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AUTH.NAME AUTHOR AFFILIATION
TOY,T.M. Mudge, Rose, Guthrie, Alexander & Ferden
RECIP.NAME RECIPIENT AFFILIATION
KNIGHTON,G.W. PWR Project Directorate 7

SUBJECT: Forwards addl financial info re application in respect to sale & leaseback transactions by util.Encl quarterly repts to Securities Exchange Commission provide financial statements for each equity investor.

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INTERNAL:	ACRS	09	6	6	ADM/LFMB		1	0
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REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

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	PWR-B PEICSB	1	1	PWR-B RSB	1	1
INTERNAL:	ACRS 09	6	6	ADM/LFMB	1	0
	ELD/HDS3	1	0	NRR/ORAS	1	0
	REG FILE 04	1	1	RGN5	1	1
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202-429-9355

SUITE 2020
333 SOUTH GRAND AVENUE
LOS ANGELES, CALIF. 90071
213-613-1112

12, RUE DE LA PAIX
75002 PARIS, FRANCE
261-57-71

August 11, 1986

Director of Nuclear Reactor Regulation
Attention: Mr. George W. Knighton, Project Director
PWR Project Directorate #7
Division of Pressurized Water Reactor Licensing-B
Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Application in Respect of Sale and Leaseback Transactions by Public Service Company of New Mexico Dated February 14, 1986 - Palo Verde Nuclear Generating Station Unit 2 (Docket No. STN 50-529)

Dear Mr. Knighton:

In its "Filing by Public Service Company of New Mexico with respect to Additional Financial Information, submitted under cover of letter dated April 22, 1986 from Keleher & McLeod, P.A., Public Service Company of New Mexico undertook (at page 8) to provide the Commission with its and Bank of Boston Corporation's most recent quarterly report on Form 10-Q. Enclosed herewith are such reports.

6091.30.2898.07:1

A001
1/1

If I can be of further assistance, please do not hesitate to call.

Sincerely,

Timothy Toy

Timothy Michael Toy

Copies with enclosure to:

Edward S. Christenbury, Esq.
Assistant General Counsel for Hearings
Nuclear Regulatory Commission
7735 Old Georgetown Road
Bethesda, Maryland 21930

Edwin J. Reis, Esq.
Deputy Assistant General Counsel
Nuclear Regulatory Commission
7735 Old Georgetown Road
Bethesda, Maryland 21930

Charles L. Moore, Esq.
Keleher & McLeod, P.A.
414 Silver Avenue, S.W.
Albuquerque, New Mexico 87158

Arthur C. Gehr, Esq.
Snell & Wilmer
3100 Valley Bank Center
Phoenix, Arizona 85073

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1986 Commission File Number 1-6986

PUBLIC SERVICE COMPANY OF NEW MEXICO
(Exact name of registrant as specified in its charter)

New Mexico	85-0019030
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
Alvarado Square, Albuquerque, New Mexico	87158
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (505) 848-2700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at May 1, 1986
Common Stock - $5.00 par value	40,274,556 shares

Total number of pages in document: ________

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES

INDEX

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(Unaudited)

	Three Months Ended March 31 1986	Three Months Ended March 31 1985
	(In thousands except per share amounts)	
Operating revenues:		
Electric	$100,131	$ 97,919
Gas	97,162	89,348
Water	2,086	1,330
Total operating revenues	199,379	188,597
Operating expenses:		
Fuel and purchased power	11,435	12,391
Gas purchased for resale	64,764	63,537
Other operation and maintenance	52,161	36,648
Depreciation and amortization	14,818	13,218
Taxes, other than income taxes	8,046	7,028
Income taxes	5,877	14,526
Total operating expenses	157,101	147,348
Operating income	42,278	41,249
Other income and deductions, net of taxes:		
Allowance for equity funds used during construction	10,129	13,928
Deferred carrying costs on uncommitted electric generating capacity	3,273	-
Equity in earnings of unconsolidated affiliates	(733)	52
Other	752	(107)
Net other income and deductions	13,421	13,873
Income before interest charges	55,699	55,122
Interest charges:		
Interest on long-term debt	25,959	28,085
Other interest charges	980	1,928
Allowance for borrowed funds used during construction	(3,938)	(5,465)
Net interest charges	23,001	24,548
Net earnings	32,698	30,574
Preferred stock dividend requirements	5,976	5,976
Net earnings applicable to common stock	$ 26,722	$ 24,598
Average shares of common stock outstanding	39,277	36,356
Earnings per share of common stock	$ .68	$ .68
Dividends paid per share of common stock	$ .73	$ .72

See accompanying notes to consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 1986 (Unaudited)	December 31, 1985 (Audited)
	(In thousands)	
ASSETS		
Utility plant	$2,631,791	$2,584,823
Accumulated provision for depreciation	(424,177)	(413,366)
Net utility plant	2,207,614	2,171,457
Other property and investments	256,443	230,276
Current assets:		
Cash	8,330	7,974
Temporary cash investments	197,184	375,767
Receivables--net	103,039	112,963
Fuel, materials and supplies	38,490	42,002
Gas in underground storage	10,299	12,112
Prepaid expenses	5,880	6,778
Total current assets	363,222	557,596
Deferred charges	58,285	50,909
	$2,885,564	$3,010,238
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock	$ 201,079	$ 189,829
Additional paid-in capital	644,414	588,415
Retained earnings	197,664	198,703
Common stock equity	1,043,157	976,947
Cumulative preferred stock:		
Without mandatory redemption requirements	106,000	106,000
With mandatory redemption requirements	115,780	119,080
Long-term debt, less current maturities	1,101,700	1,143,355
Total capitalization	2,366,637	2,345,382
Current liabilities:		
Short-term debt	955	49,435
Accounts payable	83,895	97,179
Current maturities of long-term debt	50,381	77,723
Accrued interest and taxes	14,125	81,924
Other current liabilities	29,192	32,100
Total current liabilities	178,548	338,361
Deferred credits	340,379	326,495
	$2,885,564	$3,010,238

