The Boatmen's National Bank of St. Louis, had total assets of \$11.2 billion at December 31, 1995. The Corporation's other businesses include a trust company, a mortgage banking company, a credit life insurance company, a credit card bank and an insurance agency. The Corporation, through its subsidiary, Boatmen's Trust Company, is among the twenty largest providers of personal trust services in the nation, providing personal trust services within its banks' market areas and institutional and pension related trust services on a national scale. The Corporation's mortgage banking activities are conducted through Boatmen's National Mortgage, Inc., a full service mortgage banking company which originates home loans through company operated offices as well as through a network of over 300 correspondents located in the southern and mid-western United States. Boatmen's National Mortgage, Inc. presently services mortgage loans totaling approximately \$23 billion. The traditional banking line of business represents the primary source of earnings for the Corporation, followed by the trust and mortgage banking activities.

Basis of Presentation The accounting and reporting policies of the Corporation and its subsidiaries conform to generally accepted accounting principles. The preparation of financial statements requires management of the Corporation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. While the financial statements reflect management's best estimates and judgment, actual results could differ from estimates. The following is a description of the Corporation's more significant policies.

The consolidated financial statements include the accounts of the Corporation and its subsidiaries after elimination of all material intercompany balances and transactions. Certain amounts for 1994 and 1993 were reclassified to conform with statement presentation for 1995. The reclassifications have no effect on stockholders' equity or net income as previously reported. Prior period financial statements are also restated to include the accounts of companies which are acquired and accounted for as

poolings of interests. The Corporation consummated the acquisition of Fourth Financial Corporation (Fourth Financial) on January 31, 1996, using the pooling of interests method of accounting. The supplemental financial statements included herein have been restated for all periods as if Fourth Financial and the Corporation had always been combined. These supplemental financial statements, in all material respects, will become the historical financial statements of the Corporation. Results of operations of companies which are acquired and subject to purchase accounting are included from the dates of acquisition. In accordance with the purchase method of accounting, the assets and liabilities of purchased companies are stated at estimated fair values at the date of acquisition, and the excess of cost over fair value of net assets acquired is being amortized on a straight-line basis over periods benefitted.

Held to Maturity Securities These securities are purchased with the original intent to hold to maturity and events which may be reasonably anticipated are considered when determining the Corporation's intent and ability to hold to maturity. Securities meeting such criteria at date of purchase and as of the balance sheet date are carried at cost, adjusted for amortization of premiums and accretion of discounts. Gains or losses on the disposition of held to maturity securities, if any, are based on the adjusted book value of the specific security.

Available for Sale Securities Debt and equity securities to be held for indefinite periods of time and not intended to be held to maturity are classified as available for sale and carried at market value with net unrealized gains and losses, net of tax, reflected as a component of stockholders' equity until realized. Securities held for indefinite periods of time include securities that may be sold to meet liquidity needs or in response to significant changes in interest rates or prepayment risks as part of the Corporation's overall asset/liability management strategy.

Trading Securities Trading securities, which primarily consist of debt securities, are held for resale within a short period of time and are stated at market value. These securities are held in inventory for sale to institutional and retail customers. Investment banking revenues, a component of noninterest income, include the net realized gain or loss and market value adjustments of the trading securities and commissions on bond dealer and retail brokerage operations.

Interest and Fees on Loans Interest on loans is accrued based upon the principal amount outstanding. It is the Corporation's policy to discontinue the accrual of interest when full collectibility of principal or interest on

any loan is doubtful.

Interest income on such loans is subsequently recognized only in the period in which payments are received, and such payments are applied to reduce principal when loans are unsecured or collateral values are deficient. Nonrefundable loan fees are deferred and recognized as income over the life of the loan as an adjustment of the yield. Direct costs associated with originating loans are deferred and amortized as a yield adjustment over the life of the loan. Commitment fees are deferred and recognized as noninterest income over the commitment period.

Reserve for Loan Losses The reserve represents provisions charged to expense less net loan charge-offs. The provision is based upon economic conditions, historical loss and collection experience, risk characteristics of the portfolio, underlying collateral values, credit concentrations, industry risk, degree of off-balance sheet risk and other factors which, in management's judgment, deserve current recognition.

Specific reserves are established for any impaired commercial, commercial real estate, and real estate construction loan for which the recorded investment in the loan exceeds the measured value of the loan. Loans subject to impairment valuation are defined as nonaccrual loans, exclusive of smaller balance homogenous loans such as home equity, credit card, installment and 1-4 family loans. The values of loans subject to impairment valuation are determined based on the present value of expected future cash flows, the market price of the loans, or the fair values of the underlying collateral if the loan is collateral dependent.

The charge-off policy of the Corporation varies with respect to the category of, and specific circumstances surrounding, each loan under consideration. The Corporation's policy with respect to consumer loans is generally to charge off all such loans when deemed to be uncollectible or 120 days past due, whichever comes first. With respect to commercial, real estate, and other loans, charge-offs are made on the basis of management's ongoing evaluation of nonperforming and criticized loans.

Foreclosed Property The maximum carrying value for real estate acquired through foreclosure is the lower of the recorded investment in the loan for which the property previously served as collateral or the current appraised value of the foreclosed property, net of the estimated selling costs. Any writedowns required prior to actual foreclosure are charged to the reserve for loan losses. Subsequent to foreclosure, losses on the periodic revaluation of the property are charged to current period earnings as noninterest expense. Gains and losses resulting from the sale of foreclosed property are recognized in current period earnings. Costs of maintaining and

operating foreclosed property are expensed as incurred and revenues related to foreclosed property are recorded as an offset to operating expense. Expenditures to complete or improve foreclosed properties are capitalized if the expenditures are expected to be recovered upon ultimate sale of the property.

Mortgage Banking Revenues Mortgage loans held for sale are valued at the lower of cost or aggregate market value. Gains and losses on sales of mortgage loans are recognized at settlement dates and are determined by the difference between sales proceeds and the carrying value of the loans. The Corporation generally sells mortgage loans without recourse.

Income from the servicing of mortgage loans is recognized in mortgage banking revenues, a component of noninterest income, concurrent with the receipt of the related mortgage payments on the loans serviced. Prior to 1995, capitalization of mortgage servicing rights was limited to servicing purchased from third parties. Effective with the Corporation's adoption of Statement of Financial Accounting Standards No. 122, "Accounting for Mortgage Servicing Rights" in 1995, the value of purchased and originated mortgage servicing rights is capitalized and amortized in proportion to, and over the period of estimated net servicing income as a reduction of mortgage banking revenues. The value of mortgage servicing rights is determined based on the present value of estimated expected future cash flows, using assumptions as to current market discount rate, prepayment speeds and servicing costs per loan. Mortgage servicing rights are stratified by loan type and interest rate for purposes of impairment measurement. Loan types include government, conventional, private, and adjustable-rate mortgage loans. Impairment losses are recognized to the extent the unamortized mortgage servicing right for each stratum exceeds the current market value, as reductions in the carrying value of the asset, through the use of a valuation allowance, with a corresponding reduction to mortgage banking revenues. The Corporation recognizes gains or losses on the sales of mortgage servicing rights when all risks and rewards have been irrevocably passed to the purchaser.

Trust Assets and Fees The Corporation's trust function manages assets in a fiduciary or agent capacity; accordingly, such assets are not included in the consolidated balance sheet of the Corporation. Fee income derived from managing trust assets is recognized on an accrual basis.

Segregated Assets Segregated assets represent loans acquired in an FDIC assisted transaction that are covered under a loss sharing arrangement with the FDIC and possess more than the normal risk of collectibility. These assets consist of loans that at acquisition were or have since become classified as nonperforming loans or foreclosed property and are segregated

from other performing assets covered under the loss sharing arrangement.

The Corporation's primary purpose in managing a portfolio of this nature is to provide ongoing collection and control activities on behalf of the FDIC. Accordingly, these assets do not represent loans made in the ordinary course of business and, due to the underlying nature of this liquidating asset pool, are excluded from the Corporation's nonperforming asset statistics. Income from the segregated asset pool is generally recognized on a cash basis as a component of noninterest income. If collection of the unguaranteed portion of the segregated asset is doubtful, income payments are applied to reduce the principal balance to the extent of the government guarantee.

Interest Rate Swaps Interest rate swap transactions are utilized as part of the Corporation's overall asset/liability management strategy to alter the rate sensitivity characteristics of various assets and liabilities. Although the notional amounts of these transactions are not reflected in the financial statements, the interest differentials are recognized on an accrual basis over the terms of the agreements as an adjustment to interest income or interest expense of the related asset or liability. To qualify for accrual accounting, the swaps must be designated to interest-bearing assets or liabilities and alter their interest rate characteristics over the term of the agreements. If an interest rate swap is terminated prior to maturity, any realized gains and losses are deferred and amortized over the remaining life of the contract. In the event the designated asset or liability is sold or extinguished prior to maturity, fair value recognition is required and any gains or losses are recognized in income.

Interest rate swaps entered into for trading purposes on the behalf of customers are accounted for on a mark to market basis. Accordingly, realized and unrealized gains and losses associated with this activity are reflected as investment banking revenues, a component of noninterest income.

Foreign Exchange Contracts The Corporation's banking subsidiaries trade foreign currencies on behalf of their customers and for their own account and, by policy, do not maintain significant open positions. Foreign exchange contracts are valued at the current prevailing rates of exchange and any profit or loss resulting from such valuation is included in current operations as a component of investment banking revenues.

Property and Equipment Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized principally by the straight-line method applied over the estimated useful lives of the assets, which are 10 to 50 years for buildings and 3 to 25 years for fixtures and equipment. Leasehold improvements are generally amortized over the lease term, not to exceed 10 years.