See accompanying notes to consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	Three Months Ended March 31 1986	Three Months Ended March 31 1985
	(In thousands)	
FUNDS GENERATED INTERNALLY:		
Net earnings	$ 32,698	$ 30,574
Charges (credits) to earnings not requiring funds:		
Depreciation and amortization	17,198	15,313
Provision for non-current deferred income taxes, net	22,092	11,652
Investment tax credits, net	3,126	2,545
Allowance for equity funds used during construction	(10,129)	(13,928)
Earnings of unconsolidated affiliates	1,455	1,786
Funds derived from operations	66,440	47,942
Less cash dividends	33,737	32,025
Total funds generated internally	32,703	15,917
FUNDS OBTAINED FROM (APPLIED TO) OUTSIDE SOURCES:		
Sale of common stock	67,249	11,993
Proceeds from pollution control revenue bonds	1,815	37,052
Increases in other long-term debt	38,521	114,325
Decreases in other long-term debt	(82,339)	(71,692)
Increase (decrease) in short-term debt, net	(48,480)	68,888
Proceeds from sale of utility plant, net	-	69,806
Decrease in working capital, other than short-term debt	83,041	14,399
Other	(20,660)	2,995
Total funds obtained from outside sources	39,147	247,766
Total funds generated	$ 71,850	$ 263,683
CONSTRUCTION EXPENDITURES, INVESTMENTS AND ACQUISITION:		
Utility plant additions	$ 42,334	$ 39,228
Increase in other property and investments	29,516	11,213
Acquisition of noncurrent New Mexico gas utility assets:		
Property, plant and equipment	-	225,719
Other assets	-	5,329
Deferred credits	-	(17,806)
Total construction expenditures, investments and acquisition	$ 71,850	$ 263,683

See accompanying notes to consolidated financial statements

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) General Accounting Policies--In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial statements. The accounting policies followed by the Company are set forth in Note (1) to the Company's consolidated financial statements in the 1985 annual report to stockholders which are incorporated by reference in the Company's annual report on Form 10-K for the year ended December 31, 1985 filed with the Securities and Exchange Commission (the "1985 Form 10-K").

(2) Acquisition of Natural Gas Utility Assets--The Company acquired substantially all of the New Mexico gas utility assets (the "New Mexico Gas Properties") of Southern Union Company on January 28, 1985. The following unaudited pro forma information (in thousands except per share amount) for the three months ended March 31, 1985, shows the results of operations as though the purchase of the New Mexico Gas Properties had occurred at the beginning of the period. (See Note (3) below.)

Operating Revenues	$226,945
Net Earnings	$ 33,544
Earnings per Share	$ .76

Pro forma expenses are adjusted only for the costs which are directly attributable to the acquisition. No changes to revenues or expenses have been made to reflect the results of any modification in operation that might have been made by the Company. Pro forma data, as required by the Securities and Exchange Commission, are provided for comparative purposes and are not necessarily indicative of actual results that would have been achieved had the acquisition been at the beginning of the period, or of future results.

(3) Reclassification of Southern Union Gathering Company--Since the January 28, 1985 acquisition, Southern Union Gathering Company, acquired by Sunbelt Mining Company, a wholly owned subsidiary of the Company, had been shown as utility in the consolidated financial statements. Starting in the first quarter of 1986, Southern Union Gathering Company has been reclassified as non-utility in the accompanying unaudited consolidated financial statements. All prior periods included in this report, including the pro forma information presented above, have been reclassified for comparability.

(4) Common Stock Issue--On February 4, 1986, the Company issued 1,800,000 shares of common stock to the public through underwriters. Net proceeds from the stock offering were approximately $53.2 million. The Company is utilizing the cash proceeds to fund its construction program and to repay short-term borrowings.

PUBLIC SERVICE COMPANY OF NEW MEXICO AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company's detailed construction program and financing requirements have been discussed under "Utility Construction Program" and "Funding and Transactions"in the 1985 Form 10-K.

Generally, the Company finances its construction program through a combination of internally generated funds and proceeds of short-term borrowings which will subsequently be repaid through short-term and/or long-term financings. The Company's utility construction expenditures, including allowance for funds used during construction ("AFUDC"), are estimated at $224 million for 1986. The Company currently estimates the 1986 external funding requirements to be approximately $155 million. In order to meet its 1986 external capital requirements, the Company issued, in February 1986, 1.8 million shares of common stock with net proceeds to the Company of $53.2 million. Also, the Company expects to generate $47 million from its stock plans and plans to utilize short-term borrowings of $50 million and $5 million of proceeds from various pollution control financings. The Company proposes, in 1986, to enter into one or more sale and leaseback transactions with respect to its 10.2 percent undivided interest in Palo Verde Nuclear Generating Station ("PVNGS") Unit 2 and the remainder of its interest in Unit 1.

The Company has unused and readily available lines of credit and revolving credit arrangements amounting to $220 million. In addition, the Company has on file with the Securities and Exchange Commission a shelf registration statement under which the Company can issue an additional 200,000 shares of common stock. The Company intends to redeem or purchase approximately $250 million principal amount of its first mortgage bonds. The Company is also currently planning the redemption or purchase of up to $93 million stated value of its outstanding preferred stock.

The Company's capital structure at March 31, 1986 consisted of 46.5 percent long-term debt less current maturities, 4.9 percent preferred stock with mandatory redemption requirements, 4.5 percent preferred stock without mandatory redemption requirements and 44.1 percent common stock equity.

RESULTS OF OPERATIONS

Earnings per share of common stock for the quarter ended March 31, 1986 were 68¢, unchanged from the corresponding quarter of last year. Net earnings for the first quarter of 1986 totaled $32.7 million, an increase of $2.1 million from the same quarter a year ago. The following discussion highlights the significant factors which have an impact on the results of operations.

Electric operating revenues for the first quarter of 1986 increased $2.2 million from the same quarter a year ago, due primarily to an increase in revenues from commercial customers, which was partially offset by a decrease in sales to wholesale customers.

Gas operating revenues increased $7.8 million in the first quarter over the same quarter last year. This increase is due to three months of operations included in the current quarter while the same quarter of 1985 included only two months of operations after the acquisition of the New Mexico Gas Properties on January 28, 1985. However, gas operating revenues for the two months ended March 31, 1986 decreased $31.7 million from the comparable period of the previous year due to decreased consumption by large industrial customers, lower gas purchase costs and mild temperatures experienced during the current quarter.

Other operation and maintenance expense for the current quarter increased $15.5 million over the same quarter last year. The major portion of this increase was attributable to the commercial operation of PVNGS Unit 1 beginning in January 1986 and lease payments incurred for the leased portion of Unit 1.

Operating income taxes for the current quarter decreased $8.6 million from the corresponding quarter last year as a result of tax benefits related to PVNGS Unit 1.

Allowance for equity funds used during construction decreased $3.8 million in the current quarter from the same quarter a year ago, due to the commercial operation of PVNGS Unit 1 in January 1986. Deferred carrying costs on inventoried capacity were $3.3 million in the current quarter while no such item was recognized in the same quarter a year ago.

Equity in earnings from subsidiaries decreased $3 million from the corresponding quarter due primarily to a greater loss from the medium-density fiberboard manufacturing plant and reduced sales by Sunbelt's gas gathering operations.

Interest charges for the current quarter decreased $3.1 million from the same period a year ago as a result of the retirement of $50 million of first mortgage bonds in September 1985 and $70 million of notes payable in January 1986.

PART II - OTHER INFORMATION

Item 5. Other Information

Palo Verde Nuclear Generating Station Unit 2 License

On April 23, 1986, the Nuclear Regulatory Commission ("the NRC") authorized the NRC staff to issue, subject to certain conditions, a full power operating license for PVNGS Unit 2, thus removing the 5 percent restriction on generating capability which had been imposed earlier. The full power operating license was subsequently issued, superseding the license previously issued in December 1985 which contained the low power limitation. Operation of Unit 2 at increasing power levels is expected to commence in May 1986, with firm power operation anticipated to be achieved in the third quarter of 1986. (See "Electric Operations--Sources of Power--Nuclear Plant" under Item 1--"Business" in the 1985 Form 10-K.)

Palo Verde Nuclear Generating Station Audit

As reported previously (see "Recent Developments" under Item 1--"Business" in the 1985 Form 10-K), the New Mexico Public Service Commission (the "Commission") has joined with the utility regulatory bodies of Arizona, California and Texas in sponsoring an independent audit of PVNGS management and construction costs. In 1985, the Company agreed to participate in the audit and to fund a portion of the audit expenses with the understanding that the study would be balanced and objective. The Company now believes that the orientation of the audit has changed and that the audit will not produce balanced and objective conclusions. As a result, the Company advised the Commission in April 1986 that it was withdrawing from participation in and further funding of the audit. Another PVNGS participant, El Paso Electric Company ("El Paso"), also announced its withdrawal from the audit in April 1986. Subsequently, the Commission's staff filed a petition for an order to show cause why the certificate of convenience and necessity granted by the Commission in 1977, which permits the Company to participate in PVNGS, should not be amended to condition such certificate on the Company's continued participation in and funding of the audit. The Commission issued the order requested by the Commission's staff and scheduled a hearing on the matter for late May. The Company understands that the Commission issued a similar order concerning El Paso.

Palo Verde Nuclear Generating Station Penalty

By letter dated May 5, 1986, the NRC sent a Notice of Violation and Proposed Imposition of Civil Penalty (the "NRC Notice") notifying Arizona Public Service Company ("APS"), the PVNGS operating agent, that the NRC proposes to impose a $100,000

civil penalty for violations categorized in the aggregate as a "Severity Level III" problem (on a scale of I to V in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions"). The NRC Notice relates to deficiencies noted by the NRC during security inspections at PVNGS from February 11 to March 13, 1986. The base civil penalty for a Severity Level III problem is $50,000. The NRC indicated that the proposed civil penalty was doubled because APS had prior notice of similar problems and because several violations involved multiple examples. The NRC requires APS to respond and, among other things, either to pay or to protest the civil penalty within 30 days of the NRC Notice. The Company understands that APS is currently evaluating its response to the NRC Notice.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None.