Intangible Assets Goodwill arising from acquisitions consummated subsequent to 1985 is being amortized on a straight-line basis over the periods benefitted, ranging from 4-20 years. For acquisitions consummated in 1983 and 1985, goodwill is being amortized on a straight-line basis over 25 years, and goodwill related to acquisitions prior to 1983 is being amortized on a straight-line basis over 40 years. Core deposit intangibles and credit card premiums are amortized over their useful economic lives on an accelerated basis, not to exceed 10 years.

Income Taxes The Corporation accounts for income taxes under the asset and liability method. Income tax expense is reported as the total of current income taxes payable and the net change in deferred income taxes provided for temporary differences. Deferred income taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for income tax purposes. Deferred income taxes are recorded at the statutory Federal and state tax rates in effect at the time that the temporary differences are expected to reverse.

The Corporation files a consolidated Federal income tax return which includes all its subsidiaries except for the credit life insurance company. Income tax expense is allocated among the parent company and its subsidiaries as if each had filed a separate tax return.

Net Income Per Share Net income per share is calculated by dividing net income (after deducting dividends on preferred stock) by the weighted average number of common shares outstanding. Common stock equivalents have no material dilutive effect.

The net income per share calculation for 1995, 1994 and 1993 is summarized as follows:

<CAPTION>

=====			
(in thousands except share data)	1995	1994	1993
- - - - -			
<S>	<C>	<C>	<C>
Net income	\$480,011	\$490,926	\$428,474
Less preferred dividends declared	7,143	7,080	7,085
- - - - -			
Net income available to			
common shareholders	\$472,868	\$483,846	\$421,389
=====			
Average shares outstanding	156,663,791	155,881,515	153,943,841

Net income per share	\$3.02	\$3.10	\$2.74
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</TABLE>
<TABLE>

2 CHANGES IN ACCOUNTING POLICIES

On January 1, 1995, The Corporation adopted Financial Accounting Standards No. 114 (SFAS No. 114), "Accounting by Creditors for Impairment of a Loan" and No. 118 (SFAS No. 118), "Accounting by Creditors for Impairment of a Loan--Income Recognition and Disclosures." These statements require that certain impaired loans be measured based on either the present value of expected future cash flows discounted at the loan's effective rate, the market price of the loan, or the fair value of the underlying collateral if the loan is collateral dependent. The statements further require that specific reserves be established for any impaired loan for which the recorded investment exceeds the measured value of the loan. SFAS No. 114 and SFAS No. 118 do not apply to smaller balance, homogenous loans, which the Corporation has identified as consumer loans, such as home equity, credit card, installment and 1-4 family residential loans. Adoption of these standards had no material impact on the Corporation's loan quality statistics or reserve levels and had no effect on 1995 earnings.

In the second quarter of 1995, the Corporation adopted Statement of Financial Accounting Standards No. 122 (SFAS No. 122), "Accounting for Mortgage Servicing Rights." SFAS No. 122 requires capitalization of purchased mortgage servicing rights as well as internally originated mortgage servicing rights. These mortgage servicing rights are amortized in proportion to, and over the period of estimated net servicing income. Adoption of SFAS No. 122 increased mortgage banking revenues in 1995 by approximately \$5.8 million, net of amortization, and increased net income by approximately \$3.6 million.

In 1994, the Corporation adopted Financial Accounting Standards No. 112 (SFAS No. 112), "Employers' Accounting for Postemployment Benefits." SFAS No. 112 requires recognition of the cost to provide postemployment benefits on an accrual basis. The Corporation's existing accounting policies were in general compliance with the requirements of SFAS No. 112. Accordingly, adoption of this standard had no material impact on the level of postemployment expense.

3 ACQUISITIONS

Purchase Acquisitions Results of operations of companies which are acquired and subject to purchase accounting treatment are included from dates of

acquisition. Three purchase acquisitions were consummated in 1995. Disclosure of pro forma condensed results of operations as if these acquisitions were consummated as of the beginning of the period have been omitted due to the immaterial effect on operations.

Other information regarding purchase acquisitions is summarized as follows:

<CAPTION>

Acquired Company	Acquisition	Purchase	Core Deposit		
(amounts in millions)	Date	Price	Assets	Goodwill	Intangible

<S>	<C>	<C>	<C>	<C>	<C>
1995					
Salem Community Bancorp, Inc.	2/28/95	\$ 8.4	\$ 79.2	\$ 4.0	\$.8
West Side Bancshares, Inc.	4/1/95	17.5	142.4	4.5	1.3
Citizens Bancshares Corporation	10/27/95	41.0	224.1	19.5	

Total		\$ 66.9	\$ 445.7	\$28.0	\$ 2.1
=====					
1994					
Eagle Management and Trust Company	5/6/94	\$ 3.4	\$ 3.8	\$ 2.3	
=====					
1993					
First City-El Paso (FDIC assisted)	3/5/93	\$ 14.0	\$ 340.0	\$ 9.6	\$13.7
Missouri Bridge Bank, N.A. (FDIC assisted)	4/23/93	15.8	1,100.0	18.9	20.0
Cimarron Federal Savings (RTC assisted)	5/26/93	13.1	430.0		13.1
FCB Bancshares, Inc.	8/2/93	25.0	185.0	15.1	2.3

Total		\$ 67.9	\$2,055.0	\$43.6	\$49.1
=====					

</TABLE>

<TABLE>

Pooling Acquisitions When material, results of operations of companies which are acquired and subject to pooling of interests accounting are reflected on a combined basis from the earliest period presented.

On January 31, 1996, the Corporation consummated the acquisition of Fourth Financial Corporation (Fourth Financial), headquartered in Wichita, Kansas, resulting in the issuance of approximately 28.5 million shares of common stock. In addition, the Corporation exchanged one share of new preferred stock for each Fourth Financial preferred share, resulting in the issuance of approximately 248,000 shares of preferred stock. The preferred stock is convertible into approximately 3.4 million shares of common stock. Fourth Financial, subsequently renamed BBI Kansas, Inc., was the largest banking company in Kansas, with approximately \$7.5 billion in assets, operating 87 retail banking offices in Kansas and 56 in Oklahoma. Nonrecurring after-tax merger expenses related to this acquisition totaled \$29.3 million or \$.19 per share, comprised primarily of investment banking and other professional fees, severance costs, obsolete equipment write-offs and estimated costs to close duplicate branches, and were recognized in the first quarter of 1996. The accompanying financial statements reflect the results of operations of the Corporation and Fourth Financial on a combined basis from the earliest period presented.

On January 31, 1995, the Corporation consummated the acquisition of National Mortgage Company and certain affiliates (National Mortgage), resulting in the issuance of approximately 5.0 million shares of common stock. National Mortgage, subsequently renamed Boatmen's National Mortgage, Inc., headquartered in Memphis, Tennessee, is a full-service mortgage banking

company and presently services mortgage loans totaling approximately \$23 billion. Nonrecurring after-tax merger expenses related to this acquisition totaled \$7.0 million or \$.04 per share, comprised primarily of investment banking and other professional fees, severance costs and abandonment of equipment and software, and were recognized in the first quarter of 1995.

On January 31, 1995, the Corporation consummated the acquisition of Dalhart Bancshares, Inc. (Dalhart), resulting in the issuance of approximately .7 million shares of common stock. Dalhart, with assets of approximately \$140 million, is located in north Texas and was merged into the Corporation's Amarillo subsidiary.

On February 28, 1995, the Corporation consummated the acquisition of Worthen Banking Corporation (Worthen), headquartered in Little Rock, Arkansas, resulting in the issuance of approximately 17.1 million shares of common stock. Worthen, subsequently renamed Boatmen's Arkansas, Inc., was

the second largest banking organization in Arkansas, with approximately \$3.5 billion in assets. Nonrecurring after-tax merger expenses related to this acquisition totaled \$12.3 million or \$.08 per share, comprised primarily of investment banking and other professional fees, severance costs, obsolete equipment write-offs and estimated costs to close duplicate branches, and were recognized in the first quarter of 1995.

On May 31, 1995, the Corporation consummated the acquisition of First National Bank in Pampa (Pampa), resulting in the issuance of approximately 1.35 million shares of common stock. At acquisition, Pampa had approximately \$166 million in assets and was merged into the Corporation's Amarillo subsidiary.

On March 31, 1994, the Corporation consummated the acquisition of Woodland Bancorp, Inc. (Woodland), resulting in the issuance of approximately .4 million shares of common stock. Woodland, a retail banking organization with assets of approximately \$65 million, is located in Tulsa, Oklahoma and was merged into the Corporation's Oklahoma bank. The results of operations of Woodland, which qualified as a pooling of interests, are not included in the consolidated financial statements prior to January 1, 1994, due to the immaterial effect on the Corporation's financial results.

On November 30, 1993, the Corporation consummated the acquisition of First Amarillo Bancorporation, Inc. (Amarillo), resulting in the issuance of approximately 5.9 million shares of common stock. Amarillo, subsequently renamed Boatmen's Texas, Inc., had approximately \$.8 billion in assets at acquisition, and is headquartered in Amarillo, Texas. Nonrecurring after-tax merger expenses related to this acquisition totaled \$3.8 million, comprised primarily of investment banking fees, compensation-related expense and abandonment of equipment and software.

Net interest income and net income as previously reported for the Corporation and the five pooling-of-interests acquisitions completed in 1995 and 1996 are summarized as follows:

<CAPTION>

=====		
(in millions)	1994	1993
- - - - -		
<S>	<C>	<C>
Net interest income:		
Boatmen's Bancshares, Inc.	\$1,024.4	\$ 974.5
Fourth Financial Corporation	280.6	268.1
Worthen Banking Corporation	141.3	132.8
Other pooling acquisitions	22.6	18.3
- - - - -		

Boatmen's Bancshares, Inc. restated	\$1,468.9	\$1,393.7

Net income:		
Boatmen's Bancshares, Inc.	\$ 355.3	\$ 317.4
Fourth Financial Corporation	83.1	78.1
Worthen Banking Corporation	47.6	32.3
Other pooling acquisitions	4.9	.7

Boatmen's Bancshares, Inc. restated	\$ 490.9	\$ 428.5
=====		

</TABLE>
<TABLE>

Pending Acquisition On August 30, 1995, the Corporation announced a definitive agreement to acquire Tom Green National Bank, located in San Angelo, Texas, in a stock transaction to be accounted for as a purchase. The acquisition of Tom Green National Bank, with assets of approximately \$80 million, will result in the issuance of approximately .2 million shares of common stock from treasury stock acquired in the open market. This transaction is expected to be completed in the first quarter of 1996.