(b) Reports on Form 8-K:

During the quarter ended March 31, 1986 the Company filed, on the dates indicated, the following reports on Form 8-K:

Report dated December 31, 1985, and filed on January 14, 1986, relating to consummation of three sale and leaseback transactions relating to the Company's interest in PVNGS Unit 1.

Report dated February 24, 1986, and filed on March 3, 1986 (a) relating to an application filed with the Commission seeking authority to (1) enter into one or more sale and leaseback transactions with respect to the Company's undivided ownership interest in PVNGS Unit 2, (2) enter into a sale and leaseback transaction with an affiliate of the Company with respect to up to all of the Company's remaining undivided ownership interest in PVNGS Unit 1 and (3) reorganize into a holding company structure and (b) containing audited consolidated financial statements.

Signatures

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

PUBLIC SERVICE COMPANY OF NEW MEXICO
(Registrant)

Date: May 13, 1986

M A Clifton
M. A. Clifton
Vice President
Corporate Financial Planning

Date: May 13, 1986

B D Lackey
B. D. Lackey
Vice President & Corporate Controller
(Chief Accounting Officer)

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarter Ended March 31, 1986

Commission file number 1-6522

BANK OF BOSTON CORPORATION

(Exact name of Registrant as specified in its charter)

Massachusetts (State or other jurisdiction of incorporation or organization)	04-2471221 (I.R.S. Employer Identification No.)
100 Federal Street, Boston, Massachusetts (Address of principal executive office)	02110 (Zip Code)
Registrant's telephone number, including area code	(617) 434-2200

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_x_ No____

Number of outstanding shares of the Registrant's sole class of Common Stock as of May 5, 1986	39,506,180

INDEX

Part I - FINANCIAL INFORMATION: Page

LIST OF TABLES

Consolidated Financial Summary - (dollars in millions, except share amounts)

(Taxable equivalent basis) Quarters Ended	March 31 1986	March 31 1985	December 31 1985
Net interest revenue after provision for credit losses	$ 219.7	$ 177.2	$ 219.8
Other operating income	138.8	96.2	117.6
Other operating expense	256.2	187.8	257.1
Net income	52.4	43.9	43.8
Loans and lease financing	20,299.3	14,942.8	19,621.3
Total assets	28,390.0	22,615.9	28,296.3
Deposits	18,885.4	14,552.2	19,214.1
Total stockholders' equity	1,515.2	1,221.3	1,474.6
Per common share (1):			
Net income:			
Primary	$ 1.23	$ 1.10	$ 1.03
Fully diluted	1.18	1.10	1.03
Dividends declared	.33	.30	.33
Book value (at period end)	33.17	30.16	32.30
Common stock price range:			
Low	29	19 7/8	22
High	39 1/8	23 3/4	31 1/4
Selected ratios (annualized):			
Return on average assets	.77%	.79%	.68%
Return on average common equity	15.29%	15.05%	12.78%
Primary capital	6.67%	6.80%	6.52%
Total capital	9.42%	8.18%	8.03%

(1) All per common share amounts reflect the two-for-one stock split effective March 31, 1986.

Consolidated Balance Sheet

(in thousands, except share amounts)

ASSETS	March 31 1986	December 19
Cash and due from banks	$ 1,684,447	$ 1,859,0
Interest bearing deposits in other banks	1,699,326	2,102,0
Federal funds sold and securities purchased under agreements to resell	149,317	199,3
Trading account securities (market value of $194,100 in 1986 and $638,000 in 1985)	193,131	637,31
Investment securities:		
U.S. Treasury	921,072	856,1
U.S. Government agencies and corporations	815,373	116,7
States and political subdivisions	273,833	466,5
Other	559,809	471,0
Total investment securities (market value of $2,664,000 in 1986 and $1,939,000 in 1985)	2,570,087	1,910,4
Loans and lease financing (net of unearned income of $210,213 in 1986 and $223,437 in 1985)	20,299,315	19,621,3
Reserve for possible credit losses (Note B)	(328,659)	(313,6
	19,970,656	19,307,6
Precious metals assets	144,147	166,5
Premises and equipment	441,970	443,8
Due from customers on acceptances	501,980	656,9
Accrued interest receivable	348,873	346,1
Other assets	686,051	667,0
TOTAL ASSETS	$28,389,985	$28,296,

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31 1986	December 31 1985
Deposits:		
Domestic offices:		
Non-interest bearing	$ 3,825,838	$ 4,102,150
Interest bearing	9,280,254	9,254,496
Overseas offices:		
Non-interest bearing	332,301	309,892
Interest bearing	5,447,054	5,547,520
Total deposits	18,885,447	19,214,058
Funds borrowed:		
Federal funds purchased	1,920,238	2,055,291
Term federal funds purchased	922,365	306,740
Securities sold under agreements to repurchase	854,550	982,058
Commercial paper	1,099,156	1,136,021
Other funds borrowed	798,313	959,505
Acceptances outstanding	502,570	661,904
Accrued and deferred income taxes	102,423	103,753
Accrued expenses and other liabilities	829,697	797,557
Notes payable (Note C)	960,034	604,866
TOTAL LIABILITIES	26,874,793	26,821,753
Commitments & Contingent Liabilities (Note D)		
Stockholders' Equity:		
Preferred stock without par value:		
Authorized - 10,000,000 shares		
Issued - Series A - 1,045,712 shares	52,286	52,286
Series B - 1,576,068 shares	78,803	78,803
Series C - 775,390 shares	77,539	77,539
Common stock:		
Par value - $2.25 per share in 1986 and $4.50 per share in 1985		
Authorized - 100,000,000 shares in 1986 and 40,000,000 shares in 1985		
Issued - 39,390,990 shares in 1986 and 19,440,807 shares in 1985	88,630	88,187
Surplus	216,021	211,130
Retained earnings	1,006,830	971,450
Cumulative translation adjustments	(4,917)	(4,808)
TOTAL STOCKHOLDERS' EQUITY	1,515,192	1,474,587
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$28,389,985	$28,296,340