4 HELD TO MATURITY SECURITIES

The amortized cost and approximate market value of held to maturity securities are summarized as follows:

<CAPTION>

		Unrealized		
December 31, 1995	Amortized	-----		Market
(in thousands)	Cost	Gains	Losses	Value

<S>	<C>	<C>	<C>	<C>
U.S. treasury	\$ 2,505	\$ 21	\$ (5)	\$ 2,521
Federal agencies	250		(2)	248

Total U.S. treasury				
and agencies	2,755	21	(7)	2,769
State and municipal	912,348	51,606	(949)	963,005
Other debt securities	8,027			8,027

Total held to maturity				

securities	\$923,130	\$51,627	\$ (956)	\$973,801
=====				
<CAPTION>	Unrealized			
December 31, 1994	Amortized	-----		Market
(in thousands)	Cost	Gains	Losses	Value
- - - - -				
<S>	<C>	<C>	<C>	<C>
U.S. treasury	\$ 974,982	\$ 507	\$ (37,678)	\$ 937,811
Federal agencies:				
Mortgage-backed:				
Collateralized mortgage				
obligations	1,938,899	207	(145,182)	1,793,924
Adjustable-rate mortgages	1,273,577	429	(61,182)	1,212,824
Fixed rate pass-through	742,943	698	(39,778)	703,863
- - - - -				
Total mortgage-backed	3,955,419	1,334	(246,142)	3,710,611
Other agencies	919,074	118	(52,096)	867,096
- - - - -				
Total U.S. treasury				
and agencies	5,849,475	1,959	(335,916)	5,515,518
State and municipal	870,251	28,535	(10,281)	888,505
Other debt securities	455,432	19	(45,777)	409,674
- - - - -				
Total held to maturity				
securities	\$7,175,158	\$30,513	\$ (391,974)	\$6,813,697
=====				
</TABLE>				
<TABLE>				

Effective December 15, 1995, the Corporation transferred approximately \$5.7 billion of held to maturity securities to available for sale as permitted under the Statement of Financial Accounting Standards Board Special Report, "A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities," issued in November 1995. The amortized cost of such securities exceeded fair value by approximately \$16.8 million, resulting in an after-tax decrease to stockholders' equity of \$10.4 million. The transfer had no effect on 1995 earnings.

The maturity distribution of held to maturity securities at December 31, 1995 is summarized as follows:

<CAPTION>

=====		
(in thousands)	Amortized Cost	Market Value
- - - - -		
<S>	<C>	<C>
Due in one year or less	\$ 46,114	\$ 46,481
Due after one year through five years	168,940	174,857
Due after five years through ten years	417,471	447,179
Due after ten years	290,605	305,284
- - - - -		
Total held to maturity securities	\$923,130	\$973,801
=====		

</TABLE>
<TABLE>

There were no sales of held to maturity securities in 1995 or 1994. Gross realized gains in 1993 totaled \$9.9 million and gross realized losses were \$1.3 million.

5 AVAILABLE FOR SALE SECURITIES

The amortized cost and approximate market value of available for sale securities are summarized as follows:

<CAPTION>

=====				
		Unrealized		
December 31, 1995	Amortized	-----		Market
(in thousands)	Cost	Gains	Losses	Value

<S>	<C>	<C>	<C>	<C>
U.S. treasury	\$ 1,504,451	\$16,640	\$ (2,688)	\$ 1,518,403
Federal agencies:				
Mortgage-backed:				
Collateralized mortgage				
obligations	2,533,134	8,684	(31,971)	2,509,847
Adjustable-rate mortgages	3,101,001	14,498	(17,287)	3,098,212
Fixed rate pass-through	822,447	12,748	(2,715)	832,480

Total mortgage-backed	6,456,582	35,930	(51,973)	6,440,539
Other agencies	1,282,320	10,889	(1,707)	1,291,502

Total U.S. treasury				

and agencies	9,243,353	63,459	(56,368)	9,250,444
State and municipal	98,472	6,224	(97)	104,599
Other debt securities	841,497	7,162	(6,143)	842,516

Total debt securities	10,183,322	76,845	(62,608)	10,197,559
Equity securities	146,911	3,314	(612)	149,613

Total available for sale				
securities	\$10,330,233	\$80,159	\$ (63,220)	\$10,347,172

<CAPTION>

		Unrealized		
December 31, 1994	Amortized	-----		Market
(in thousands)	Cost	Gains	Losses	Value

<S>	<C>	<C>	<C>	<C>
U.S. treasury	\$1,178,465	\$ 1,805	\$ (35,278)	\$1,144,992
Federal agencies:				
Mortgage-backed:				
Collateralized mortgage				
obligations	835,012	87	(51,762)	783,337
Adjustable-rate mortgages	2,106,221	280	(98,053)	2,008,448
Fixed rate pass-through	278,672	3,587	(8,602)	273,657

Total mortgage-backed	3,219,905	3,954	(158,417)	3,065,442
Other agencies	362,906	25	(18,096)	344,835

Total U.S. treasury				
and agencies	4,761,276	5,784	(211,791)	4,555,269
State and municipal	167,811	7,883	(888)	174,806
Other debt securities	341,110	90	(21,195)	320,005

Total debt securities	5,270,197	13,757	(233,874)	5,050,080
Equity securities	119,418	1,277	(164)	120,531

Total available for sale				
securities	\$5,389,615	\$15,034	\$ (234,038)	\$5,170,611

</TABLE>

<TABLE>

The maturity distribution of available for sale securities at December 31, 1995 is summarized as follows:

<CAPTION>

=====		
(in thousands)	Amortized Cost	Market Value

<S>	<C>	<C>
Due in one year or less	\$ 797,797	\$ 799,842
Due after one year through five years	1,956,601	1,979,844
Due after five years through ten years	157,932	161,257
Due after ten years	76,411	78,146
Mortgage-backed securities	7,194,581	7,178,470

Total debt securities	10,183,322	10,197,559
Equity securities	146,911	149,613

Total available for sale securities	\$10,330,233	\$10,347,172
=====		

</TABLE>
<TABLE>

Available for sale securities at December 31, 1995 include mortgage-backed government guaranteed agency securities of \$6.5 billion and private issue mortgage-backed securities totaling \$.7 billion.

Sales and redemptions of available for sale securities resulted in realized gains and losses as follows:

<CAPTION>

=====		
Year ended December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Debt securities:		
Realized gains	\$ 7,968	\$11,158
Realized losses	(23,338)	(4,931)

Net realized gains (losses)	\$ (15,370)	\$ 6,227
=====		
Equity securities:		
Realized gains	\$ 8,052	\$ 3,527

Realized losses (10)

Net realized gains	\$ 8,042	\$ 3,527
=====		

</TABLE>
<TABLE>

Held to maturity and available for sale securities with book values totaling \$5,699,399 and \$6,279,181 at December 31, 1995 and 1994, respectively, were pledged to secure public deposits, trust deposits, and for other purposes required by law.

6 LOANS

A summary of loan categories is as follows:

<CAPTION>

=====		
December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Domestic:		
Commercial	\$11,834,507	\$10,883,440
Real estate-mortgage	4,565,326	4,519,791
Real estate-construction	1,107,692	1,003,837
Consumer	6,284,103	6,137,128
Lease financing	325,380	238,641

Total domestic	24,117,008	22,782,837
Foreign loans	20,876	19,134

Total loans	24,137,884	22,801,971
Less unearned income	86,981	84,409

Total loans, net	\$24,050,903	\$22,717,562
=====		

</TABLE>
<TABLE>

Nonperforming assets, consisting of nonperforming loans and foreclosed property, are summarized as follows:

<CAPTION>

December 31 (in thousands)	1995	1994
<S>	<C>	<C>
Nonaccrual	\$165,440	\$141,147
Restructured	7,996	7,593
Past due 90 days or more	37,349	30,194
Total nonperforming loans	210,785	178,934
Foreclosed property	35,149	67,224
Total nonperforming assets	\$245,934	\$246,158

Gross interest income which would have been recorded, if all nonaccrual and restructured loans at year end had been current in accordance with original terms, amounted to \$14.6 million in 1995 and \$15.3 million in 1994. Actual interest recorded amounted to \$5.7 million in 1995 and \$4.0 million in 1994.

At December 31, 1995, the recorded investment in loans that are considered to be impaired under SFAS No. 114 and SFAS No. 118 totaled approximately \$138.2 million, and the reserve for loan losses included approximately \$7.1 million allocated to \$20.9 million of impaired loans. In 1995, impaired loans averaged \$109.7 million and cash basis interest recognition on these loans, during the time that they were impaired, totaled less than \$1 million.

Following is a summary of activity for 1995 regarding loans extended to directors and executive officers of the Corporation and its largest subsidiaries or to enterprises in which said individuals had beneficial interests. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons.