Consolidated Statement of Income

(in thousands, except share amounts)

	Quarters Ended March 3	
	1986	198
Interest income:		
Loans and lease financing, including fees	$622,133	$578,50
Trading account securities	10,512	28,60
Investment securities	61,189	61,88
Federal funds sold and securities purchased under agreements to resell	25,406	46,47
Deposits with banks	53,204	72,22
Precious metals	3,289	
Total interest income	775,733	787,69
Interest expense:		
Deposits of domestic offices	170,981	116,06
Deposits of overseas offices	170,894	221,04
Funds borrowed	176,204	253,70
Notes payable	19,121	11,27
Total interest expense	537,200	602,09
Net interest revenue	238,533	185,60
Provision for credit losses (Note B)	35,000	20,00
Net interest revenue after provision for credit losses	203,533	165,60
Other operating income:		
Financial service fees	50,338	39,70
Trust and agency fees	28,453	18,92
Trading account profits and commissions	4,263	2,14
Investment portfolio gains	3,981	53
Other income	51,798	34,92
Total other operating income	138,833	96,2
Other operating expense:		
Salaries	110,137	79,44
Employee benefits	25,486	19,4
Occupancy expense	23,583	17,20
Equipment expense	21,994	15,4
Other expense	74,961	56,2
Total other operating expense	256,161	187,8
Income before income taxes	86,205	74,0
Provision for income taxes	33,831	30,0
NET INCOME	$ 52,374	$ 43,9
Per common share (Notes E and F):		
Net income:		
Primary	$ 1.23	$ 1.
Fully diluted	$ 1.18	$ 1.
Dividends declared	$ .33	$.
Average common shares outstanding (Note F):		
Primary	39,304,168	38,692,8
Fully diluted	41,611,372	38,692,8

The accompanying notes are an integral part of these financial statements.

Consolidated and Parent Company Statement of Changes in Stockholders' Equity

(in thousands)

	Quarters Ended March 31 1986	Quarters Ended March 31 1985
Balance, beginning of period	$1,474,587	$1,185,444
Net income	52,374	43,930
Common stock issued in connection with:		
Dividend reinvestment plan	3,664	3,057
Employee benefit plans	1,670	707
Cash dividends declared:		
Preferred stock - Series A	(1,056)	(1,234)
Preferred stock - Series B	(1,545)	
Preferred stock - Series C	(1,411)	
Common stock	(12,982)	(11,628)
Translation adjustments, net of tax	(109)	1,034
Balance, end of period	$1,515,192	$1,221,310

The accompanying notes are an integral part of these financial statements.

BANK OF BOSTON CORPORATION

Consolidated Statement of Changes in Financial Position

(in thousands)

	Quarters Ended March 31 1986	1985
Funds were provided from:		
Net income	$ 52,374	$ 43,930
Non-cash charges included in net income:		
Provision for credit losses	35,000	20,000
Depreciation and amortization	13,682	9,777
Deferred income taxes	1,797	9,071
Funds provided from operations	102,853	82,778
Increase in:		
Funds borrowed	155,007	1,453,468
Notes payable	355,168	349
Decrease in:		
Cash and due from banks	174,553	377,937
Interest bearing deposits in other banks	402,704	
Federal funds sold and securities purchased under agreements to resell	50,048	274,175
Precious metals assets	22,357	
Due from customers on acceptances	154,983	165,109
Issuance of common stock	5,334	3,764
	$1,423,007	$2,357,580
Funds were used for:		
Cash dividends declared:		
Preferred stock	$ 4,012	$ 1,234
Common stock	12,982	11,628
Increase in:		
Interest bearing deposits in other banks		149,762
Investment and trading account securities	216,111	815,421
Loans and lease financing	697,995	369,068
Decrease in:		
Deposits	328,629	706,088
Acceptances outstanding	159,334	172,848
Other, net	3,944	131,531
	$1,423,007	$2,357,580

The accompanying notes are an integral part of these financial statements.

Parent Company Balance Sheet

(in thousands)

ASSETS	March 31 1986	December 31 1985
Cash and due from banks	$ 79,560	$ 873
U.S. Treasury securities (market value of $508,300 in 1986 and $504,500 in 1985)	499,982	499,982
Loans (net of reserve for possible credit losses of $2,000 in 1986 and in 1985)	118,817	112,000
Advances to subsidiaries:		
Bank subsidiaries	22,082	11,435
Nonbank subsidiaries	1,470,482	1,246,037
Investments in subsidiaries:		
Bank subsidiaries	1,498,724	1,463,632
Nonbank subsidiaries	237,016	228,327
Accrued interest receivable:		
Subsidiaries	6,097	5,338
Other	11,981	22,667
Other assets	11,999	9,223
TOTAL ASSETS	$3,956,740	$3,599,514
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds borrowed	$1,565,385	$1,597,881
Dividends payable	12,982	12,934
Accrued interest payable:		
Subsidiary	11,590	8,159
Other	9,212	11,734
Advance from nonbank subsidiary	90,000	90,000
Notes payable	750,000	400,000
Other liabilities	2,379	4,219
TOTAL LIABILITIES	2,441,548	2,124,927
TOTAL STOCKHOLDERS' EQUITY	1,515,192	1,474,587
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,956,740	$3,599,514

The accompanying notes are an integral part of these financial statements.