<CAPTION>

(in thousands)

Outstanding at 12/31/94	Additions	Repayments	Net change from changes in director status	Outstanding at 12/31/95
<S>	<C>	<C>	<C>	<C>
\$267,288	\$125,849	\$ (96,054)	\$ (62,253)	\$234,830
=====				
=				
</TABLE>				
<TABLE>				

The following summarizes activity in the reserve for loan losses:

<CAPTION>

=====			
==			
December 31 (in thousands) 1993	1995	1994	

<S>	<C>	<C>	<C>
Balance, beginning of year 409,775	\$ 449,485	\$ 444,492	\$
Loans charged off (107,415)	(118,639)	(86,899)	
Recoveries on loans previously charged off 54,195	54,152	59,394	

Net charge-offs (53,220)	(64,487)	(27,505)	
Provision for loan losses 70,922	59,756	26,176	
Loan reserve from acquisitions 17,015	7,806	6,322	

Balance, end of year 444,492	\$ 452,560	\$ 449,485	\$
=====			
==			
</TABLE>			
<TABLE>			

7 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

<CAPTION>

=====

December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Land	\$ 114,935	\$ 111,341
Buildings	625,534	584,693
Buildings under capital leases	48,666	48,666
Furniture, fixtures and equipment	683,545	633,043
Leasehold improvements	103,768	104,299
Construction in progress	13,903	31,676

Total	1,590,351	1,513,718
Less accumulated depreciation/amortization	789,849	717,333

Net property and equipment	\$ 800,502	\$ 796,385
=====		
</TABLE>		
<TABLE>		

Depreciation and amortization charged to expense in 1995, 1994 and 1993 amounted to \$97,340, \$92,481, and \$82,955, respectively.

At December 31, 1995, the Corporation was obligated under long-term leases, principally related to the use of land, buildings, and equipment in banking operations. The following table summarizes future minimum rental payments required under leases which have initial or remaining noncancellable lease terms in excess of one year.

<CAPTION>

=====

(in thousands)

Period	Capital leases	Operating leases

<S>	<C>	<C>
1996	\$ 4,974	\$ 29,498
1997	4,974	25,767
1998	4,954	21,250
1999	4,895	18,793
2000	4,959	15,318
After 2000	50,295	73,072

Total minimum lease payments	75,051	\$183,698

=====

Less amount representing interest	35,975

Present value of minimum lease payments	\$39,076
=====	

Lease provisions that would cause rentals to vary from those reflected above are not material. Property taxes, insurance, and maintenance expense related to property under lease are principally paid by the Corporation. Total rental expense for all operating leases amounted to \$33,610, \$35,616, and \$42,515 in 1995, 1994, and 1993, respectively.

In March, 1995, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed Of." This statement requires that long-lived assets and certain identifiable intangibles to be held and used by a company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such conditions exist, companies must estimate the future cash flows from use of the asset and, if the sum of the undiscounted estimated future cash flows is less than the carrying amount of the asset, an impairment loss would be recognized. This pronouncement becomes effective in 1996 and is not expected to have a material effect on the Corporation's financial results.

8 INTANGIBLE ASSETS

Intangible assets, net of accumulated amortization are summarized as follows:

<CAPTION>

=====		
December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Goodwill	\$277,983	\$264,997
Core deposit premium	69,552	87,431
Mortgage servicing rights	67,461	41,043
Credit card premium	20,601	11,231

Total intangible assets, net	\$435,597	\$404,702
=====		

Intangible assets amortization charged to noninterest expense in 1995, 1994, and 1993 amounted to \$44,313, \$45,306, and \$46,654, respectively. Amortization of mortgage servicing rights charged to mortgage banking revenues in 1995, 1994, and 1993 totaled \$9,839, \$17,166, and \$19,244, respectively. In 1995, the Corporation capitalized approximately \$40 million of mortgage servicing rights, and sold mortgage servicing rights with a net book value of approximately \$4 million. The fair value of mortgage servicing rights at December 31, 1995 was approximately \$87.1 million. At December 31, 1995, no impairment writedown was required as the fair value of the mortgage servicing rights exceeded carrying value.

9 SEGREGATED ASSETS

Included in other assets at December 31, 1995 are segregated assets totaling \$103.3 million net of a valuation allowance of \$13.3 million. As part of the regulatory assisted acquisition of Missouri Bridge Bank, N.A. (Bridge Bank), on April 23, 1993, the Corporation entered into a five-year loss-sharing arrangement with the FDIC with respect to approximately \$950 million in multi-family residential, commercial real estate, construction and commercial loans. During the five-year period, the FDIC will reimburse the Corporation for 80 percent of the first \$92.0 million of net charge-offs on these loans, after which the FDIC will increase its reimbursement coverage to 95 percent of additional charge-offs. During this period and for two years thereafter, the Corporation is obligated to pay the FDIC 80 percent of all recoveries on charged off loans.

Segregated assets are those loans acquired from the Bridge Bank and covered under the loss-sharing arrangement with the FDIC that possess more than the normal risk of collectibility. These assets consist of loans that at acquisition were or have since become classified as nonperforming loans or foreclosed property.

The Corporation's primary purpose in managing a portfolio of this nature is to provide ongoing collection and control activities on behalf of the FDIC. Accordingly, these assets do not represent loans made in the ordinary course of business and, due to the underlying nature of this liquidating asset pool, are excluded from the Corporation's nonperforming asset statistics.

A summary of activity regarding the segregated asset pool for the years ended December 31, 1995 and 1994, is provided below.

<CAPTION>

	Principal	Allowance	Principal
(in millions)	balance	for losses	balance, net
-	-----		
<S>	<C>	<C>	<C>

Balance at December 31, 1993	\$266.6	\$18.4	\$248.2
Charge-offs	(14.9)	(3.0)	
Recoveries		1.3	
Net transfers	40.9		
Payments on segregated assets	(98.7)		

Balance at December 31, 1994	193.9	16.7	177.2
Charge-offs	(27.7)	(5.5)	
Recoveries		2.1	
Net transfers	(17.2)		
Payments on segregated assets	(32.4)		

Balance at December 31, 1995	\$116.6	\$13.3	\$103.3
=====			

</TABLE>
 <TABLE>

10 DEPOSITS

Deposits are summarized as follows:

<CAPTION>

=====		
December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Demand deposits	\$ 6,894,649	\$ 6,294,793
Savings deposits	1,906,996	2,275,440
Interest-bearing transaction accounts	11,603,724	9,977,819
Time deposits \$100,000 and over	1,819,633	3,072,574
Retail time deposits	9,753,135	9,488,043

Total deposits	\$31,978,137	\$31,108,669
=====		

</TABLE>
 <TABLE>

11 RESERVES ON DEPOSITS

Required reserves on deposits, included in the caption "Cash and due from banks," were \$487,835 and \$754,741 at December 31, 1995 and 1994, respectively.

12 FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Federal funds purchased and securities sold under repurchase agreements generally represent borrowings with overnight maturities. Information relating to these borrowings is summarized as follows:

<CAPTION>

=====			
(in thousands)	1995	1994	1993
- - - - -			
<S>	<C>	<C>	<C>
Balance:			
Average	\$2,912,944	\$3,497,345	\$2,267,945
Year end	2,902,973	2,987,315	2,616,746
Maximum month-end			
balance during year	3,315,915	4,427,373	3,181,996
=====			
Interest rate:			
Average	5.58%	4.32%	2.84%
=====			
Year end	5.31%	5.44%	2.66%
=====			
</TABLE>			
<TABLE>			

13 SHORT-TERM BORROWINGS

Short-term borrowings are summarized as follows:

<CAPTION>

=====		
December 31 (in thousands)	1995	1994
- - - - -		
<S>	<C>	<C>
Short-term bank notes	\$1,265,000	\$1,550,000
Commercial paper	49,497	43,531
Other	160,494	793,749
- - - - -		
Total	\$1,474,991	\$2,387,280
=====		
</TABLE>		
<TABLE>		

Information relating to short-term bank notes is summarized as follows:

<CAPTION>

=====		
(in thousands)	1995	1994
- - - - -		
<S>	<C>	<C>
Average balance	\$1,648,178	\$ 921,878
Maximum month-end balance during year	2,015,000	1,650,000
=====		
Interest rate:		
Average	6.29%	4.19%
=====		
Year end	6.10%	5.80%
=====		

</TABLE>
<TABLE>

In 1995, approximately \$.9 million of the short-term bank notes were converted to fixed rate debt through the use of interest rate swaps.

Commercial paper is issued by the parent company in maturities not to exceed nine months. The short-term bank notes are issued by the Corporation's banking subsidiaries generally with maturities of less than one year. Other short-term funds consisted principally of treasury, tax and loan accounts. At December 31, 1995, the parent company had available additional credit totaling \$100 million under a revolving credit agreement, all of which was unused. The revolving credit agreement is a three year facility extending to September, 1997.

14 LONG-TERM DEBT

Long-term debt is summarized as follows:

<CAPTION>

=====		
December 31 (in thousands)	1995	1994
- - - - -		
<S>	<C>	<C>
Parent Company:		
7-5/8% notes due 2004	\$100,000	\$100,000
6-3/4% notes due 2003	100,000	100,000

8-5/8% notes due 2003	50,000	50,000
9-1/4% notes due 2001	150,000	150,000
6-1/4% convertible subordinated debentures due 2011	772	904
12% note due 1998	25,000	25,000

Total Parent Company	425,772	425,904

Subsidiaries:		
Senior notes due 1998-2000	43,000	43,000
9-7/8% senior notes due April 15, 1995		35,000
Federal Home Loan Bank notes:		
6.28%-6.39% notes due 1999-2001	90,000	
4.9%-5.2% notes due 1997-1998	25,000	25,000
Other notes due 1999-2016	4,867	1,500
Other notes due through 1997		33,953
6.55% mortgage note due through 2009	26,430	27,679
8.60% term loan due 1995		4,375
7.41% notes payable		3,077
Other	60	5

Total subsidiaries	189,357	173,589

Total long-term debt	\$615,129	\$599,493
=====		

</TABLE>
<TABLE>

The 7-5/8% subordinated notes and the 6-3/4% subordinated notes have been effectively converted to variable rate debt for a portion of the term through the use of interest rate swaps. The average interest rates paid on these notes in 1995 and 1994 were 8.53% and 6.77%, respectively. These notes, and the 8-5/8% and 9-1/4% subordinated notes, are not redeemable by the holders or the Corporation prior to maturity.

The 6-1/4% convertible subordinated debentures are redeemable at the option of the holder without payment of premium by the Corporation. Redemption rights are subject to an annual noncumulative principal limitation of \$25 thousand per holder and \$1.2 million in the aggregate. Prepayments in whole or in part may be made at the option of the Corporation with payment of premium. The debentures are convertible into common stock of the Corporation at a conversion price of \$16.71 per share, subject to adjustments under certain circumstances. During 1995, 1994 and 1993, \$.1 million, \$.3 million and \$.2 million of the debentures, respectively, were converted into common stock.

The 12% note due in 1998 may not be prepaid at the option of the

Corporation.

The senior notes due 1998-2000 are unsecured and provide for payment of interest semi-annually with principal payable at maturity. Maturities are \$10 million due in 1998 priced to yield 7.21%, \$10 million due in 1999 priced to yield 7.56%, and \$23 million due in 2000 priced to yield 7.81%.

The Federal Home Loan Bank notes may be prepaid at the option of the Corporation with payment of premium.

The other notes due through 1997 were prepaid in full in 1995 and represented long-term debt obligations of the Corporation's mortgage banking subsidiary acquired in 1995.

The 6.55% mortgage note requires monthly principal and interest payments of \$252 thousand. The Corporation may prepay the note without payment of premium.

The 8.60% term note and 7.41% notes payable were paid in full in 1995 and represented long-term debt obligations of Fourth Financial Corporation, acquired in 1996.

Several of the note agreements contain various financial covenants pertaining to minimum levels of net worth, limitations on additional indebtedness, and limitations on repurchases of common stock and dividend payments. The Corporation was in compliance with all such covenants at December 31, 1995.

Obligations of the parent company included above are unsecured, and to a large extent are subordinated in right of payment to any other indebtedness of the Corporation. The indebtedness of the banking subsidiaries is subordinated to rights of depositors.

Scheduled principal payments on total long-term debt in each of the five years subsequent to December 31, 1995 are as follows:

<CAPTION>

=====

(in thousands)

- - - - -

Year	Parent Company	Consolidated
------	----------------	--------------

- - - - -

<S>	<C>	<C>
1996	\$ 772	\$ 2,652
1997		11,986
1998	25,000	52,099
1999		42,220
2000		55,318

=====

</TABLE>
<TABLE>

15 PREFERRED STOCK

At December 31, 1995, there were outstanding 9,609 shares of 7% Cumulative Redeemable Preferred Stock, Series B, \$100 per share stated value. Dividends are payable quarterly. The stock is redeemable at the stated value at the option of the holders and has equal voting rights with each share of common stock.

At December 31, 1995, there were outstanding 248,310 shares of nonvoting Class A Cumulative Convertible Preferred Stock. This preferred stock was issued in the form of 4,000,000 depositary shares, each representing a 1/16 interest in a share of preferred stock and each having a liquidation preference of \$25. Dividends are payable quarterly at an annual rate of \$1.75 per depositary share. The depositary shares are not redeemable by the Corporation prior to March 1, 1997. However, they may be converted at the election of shareholders into shares of the Corporation's common stock at a conversion price of \$29 per common share. At December 31, 1995, there were 3,972,960 depositary shares outstanding which could be converted into 3,424,972 shares of the Corporation's common stock.

16 COMMON STOCK

On August 10, 1993, the Corporation declared a two-for-one stock split, which was effected as a 100% stock dividend to stockholders of record on August 31, 1993 and paid on October 1, 1993. The Corporation maintains various stock option plans which provide for the issuance of stock to certain key employees of the Corporation. Under certain plans, stock appreciation rights may be granted. The option price under these plans is equivalent to the fair market value of the common stock at the date of grant. The Corporation accounts for its stock options in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees."

Prior to the merger, Fourth Financial had stock option plans under which options were granted. Options may no longer be granted under these plans. Such options outstanding upon consummation were generally converted into options to purchase the Corporation's common stock under conversion terms stipulated in the merger agreement.

The following table summarizes the status of the various plans.

<CAPTION>

=====

	1995		1994	

A summary of the Corporation's common stock related plans is provided below. Compensation expense related to the common stock plans totaled \$18.2 million in 1995, \$15.0 million in 1994, and \$13.8 million in 1993.

1990 Stock Purchase Plan for Employees This Plan provides eligible employees of the Corporation and its subsidiaries with the opportunity to purchase, at market value, with the Corporation providing a one-third matching contribution, common stock of the Corporation through regular payroll deductions. The aggregate number of shares issuable under this Plan is limited to 2,000,000 shares, and as of December 31, 1995, approximately 6,390 employees were participating in the Plan.

Dividend Reinvestment and Stock Purchase Plan 1,600,000 shares of the Corporation's common stock have been reserved for sale, at market value, pursuant to this plan, to holders of record of shares of common stock who elect to use quarterly dividends or optional cash contributions to purchase additional shares.

Thrift Incentive 401(k) Plan This is a savings plan for the benefit of

employees of the Corporation and its subsidiaries. Participation by eligible employees is voluntary, and participants may contribute at least 2% and up to 12% of their salary, up to certain limits, by regular payroll deductions. All participants' contributions are invested by the trustee, as directed by the participant, in various investment funds, one of which consists solely of the Corporation's common stock. The Corporation matches the contribution made by the employee, in full, up to 3%, which is invested in a separate fund consisting solely of the Corporation's common stock.

Shareholder Rights Plan In 1990, the Board of Directors of the Corporation declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock. The Rights trade automatically with shares of common stock and become exercisable only under certain circumstances. The Rights are designed to protect the interests of the Corporation and its shareholders against coercive takeover tactics. The purpose of the Rights is to encourage potential acquirers to negotiate with the Corporation's Board of Directors prior to attempting a takeover and to give the Board leverage in negotiating on behalf of all shareholders the terms of any proposed takeover.

17 REGULATORY CAPITAL

The Corporation's regulatory capital is summarized as follows:

<CAPTION>

December 31 (in millions)	1995	1994

<S>	<C>	<C>
Tier I capital	\$ 3,242.5	\$ 2,949.5
Tier II capital	770.1	752.9

Total capital	\$ 4,012.6	\$ 3,702.4
=====		
Risk-adjusted assets	\$28,721.2	\$27,020.2
=====		

</TABLE>
<TABLE>
<CAPTION>

Regulatory Minimums

Adequately Well

December 31	Capitalized	Capitalized	1995	1994

<S>	<C>	<C>	<C>	<C>
Risk-based capital ratios:				
Tier I	4%	6%	11.29%	10.92%
Total	8	10	13.97	13.70
Tier I leverage ratio	4	5	7.95	7.29
=====				
</TABLE>				
<TABLE>				

The Corporation's risk-based capital and Tier I leverage ratios substantially exceed the regulatory required minimums and, at December 31, 1995, all of the Corporation's subsidiaries were considered "well capitalized" based on regulatory defined minimums.

18 RETIREMENT BENEFITS

Substantially all employees of the Corporation and its subsidiaries are covered by the Boatmen's Bancshares, Inc. Retirement Plan for Employees, a noncontributory defined benefit plan, or in the case of Fourth Financial employees, the Fourth Financial Plan, which is in the process of being merged with the Boatmen's Retirement Plan. Pension benefits are based upon the employee's length of service and compensation during the final years of employment. Normal service costs are funded currently using the projected unit credit method.

An amendment was made to the Plan as of December 31, 1995 to standardize credited service, which had the effect of increasing the projected benefit obligation by approximately \$22.8 million.

Contributions to the Plan totaled \$7.9 million in 1995, \$8.0 million in 1994, and \$13.8 million in 1993.

Net pension expense for 1995, 1994 and 1993 was comprised of the following:

<CAPTION>

=====			
Year ended December 31 (in thousands)	1995	1994	1993

<S>	<C>	<C>	<C>
Service cost	\$17,219	\$16,413	\$14,129
Interest cost on projected			
benefit obligation	20,787	19,656	17,661

(Return) loss on plan assets	(61,712)	1,022	(31,961)
Net amortization and deferral	37,376	(24,319)	11,395

Net pension expense	\$13,670	\$12,772	\$11,224

</TABLE>
<TABLE>

The following table sets forth the retirement plan's funded status and amounts recognized in the Corporation's consolidated financial statements:

<CAPTION>

December 31 (in thousands)	1995	1994

<S>	<C>	<C>
Plan assets at fair value, primarily listed		
stocks and bonds	\$314,798	\$259,914

Actuarial present value of benefit obligation:		
Vested benefits	240,504	182,596
Non-vested benefits	16,499	10,762

Accumulated benefit obligation	257,003	193,358
Effect of projected future salary increases	78,589	52,300

Projected benefit obligation	335,592	245,658

Plan assets in excess of (lower than)		
projected benefit obligation	\$ (20,794)	\$ 14,256

Comprised of:

Unrecognized net asset being amortized		
over 17 years	\$ 13,684	\$ 16,018
Unrecognized net gain (loss) from past		
experience different from that assumed		
and effects of changes in assumptions	(4,835)	238
Unrecognized prior service benefit (loss)	(20,626)	1,176
Prepaid pension cost (liability)	(9,017)	(3,176)

	\$ (20,794)	\$ 14,256

</TABLE>
<TABLE>

Assumptions used in computing pension expense were:

<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
Weighted average discount rate	8-8-1/2%	7-7-1/2%	7-8%
Rate of increase in future compensation levels	4-3/4-5-1/2%	4-3/4-5%	4-3/4-5-1/2%
Expected long-term rate of return on assets	8-3/4%	8-3/4%	8-9-1/4%

</TABLE>
<TABLE>

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.25% and 4.70%-5.00%, respectively, at December 31, 1995 and 8.50%-8.75% and 4.70%-5.50% respectively, at December 31, 1994.