(in thousands)

	Quarters Ended March 31	
	1986	1985
Operating income:		
Dividends from bank subsidiaries	$ 9,918	$ 773
Interest income:		
U.S. Treasury securities	10,570	19,990
Loans	4,029	4,605
Advances to nonbank subsidiaries	29,244	21,586
Total operating income	53,761	46,954
Operating expense:		
Interest expense:		
Funds borrowed	29,219	34,667
Advance from nonbank subsidiary	3,431	3,431
Notes payable	12,909	7,102
Other expense	8	49
Total operating expense	45,567	45,249
Income before income taxes and equity in undistributed net income of subsidiaries	8,194	1,705
Provision (benefit) for income taxes	(864)	506
Income before equity in undistributed net income of subsidiaries	9,058	1,199
Equity in undistributed net income of subsidiaries	43,316	42,731
NET INCOME	$52,374	$43,930

The accompanying notes are an integral part of these financial statements.

Parent Company Statement of Changes in Financial Position

(in thousands)

	Quarters Ended March 31	
	1986	1985
Funds were provided from:		
Net income	$ 52,374	$ 43,930
Less equity in undistributed net income of subsidiaries	43,316	42,731
Funds provided from operations	9,058	1,199
Increase in:		
Funds borrowed		773,166
Notes payable	350,000	
Decrease in loans		23,900
Issuance of common stock	5,334	3,764
Other, net	6,268	
	$370,660	$802,029
Funds were used for:		
Cash dividends declared:		
Preferred stock	$ 4,012	$ 1,234
Common stock	12,982	11,628
Increase in:		
Cash and due from banks	78,687	3,755
U.S. Treasury securities		704,943
Advances to subsidiaries	235,092	58,488
Loans	6,817	
Decrease in funds borrowed	32,496	
Increase in investments in subsidiaries	574	1,034
Other, net		20,947
	$370,660	$802,029

The accompanying notes are an integral part of these financial statements.

A. The accompanying consolidated and parent company financial statements of Bank of Boston Corporation (the "Corporation") are unaudited. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the information contained herein have been made. Certain prior period amounts have been reclassified for comparative purposes. This information should be read in conjunction with the Corporation's 1985 Annual Report on Form 10-K.

B. Reserve for Possible Credit Losses:

An analysis of changes in the consolidated reserve is as follows:

	Quarters Ended March 31	
	1986	1985
	(in thousands)	
Balance, beginning of period	$313,664	$242,384
Provision	35,000	20,000
Credit losses	(29,228)	(21,960)
Recoveries	9,223	6,971
Net credit losses	(20,005)	(14,989)
Balance, end of period	$328,659	$247,395

C. Notes Payable:

On January 30, 1986, the Corporation issued $100 million principal amount of 7 3/4% Convertible Subordinated Debentures maturing June 15, 2011. The Debentures are unsecured obligations of the Corporation, convertible at the option of the holder into common stock of the Corporation at $35 1/8 per share, subject to adjustment in certain events, and are redeemable at the option of the Corporation at prices decreasing from 107.75% in 1986 to 100.78% in 1994 and thereafter at 100% of the principal amount plus, in each case, accrued interest. Interest is payable semiannually on June 15 and December 15 of each year.

On February 10, 1986, the Corporation issued $250 million principal amount of Subordinated Floating Rate Notes maturing in February 2001. Interest is payable at 1/8 of 1% over the London interbank offered rates ("LIBOR") for three-month Eurodollar deposits, with such rate determined quarterly. Such interest is subject to a minimum rate of 5% per annum and a maximum rate of 19 3/4% per annum. At March 31, 1986, the interest rate was 8 3/16%. The Notes may be redeemed at the option of the Corporation at 100% of the principal amount on and after the interest payment date in February 1989.

D. Commitments and Contingent Liabilities:

In the normal course of business, there are outstanding a number of commitments to extend credit, letters of credit, quarantees and letters of indemnity, as well as obligations related to bankers acceptances participated to other financial institutions and agreements to purchase or sell securities, foreign exchange or interest. Certain of these commitments represent various degrees and types of risk to the Corporation including credit, interest rate, foreign exchange rate and liquidity risk. In many cases, the commitments involving interest and foreign exchange result from decisions to hedge overall interest rate and foreign exchange risk. In the opinion of management, the Corporation's outstanding commitments do not represent unusual risks for the Corporation and losses, if any, resulting from them will not be material.

The Corporation and its subsidiaries are defendants in a number of legal proceedings arising in the normal course of business. Management, after reviewing all actions and proceedings pending against or involving the Corporation and its subsidiaries, considers that the aggregate liability or loss, if any, resulting from the final outcome of these proceedings will not be material.

E. Net Income Per Share:

Primary net income per common share is computed by dividing net income, reduced by preferred stock dividends, by the weighted average number of common shares outstanding for each period presented.