The Corporation provides postemployment life and contributory medical benefits to retired employees. The liability for such benefits is unfunded and costs of such benefits are accrued in a manner similar to actual pension costs.

The following table presents the status of the plans:

<CAPTION>

December 31 (in thousands)	1995	1994
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	\$52,371	\$39,300
Fully eligible active plan participants	13,962	12,326
Other active plan participants	19,492	17,272

Total accumulated postretirement		
benefit obligation	85,825	68,898

Unrecognized net gain	21,867	10,913
Unrecognized transition obligation	38,289	40,560

Accrued postretirement		
benefit cost	\$25,669	\$17,425
=====		
</TABLE>		
<TABLE>		

Net postretirement benefit cost included the following components:

<CAPTION>

Year ended December 31 (in thousands)	1995	1994	1993

<S>	<C>	<C>	<C>
Service cost	\$ 1,230	\$ 1,460	\$1,238
Interest cost	6,049	4,924	4,586
Amortization of transition			
obligation over 20 years	2,906	4,338	2,396

Net postretirement benefit cost	\$10,185	\$10,722	\$8,220
=====			
</TABLE>			
<TABLE>			

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits for the medical plan is 9.00% for 1996 (compared to 10.00% assumed for 1995) and is assumed to decrease gradually to 5.00% in 2003 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation for the medical plan as of December 31, 1995 by \$6.7 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1995 by \$.7 million. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.25% at December 31, 1995 and 8.50% at December 31, 1994.

Income tax expense is summarized as follows:

<CAPTION>

=====			
Year ended December 31 (in thousands)	1995	1994	1993

<S>	<C>	<C>	<C>
Current:			
Federal	\$221,860	\$211,920	\$182,897
State	36,299	34,806	30,803

Total current	258,159	246,726	213,700

Deferred:			
Federal	3,970	10,778	(30,176)
State	(1,119)	(3,086)	(9,209)

Total deferred	2,851	7,692	(39,385)

Income tax expense	\$261,010	\$254,418	\$174,315
=====			

</TABLE>

<TABLE>

A reconciliation of the statutory Federal income tax rate with the effective tax rate is as follows:

<CAPTION>

	Percent of pre-tax income		

Year ended December 31	1995	1994	1993

<S>	<C>	<C>	<C>
Statutory rate	35.0%	35.0%	35.0%
Tax-exempt securities interest			
and other income	(4.0)	(4.1)	(5.3)
State taxes, net of Federal benefit	2.9	2.8	2.3
Deferred taxes at applicable rates			(2.8)
Other, net	1.3	.4	(.3)

Effective rate	35.2%	34.1%	28.9%

</TABLE>
<TABLE>

The Corporation's deferred tax asset account was comprised of the following:

<CAPTION>

Year ended December 31 (in thousands)	1995	1994
<hr/>		
<S>	<C>	<C>
Deferred tax liabilities:		
Lease financing	\$ (49,793)	\$ (29,657)
Net unrealized gain on available for sale securities	(6,463)	
Depreciation	(36,767)	(33,168)
Purchase accounting adjustment	(15,111)	(20,412)
Other	(36,083)	(40,481)
<hr/>		
Total deferred tax liabilities	(144,217)	(123,718)
<hr/>		
Deferred tax assets:		
Net unrealized loss on available for sale securities		84,483
Provision for loan loss	182,620	174,809
Other real estate owned losses	11,496	17,800
Intangibles	18,697	14,790
Net operating loss carryforwards	22,976	29,926
Other	50,024	37,304
<hr/>		
Total deferred tax assets	285,813	359,112
<hr/>		
Net deferred tax asset	\$141,596	\$235,394

</TABLE>
<TABLE>

At December 31, 1995, the Corporation had net operating loss carryforwards of \$48,798, all of which relate to net operating losses of acquired companies. Net operating loss carryforwards expire in years 1999 through 2007.

The Corporation has determined that it is not required to establish a valuation allowance for the deferred tax asset since it is more likely than not that the deferred asset of \$141,596 will be realized through either

carryback to taxable income in prior years, future reversals of existing taxable temporary differences and, to a lesser extent, future taxable income.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. Where possible, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of risk. Intangible values assigned to customer relationships are not reflected in the reported fair values. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of year end or that will be realized in the future.

The carrying amounts reported in the balance sheet for cash and due from banks, short-term investments, Federal funds sold and securities purchased under resale agreements approximate fair value.

Fair values for held to maturity securities, available for sale securities, and trading securities are based on quoted market prices or dealer quotes. If quoted prices are not available for the specific security, fair values are based on quoted market prices of comparable instruments.

The fair values of 1-4 family residential loans, home equity and other homogeneous categories of consumer loans are estimated using quoted market prices for similar traded loans or securities backed by such loans, adjusted for differences between the quoted instruments and the instrument being valued. The fair values for other loans are estimated using a discounted cash flow analysis, based on interest rates currently offered for loans with similar terms to borrowers of similar credit quality or in some situations, due to the variable rate nature of the instrument, carrying value and fair value are considered one and the same.

Fair values for nonperforming loans are estimated using assumptions regarding current assessments of collectibility and historical loss experience.

By definition fair values of deposits with no stated maturities, such as demand deposits, savings and NOW accounts and money market deposit accounts, are equal to the amounts payable on demand at the reporting date. The fair values of all other fixed rate deposits are based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The carrying amounts of variable rate deposits approximate fair value at the reporting date.

The carrying amounts of Federal funds purchased and other short-term borrowings approximate their fair values as of the reporting date.

The fair value of long-term debt is based on quoted market prices for

similar issues, or current rates offered to the Corporation for debt of the same remaining maturity.

The fair values of interest rate swaps and foreign exchange contracts are estimated using dealer quotes. These values represent the costs to replace all outstanding contracts at current market rates, taking into consideration the current credit worthiness of the counterparties. The fair values of loan commitments, commercial letters of credit and standby letters of credit are determined using estimated fees currently charged to enter into similar agreements. The fair value of loan commitments totaled approximately \$1.9 million and \$1.1 million at December 31, 1995 and 1994, respectively. The fair value of commercial and standby letters of credit totaled approximately \$1.5 million and \$1.3 million at December 31, 1995 and 1994, respectively.

The estimated fair values of the Corporation's financial instruments were as follows:

<CAPTION>

December 31, 1995 (in millions)	Carrying amount	Fair value

<S>	<C>	<C>
Financial assets:		
Cash and due from banks and		
short-term investments	\$ 3,920.6	\$ 3,920.6
Held to maturity securities	923.1	973.8
Available for sale securities	10,347.2	10,347.2
Trading securities	58.4	58.4
Loans	23,598.3	23,939.7
Financial liabilities:		
Deposits	31,978.1	32,065.2
Short-term borrowings	4,378.0	4,378.0
Long-term debt	615.1	660.5
Off-balance sheet financial instruments:		
Interest rate swaps:		
Asset/liability management	(1.1)	(5.2)
Customer swaps held in trading portfolio	1.6	1.6
Foreign exchange contracts held in		
trading portfolio	.5	.5

<CAPTION>

December 31, 1994 (in millions)	Carrying amount	Fair value

<S>	<C>	<C>
Financial assets:		
Cash and due from banks and		

short-term investments	\$ 3,723.9	\$ 3,723.9
Held to maturity securities	7,175.2	6,813.7
Available for sale securities	5,170.6	5,170.6
Trading securities	32.4	32.4
Loans	22,268.1	22,079.6
Financial liabilities:		
Deposits	31,108.7	31,096.4
Short-term borrowings	5,374.6	5,374.6
Long-term debt	599.5	585.3
Off-balance sheet financial instruments:		
Interest rate swaps:		
Asset/liability management	(.5)	(174.3)
Customer swaps held in trading portfolio	.4	.4
Foreign exchange contracts held in		
trading portfolio	2.3	2.3

</TABLE>
<TABLE>

21 FINANCIAL INSTRUMENTS

WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Corporation utilizes a variety of off-balance sheet financial instruments to service the financial needs of customers and to manage the Corporation's overall asset/liability position. This activity includes commitments to extend credit, standby and commercial letters of credit, securities lending, interest rate swaps and foreign exchange contracts. Each of these instruments involve varying degrees of risk. As such, the contract or notional amounts of these instruments may or may not be an appropriate indicator of the credit or market risk associated with these instruments.

Generally accepted accounting principles recognize these instruments as contingent obligations or off-balance sheet items and accordingly, the contract or notional amounts are not reflected in the consolidated financial statements.

A summary of the Corporation's off-balance sheet financial instruments at December 31, 1995 and 1994 is presented as follows.

<CAPTION>

Financial instruments held for other than trading purposes
whose credit risk is represented by contract amounts

December 31 (in millions) 1995 1994

<S>	<C>	<C>
Commitments to extend credit	\$10,742.6	\$10,186.7
Standby letters of credit	1,162.1	1,003.4
Commercial letters of credit	111.1	167.9
Forward commitments	86.6	155.9
Securities lent	2,719.4	2,968.2
Total	\$14,821.8	\$14,482.1

<CAPTION>

Financial instruments whose credit risk is represented by
other than notional or contract amounts

December 31 (in millions)	1995	1994
Foreign exchange contracts held in trading portfolio:		
Commitments to purchase	\$ 344.3	\$ 549.1
Commitments to sell	426.9	595.8
Interest rate swaps:		
Asset/liability management	2,803.6	2,531.6
Customer swaps held in trading portfolio	852.2	649.2
Total	\$4,427.0	\$4,325.7

</TABLE>
<TABLE>

A loan commitment represents a contractual agreement to lend up to a specified amount, over a stated period of time as long as there is no violation of any condition established in the contract, and generally requires the payment of a fee. Standby letters of credit are issued to improve a customer's credit standing with third parties, whereby the Corporation agrees to honor a financial commitment by issuing a guarantee to third parties in the event the Corporation's customer fails to perform. Since loan commitment amounts generally exceed actual funding requirements and virtually all of the standby letters of credit are expected to expire unfunded, the total commitment amounts do not represent future cash requirements. The Corporation's exposure to credit loss from loan commitments, standby letters of credit and commercial letters of credit is measured by the contract amount of these instruments. This credit risk is minimized by subjecting these off-balance sheet instruments to the same credit policies and underwriting

standards used when making loans. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on such evaluations. Acceptable collateral includes cash or cash equivalents, marketable securities, deeds of trust, receivables, inventory, fixed assets and financial guarantees. Interest rates, in the event funding of the aforementioned commitments are required, are predominantly based on floating rates or prevailing market rates at the time such commitments are funded. Substantially all of these commitments expire in 1-2 years unless renewed by the Corporation. Commercial letters of credit are short-term commitments issued for trade purposes, primarily to finance the movement of goods between a buyer and seller dealing in international markets. The Corporation, through its mortgage banking subsidiary, obtains mandatory forward commitments of up to 120 days to sell mortgage backed securities to hedge the market risk associated with a substantial portion of the mortgage loan commitments that are expected to close (mortgage loan pipeline), and all mortgage loans held for sale. The Company's risk management function closely monitors the mortgage loan pipeline to determine appropriate forward commitment coverage on a daily basis in order to manage the risk inherent in these off-balance-sheet financial instruments.

The Corporation, through its trust subsidiary, is involved in off-balance sheet securities lending. In this capacity, the Corporation, acting as agent, lends securities on behalf of its customers to third party borrowers. The Corporation indemnifies its customers against losses in the event of counterparty default, and minimizes this risk through collateral requirements and limiting transactions to pre-approved borrowers. Collateral policies require each borrower to initially deliver cash or securities equal to or exceeding 102% of the market value of the securities lent. Additional collateral is required through the term of the lending agreement to ensure that the value of collateral exceeds the market value of the securities lent. Interest rate risk associated with securities lending activities arises from rate movements affecting the spread between the rebate rate paid to the borrower on his collateral and the rate earned on that collateral. This risk is controlled through policies that limit the level of interest rate risk which can be undertaken.

The Corporation enters into interest rate swap transactions primarily as part of its asset/liability management strategy to manage interest-rate risk. These transactions involve the exchange of interest payments based on a notional amount. The notional amounts of interest rate swaps express the volume of transactions and are not an appropriate indicator of the off-balance sheet market risk or credit risk. The credit risk associated with interest rate swaps arises from the counterparties' failure to meet the terms of the agreements and is limited to the fair value of contracts in a gain (favorable) position. The Corporation manages this risk by maintaining a well-diversified

portfolio of highly-rated counterparties in addition to imposing limits as to types, amounts and degree of risk the portfolio can undertake. The limits are approved by senior management and positions are monitored to ensure compliance with such limits. The credit risk exposure at December 31, 1995 is minimal as virtually all contracts were in an unfavorable position.

An effective asset/liability management function is required to address the interest rate risk inherent in the Corporation's core banking activities. If no other management action is taken, these core banking activities, which include lending and deposit products, result in an asset-sensitive position. Accordingly, the Corporation utilizes a variety of discretionary on- and off-balance sheet strategies to prudently manage the overall interest rate sensitivity position. The Corporation's interest rate risk exposure is currently limited, by policy, to 5% of projected annual net income. Adherence to these risk limits is controlled and monitored through simulation modeling techniques that consider the impact alternative interest rate scenarios will have on the Corporation's financial results.

In 1995, \$850 million of new swaps were added and \$578 million matured such that at December 31, 1995, interest rate swaps totaled \$2.8 billion. The most recent swaps were executed as a means to convert a portion of the Corporation's variable rate bank notes to fixed rate instruments. Interest rate swaps executed in prior years were undertaken to modify the interest rate sensitivity of subordinated debt as well as alter the interest rate sensitivity of the Corporation's prime-based loan portfolio, converting a portion of these loans to fixed rate instruments. Additionally, the Corporation has utilized swaps to convert a portion of its long-term fixed rate debt to a floating rate basis. Periodic correlation assessments are performed to ensure that the swap instruments are effectively modifying the interest rate characteristics of the respective balance sheet items.

As summarized in the following table, the swap portfolio is primarily comprised of contracts wherein the Corporation receives a fixed rate of interest while paying a variable rate. As such, the income contribution from the swap portfolio will decrease in a rising rate environment and increase in a falling rate environment. The average rate received at December 31, 1995, was 5.71% compared to an average rate paid of 6.09%, and the average remaining maturity of the total portfolio was less than one year. The variable rate component of the interest rate swaps is based on LIBOR as of the most recent reset date. The interest rate swaps are not leveraged in that they reset in step with rate movements in the underlying index.

A summary of the interest rate swap activity for the years ended December 31, 1995 and December 31, 1994 is provided below.

<CAPTION>

=====				
Asset/Liability Management Swaps	Receive	Pay	Basis	
(in millions)	Fixed	Fixed	Swaps	Total

<S>	<C>	<C>	<C>	<C>
Notional amount,				
December 31, 1993	\$1,501	\$231	\$300	\$2,032
Additions	1,100		50	1,150
Maturities (650)	(450)	(100)	(100)	

Notional amount,				
December 31, 1994	2,151	131	250	2,532
Additions 850		850		
Maturities (578)	(323)	(102)	(153)	

Notional amount,				
December 31, 1995	\$1,828	\$879	\$ 97	\$2,804
=====				
At December 31, 1995:				
Average remaining				
maturity (years)	.9	.5	.2	.7
Weighted average rate received 5.71%	5.58%	5.88%	6.76%	
Weighted average rate paid	5.99	6.29	6.06	6.09
=====				
At December 31, 1994:				
Average remaining				
maturity (years)	2.2	.6	1.1	2.0
Weighted average rate received 5.57%	5.56%	5.92%	5.55%	
Weighted average rate paid	6.05	5.33	5.72	5.98
=====				
</TABLE>				
<TABLE>				

Summarized below is the unrealized gain (loss) of the swap portfolio at
December 31, 1995 and 1994.

	December 31, 1995		December 31, 1994	

Asset/Liability Management Swaps	Notional	Unrealized	Notional	Unrealized
(in millions)	Amount	Gain (loss)	Amount	Gain (loss)

<S>	<C>	<C>	<C>	<C>
Prime Loan Swaps:				
Receive fixed	\$1,505	\$ (2.0)	\$1,800	\$ (155.6)
Basis swaps	97	.2	200	(3.8)

Total prime loan swaps	1,602	(1.8)	2,000	(159.4)
Long-term debt swaps	200	(.7)	200	(8.6)
Bank note liability swaps	850	(2.5)		
Other	152	(.2)	332	(6.3)

Total	\$2,804	\$ (5.2)	\$2,532	\$ (174.3)
=====				
</TABLE>				
<TABLE>				

The swap portfolio decreased net interest income by approximately \$13 million in 1995, resulting in a reduction in the net interest margin of approximately 4 basis points. In 1994, the swap portfolio increased net interest income by \$16 million adding approximately 5 basis points to the margin. Based on interest rates at December 31, 1995, it is anticipated that the swap portfolio will reduce net interest income by approximately \$5 million in 1996 and approximately \$1 million in 1997; however, it is anticipated that these declines will be offset by a higher contribution from core banking activities. The estimated fair value of the swap portfolio, based on dealer quotes, was an unrealized loss of \$5.2 million at December 31, 1995, compared to an unrealized loss of \$174.3 million at December 31, 1994. The Corporation's operating and liquidity position is not expected to be materially impacted by the unrealized loss inherent in the swap portfolio.

Approximately 60% of the portfolio is comprised of indexed amortizing swaps, whereby the maturity distribution could lengthen if interest rates

increase from current levels. Assuming interest rates were to increase 200 basis points from their current levels, the average maturity distribution of the swap portfolio would extend by approximately 1.2 years, but in no event would any component of the swap portfolio extend beyond 4.4 years. The decision to use indexed amortizing swaps rather than some other financial instrument is analogous to choices made between using on-balance sheet instruments such as mortgage-backed securities and Treasury securities. While both instruments can be effective at reducing the risk associated with the asset sensitive profile of the core banking activities, the Corporation frequently chooses to assume some modest extension/contraction characteristics associated with investing in a mortgage-backed security. Indexed amortizing swaps and mortgage-backed securities are similar in nature in that the notional or principal values decline over time and changes in market rates impact the degree to which the underlying instrument amortizes. The specific indexed amortizing swaps used by the Corporation have a minimum term which can potentially lengthen to a specified final maturity depending on the level of movement in interest rates. While the underlying characteristics of the specific indexed amortizing swaps used by the Corporation are similar to on-balance sheet mortgage-backed securities, prepayment and other risk factors are more predictable due to the structural features inherent in the swaps. Any future utilization of off-balance sheet financial instruments will be determined based upon the Corporation's overall interest rate sensitivity position and asset/liability management strategies.

The Corporation has not terminated any of its interest rate swap positions. Accordingly, there have been no deferred gains/losses associated with this activity.