Fully diluted net income per common share is computed by dividing net income reduced by preferred stock dividends and increased by the interest, net of income tax, recorded on the Corporation's convertible debentures, by the weighted average number of common outstanding shares for each period plus amounts representing the dilutive effect of outstanding stock options and the dilution which would result from conversion of the Corporation's convertible debentures.

F. Stock Split:

At the Corporation's annual meeting in March, 1986, the stockholders authorized an increase in the number of common shares from 40,000,000 to 100,000,000, changed the par value of each authorized common share from $4.50 to $2.25 and approved a two-for-one stock split, effective March 31, 1986. Average outstanding common shares and per common share data have been retroactively restated to reflect the stock split.

SUMMARY OF RESULTS OF OPERATIONS

The Corporation reported net income for the quarter of $52.4 million, up 19% from $43.9 million reported in the same period last year. Net income per common share was $1.23, 12% higher than the $1.10 reported in the first quarter of 1985, both reflecting the two-for-one stock split effective March 31, 1986. On a fully diluted basis, earnings per common share for the first quarter was $1.18 compared with $1.10 a year ago. Earnings per common share is being reported on a fully diluted basis for the first time as a result of issuing $100 million of convertible debentures in January, 1986. Improvements were experienced in both net interest revenue and other operating income. In addition, the acquisitions of Colonial Bancorp, Inc. ("Colonial") in June, 1985 and RIHT Financial Corporation ("RIHT") in November, 1985 contributed to earnings per share.

As compared with fourth quarter 1985, net income for first quarter 1986 was up by $8.6 million or 20%. Earnings per common share was up $.20 from the $1.03 reported in the fourth quarter and on a fully dilutive basis, earnings per common share was up $.15 from fourth quarter's results. The increase in net income was substantially the result of higher other operating income. In addition, higher net interest revenue and lower other operating expense were offset by a higher provision for credit losses.

NET INTEREST REVENUE - (FULLY TAXABLE EQUIVALENT BASIS)

The discussion of net interest revenue should be read in conjunction with the Analysis of Changes in Net Interest Revenue by Volume, Rate and Time and the Average Balances and Interest Rates and Interest Differential analysis on pages 23 and 26. For purposes of this review, income that is either exempt from federal income taxes or taxed at a preferential rate has been adjusted to a fully taxable equivalent basis. The adjustment of income to a fully taxable equivalent basis has been calculated assuming a federal income tax rate of 46% and adjusting for applicable state and local income taxes, net of the related federal tax benefit.

The following table shows an analysis of net interest revenue by United States and International Operations for the first quarter of 1986 as compared with the first quarter of 1985 and the fourth quarter of 1985. It also presents the adjustment to reflect net interest revenue on a fully taxable equivalent basis.

				Increase (Decrease) First Quarter 1986 Compared with	
	First Quarter 1986	First Quarter 1985	Fourth Quarter 1985	First Quarter 1985	Fourth Quarter 1985
			(in millions)		
United States Operations:					
Net interest revenue before provision for uncollectible income	$201.6	$143.4	$183.8	$58.2	$17.8
Taxable equivalent adjustment	16.0	11.3	13.3	4.7	2.7
Net interest revenue before provision for uncollectible income*	217.6	154.7	197.1	62.9	20.5
Less: Provision for uncollectible income	11.2	8.4	8.4	2.8	2.8
Net interest revenue*	206.4	146.3	188.7	60.1	17.7
International Operations:					
Net interest revenue before provision for uncollectible income	50.4	56.5	59.7	(6.1)	(9.3)
Taxable equivalent adjustment	.1	.3	.2	(.2)	(.1)
Net interest revenue before provision for uncollectible income*	50.5	56.8	59.9	(6.3)	(9.4)
Less: Provision for uncollectible income	2.2	5.9	3.8	(3.7)	(1.6)
Net interest revenue*	48.3	50.9	56.1	(2.6)	(7.8)
Net interest revenue--consolidated*	254.7	197.2	244.8	57.5	9.9
Less: Provision for credit losses	35.0	20.0	25.0	15.0	10.0
Net interest revenue after provision for credit losses*	$219.7	$177.2	$219.8	$42.5	$ (.1)

* Taxable equivalent basis.

Net interest revenue from United States Operations for the first quarter of 1986 improved $60.1 million or 41% as compared with the corresponding period last year. Colonial and RIHT, acquired in June and November of 1985 respectively, contributed $43.8 million of the increase. Excluding the effect of the acquisitions, net interest revenue was up 11% as a result of higher domestic loan volume ~~of~~ $2.2 billion and greater domestic loan fees of $8 million.

First quarter 1986 results as compared with fourth quarter 1985 results was up $17.7 million or 9%. RIHT, which completed its first full quarter as a subsidiary of the Corporation, contributed $12 million to the increase. The balance of the increase is primarily attributed to higher domestic loan volume.

Net Interest Revenue from International Operations

Net interest revenue from International Operations decreased slightly in the first quarter of 1986 as compared with the same period last year, with a decline of $2.6 million. The decrease was the result of a decline in total average earning assets, substantially the result of planned reductions in interest-bearing deposits in other banks, and a 10 basis point reduction in interest rate margin. Moderating these declines was a reduction in the provision for uncollectible income of $3.7 million.