While the Corporation is primarily an end-user of derivative instruments, it does act as an intermediary to meet the financial needs of its customers. In this capacity, the Corporation executes foreign exchange transactions and interest rate swaps to provide customers with capital markets products to meet their financial objectives. All positions are reported at fair value and changes in fair values are reflected in investment banking revenues as they occur. Interest rate risk associated with the customer swap portfolio is controlled by entering into offsetting positions with third parties. Including these offsetting positions, the notional amount of the customer swap portfolio at December 31, 1995 totaled approximately \$852.2 million. Credit risk associated with this activity is minimized by limiting transactions to highly rated counterparties and through collateral agreements. Collateral is required to be delivered when the credit risk exceeds acceptable thresholds, for certain counterparties. Collateral thresholds are established based on the creditworthiness of the counterparty and are bilateral. Acceptable collateral includes U.S. Treasury and Federal agency securities. Foreign exchange activity, which is marked to market based on prevailing rates of exchange, can

expose the Corporation to market risk, particularly when open positions exist, and, to a lesser extent, credit risk associated with counterparties and their ability to meet the terms of the foreign exchange contracts. The Corporation minimizes market risk associated with foreign exchange activity by establishing limits which prohibit traders from maintaining significant open positions on a daily basis. The Corporation's exposure to credit risk on foreign exchange contracts and customer swap contracts is measured as the cost of replacing the contract in the event of default by the counterparty which is limited to the market value of all contracts in a gain position. The Corporation controls this credit risk by maintaining a well diversified portfolio of highly rated counterparties and imposing counterparty limits and collateral protection which is monitored by a credit committee for compliance. In addition, counterparty credit risk for all derivative activity is managed by subjecting these transactions to credit policies and underwriting standards consistent with that used when making commitments to extend credit. At December 31, 1995, the Corporation's credit exposure from interest rate and foreign exchange contracts totaled \$8.4 million and \$10.7 million, respectively. The following summarizes the fair value at period end and the average fair value for the years ended December 31, 1995 and 1994 for derivatives held or issued for trading purposes.

<CAPTION>

Derivatives Held or Issued for Trading Purposes--Fair Value

	1995		1994	
	Period end	Average	Period end	Average
Interest-rate swap contracts:				
Assets	\$ 8.4	\$ 4.9	\$ 4.7	\$ 4.1
Liabilities	(6.8)	(3.9)	(4.3)	(3.6)
Foreign exchange contracts:				
Assets	10.7	19.4	19.1	21.0
Liabilities	(10.2)	(18.2)	(16.8)	(18.9)

</TABLE>
<TABLE>

Net trading gains recognized in earnings on interest rate contracts

outstanding totaled \$1.3 million in 1995, \$.2 million in 1994 and \$.8 million in 1993. Net trading gains from foreign exchange contracts totaled \$6.9 million in 1995, \$5.9 million in 1994 and \$5.4 million in 1993.

22 PARENT COMPANY CONDENSED

FINANCIAL STATEMENTS

Following are the condensed financial statements of Boatmen's Bancshares, Inc. (Parent Company only) for the periods indicated:

<CAPTION>

Balance Sheet

December 31 (in thousands)	1995	1994
<hr/>		
<S>	<C>	<C>
Assets:		
Cash	\$ 834	\$ 33
Short-term investments	2,398	4,063
Investment in subsidiaries:		
Banks and bank holding companies	3,504,291	3,044,242
Nonbanks	239,750	215,851
<hr/>		
Total investment in subsidiaries	3,744,041	3,260,093
<hr/>		
Advances to subsidiaries:		
Bank	257,901	286,239
Nonbanks	57,163	38,466
<hr/>		
Total advances to subsidiaries	315,064	324,705
<hr/>		
Goodwill	84,413	89,874
Other assets	55,544	46,070
<hr/>		
Total assets	\$4,202,294	\$3,724,838

Liabilities:

Accounts payable and accrued liabilities	\$ 78,342	\$ 54,275
Dividends payable	47,936	35,556
Short-term borrowings	49,497	43,531
Long-term debt	425,772	425,904
<hr/>		
Total liabilities	601,547	559,266

Redeemable preferred stock	961	1,142
Stockholders' equity:		
Preferred stock	99,324	100,000
Common stock	158,068	156,084
Surplus	1,212,838	1,171,184
Unrealized net appreciation (depreciation),		
available for sale securities	10,476	(134,521)
Retained earnings	2,137,176	1,886,199
Treasury stock	(18,096)	(14,516)
Total stockholders' equity	3,599,786	3,164,430
Total liabilities and stockholders' equity	\$4,202,294	\$3,724,838

</TABLE>
<TABLE>
<CAPTION>

Statement of Income

Year ended December 31 (in thousands)	1995	1994	1993
<S>	<C>	<C>	<C>
Income:			
Dividends from subsidiaries:			
Banks and bank holding companies	\$276,654	\$219,676	\$216,425
Nonbanks	18,118	26,019	23,855
Total dividends from subsidiaries	294,772	245,695	240,280
Fees from subsidiaries	14,436	15,177	33,316
Interest on short-term investments	146	829	988
Interest on advances to subsidiaries	16,114	11,545	6,713
Other	5,912	760	791
Total income	331,380	274,006	282,088
Expense:			
Interest expense	41,116	35,924	32,062
Staff expense	40,523	29,691	31,120
Other	34,143	23,971	30,139

Total expense	115,782	89,586	93,321

Income before income tax benefit and equity in undistributed income of subsidiaries	215,598	184,420	188,767
Income tax benefit	23,499	18,465	14,932

Income before equity in undistributed income of subsidiaries	239,097	202,885	203,699
Equity in undistributed income of subsidiaries	240,914	288,041	224,775

Net income	\$480,011	\$490,926	\$428,474
=====			
</TABLE>			
<TABLE>			

Retained earnings include \$1,887,309 and \$1,692,270 of equity in undistributed income of subsidiaries at year-end 1995 and 1994, respectively.

Annual dividend distributions to the Corporation from its banking subsidiaries are subject to certain limitations by applicable banking regulatory authorities. In the aggregate, the statutory maximum available dividends which may be paid to the Corporation without prior regulatory approval is \$725,319, resulting in \$2,991,210 or 80.0% of the total equity of the subsidiaries being potentially restricted as of December 31, 1995.

<CAPTION>

Statement of Cash Flows

=====			
Year ended December 31 (in thousands)	1995	1994	1993

<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	\$ 480,011	\$ 490,926	\$ 428,474
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,458	4,435	4,127
Equity in undistributed income of subsidiaries	(240,914)	(288,041)	(224,775)
(Gain) loss on sale of assets	(5,049)	30	237
Increase (decrease) in taxes payable	(5,311)	(3,435)	105

Other, net	26,374	14,452	(6,796)

Net cash provided by			
operating activities	259,569	218,367	201,372

Cash flows from investment activities:			
Purchase of net assets and increase in			
investment in subsidiaries	(57,985)	(26,524)	(125,364)
Net change in advances to subsidiaries	9,641	(54,903)	(141,054)
Net change in short-term investments	1,665	12,340	78,597
Net change in property and equipment	(183)	50	(3,595)

Net cash used for			
investing activities	(46,862)	(69,037)	(191,416)

Cash flows from financing activities:			
Net change in short-term borrowings	5,966	(6,103)	(6,390)
Repayments of long-term debt	(14)	(1)	(5,003)
Proceeds from issuance of			
long-term debt			99,281
Cash dividends paid	(170,757)	(132,690)	(112,216)
Common stock issued pursuant to			
various employee and shareholder			
stock issuance plans	29,561	4,530	16,993
Acquisition of treasury stock	(76,479)	(15,406)	(3,102)
Decrease in redeemable preferred stock	(183)	(13)	(93)

Net cash used for			
financing activities	(211,906)	(149,683)	(10,530)

Increase (decrease) in cash	801	(353)	(574)
Cash at beginning of year	33	386	960

Cash at end of year	\$ 834	\$ 33	\$ 386
=====			

23 LEGAL PROCEEDINGS

Various claims and lawsuits, incidental to the ordinary course of business, are pending against the Corporation and its subsidiaries. In the opinion of management, after consultation with legal counsel, resolution of these matters is not expected to have a material effect on the consolidated financial statements.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders

Boatmen's Bancshares, Inc.

We have audited the accompanying supplemental consolidated balance sheets of Boatmen's Bancshares, Inc. (formed as a result of the consolidation of Boatmen's Bancshares, Inc. and Fourth Financial Corporation) as of December 31, 1995 and 1994, and the related supplemental consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1995. The supplemental consolidated financial statements give retroactive effect to the merger of Boatmen's Bancshares, Inc. and Fourth Financial Corporation on January 31, 1996, which has been accounted for using the pooling of interests method as described in the notes to the supplemental consolidated financial statements. These supplemental financial statements are the responsibility of the management of Boatmen's Bancshares, Inc. Our responsibility is to express an opinion on these supplemental financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the supplemental financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the supplemental consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boatmen's Bancshares, Inc. at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, after giving retroactive effect to the merger with Fourth Financial Corporation, as described in the notes to the supplemental consolidated financial statements, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

St. Louis, Missouri

January 18, 1996 (except for the pooling of
interests with Fourth Financial Corporation
as of January 31, 1996, and Note 3, for
which the date is January 31, 1996)

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Consent of Independent Auditors

We consent to the incorporation by reference in this Current Report (Form 8-K) of NationsBank Corporation of our report dated January 18, 1996 (except for the pooling of interest with Fourth Financial Corporation as of January 31, 1996, and Note 3, for which the date is January 31, 1996) with respect to the supplemental consolidated financial statements of Boatmen's Bancshares, Inc. for the years ended December 31, 1995, 1994, and 1993, which are incorporated by reference in this Current Report (Form 8-K).

We also consent to the incorporation by reference into each NationsBank Corporation registration statement listed below of our report referred to above.

Registration Statements on Form S-3

Number	Description
33-44826	Dividend Reinvestment and Stock Purchase Plan
33-57533	\$3 billion shelf
33-63097	\$3 billion shelf
333-7229	\$3 billion shelf

Registration Statements on Form S-8

Number	Description
2-91958	1978 KESOP (additional shares)
2-73761	1978 KESOP
2-80406	Stock Thrift Plan
33-45279	C&S/Sovran Plan
33-48883	1992 Associates' Stock Option Award Plan
33-60695	Key Employee Stock Purchase Plan
33-43125	C&S/Sovran Plans
33-55145	RHNB Plans
33-63351	Bank South Plans
33-62069	ICBK Plans
33-62208	MNC ESP Shares
333-02875	Directors Stock Plan
333-07105	1996 Associates' Stock Option Award Plan

/s/ Ernst & Young LLP

St. Louis, Missouri
September 5, 1996