As a result of the Argentine government's new economic plan implemented in June 1985, which dramatically reduced interest rates, both interest income and interest expense from International Operations declined compared with the first quarter of 1985. The effect of these reduced rates on net interest revenue was negligible.

Compared with the fourth quarter 1985, net interest revenue declined $7.8 million or 14%, due to a decline in the interest rate margin of 47 basis points.

Summmary of Factors Causing Changes in Net Interest Revenue

	Increase (Decrease) in							
	Average Loans and Lease Financing		Average Other Earning Assets		Spread		Margin	
	(in millions)		(in millions)		(basis points)		(basis points)	
First Quarter 1986 Compared with First Quarter 1985								
United States Operations	$5,019	48%	$ 257	11 %	29	10 %	(1)	0
International Operations	200	5	(331)	(14)	38	21	(10)	(3
Consolidated	$5,219	36%	$ (74)	(2)%	73	36 %	8	2
First Quarter 1986 Compared with Fourth Quarter 1985								
United States Operations	$1,711	12%	$ 234	10 %	12	4 %	(1)	0
International Operations	60	1	34	2	(44)	(17)	(47)	(13
Consolidated	$1,771	10%	$ 268	6 %	(1)	0 %	(11)	(3

At March 31, 1986, international outstandings represent approximately 25% of the Corporation's consolidated total assets. Included in these outstandings are deposits in other banks, resale agreements, investment and trading account securities, loans and lease financing, amounts due from customers on acceptances and accrued interest receivable. Total cross-border outstandings represent approximately 15% of consolidated total assets at March 31, 1986. Cross-border outstandings are defined as amounts payable to the Corporation in U.S. dollars or other non-local currencies, plus amounts payable in local currency but funded with U.S. dollars or other non-local currencies. Excluded from the computation of cross-border outstandings for a given country are (a) local currency outstandings funded locally and (b) U.S. dollar or other non-local currency outstandings reallocated as a result of external guarantees or cash collateral.

Cross-border outstandings in countries which individually exceed .75 percent of consolidated total assets at March 31, 1986 are approximately as follows (certain information for December 31, 1985 is presented for comparative purposes):

COUNTRY	March 31, 1986				December 31, 1985	PERCENTAGE OF CONSOLIDATED TOTAL ASSETS		COMMITMENTS (3)
	PUBLIC(1)	BANKS(2)	OTHER	TOTAL	TOTAL	March 31, 1986	December 31, 1985	March 31, 1986
	(dollars in millions)							
Argentina	$130		$175	$305	$330	1.1%	1.2%	$ 25
Brazil	185	$ 25	110	320	320	1.1	1.1	10
Canada	15	140	60	215	370	.8	1.3	25
Japan		210	50	260	190	.9	.7	
Mexico	110	25	110	245	245	.9	.9	10
South Korea	30	145	50	225	265	.8	.9	40
United Kingdom	5	160	425	590	660	2.1	2.3	105
West Germany	80	75	140	295	285	1.0	1.0	10

(1) Included within public are cross-border outstandings to central governments and their agencies, central or government development banks, state and local foreign governments and non-bank commercial enterprises majority-owned by central governments. Excluded are banks owned by foreign governments that do not function as central banks or banks of issue.

(2) Included within banks are cross-border outstandings to (a) private banking institutions and (b) banks owned by a foreign government other than central banks or banks of issue.

(3) Included within commitments are letters of credit, the undisbursed portion of loan commitments and guarantees. Amounts presented are net of reallocations.

All of the overseas activities of the Corporation's subsidiaries are subject to the political conditions in, and economic and regulatory policies of, the governments of the countries in which the activities are conducted, including the policies of such governments toward indebtedness to foreign lenders, toward private business, and toward the United States.

In addition, high rates of inflation and local, regional and worldwide recessionary conditions of varying degrees of severity affect local economies and governments and accordingly may also affect overseas activities.

Moreover, from time to time, conditions in a country may be such that, due to foreign exchange liquidity problems, currency restrictions or other situations unrelated to normal credit risk, non-local currency debt service payments are not made as originally scheduled. Currently, such conditions exist in a number of countries throughout the world, including three countries whose cross-border outstandings individually exceed .75% of consolidated total assets at March 31, 1986 (Argentina, Brazil and Mexico).

ARGENTINA

Argentina is currently discussing 1986 financial requirements, including additional lending and the rescheduling of external debt maturing subsequent to December 31, 1985, with both the International Monetary Fund ("IMF") and its international lenders. Approximately $25 million of the Corporation's non-trade related cross-border outstandings mature in 1986.

In connection with prior year rescheduling programs, the Corporation has disbursed $44 million in financing to Argentina as of March 31, 1986 and is scheduled to disburse an additional $14 million by July 1986, thereby fulfilling the Corporation's present commitment. Furthermore, approximately $95 million of non-trade related cross-border outstandings which originated in the private sector and approximately $15 million of public cross-border outstandings have been rescheduled under these programs for varying terms ranging generally from five to ten years.

In connection with that portion of prior year rescheduling programs dealing with trade financing, the Corporation has agreed to maintain its trade lines at levels approximating $120 million.

During the first three months of 1986, $11 million of interest income was recorded on cross-border outstandings to Argentina and $11 million was received in cash.

Total Argentine loans on nonaccrual at March 31, 1986 were $9 million as compared to $21 million at December 31, 1985.

BRAZIL

Brazil and its Bank Advisory Committee have submitted a proposal to Brazil's international lenders which includes a plan for (a) the formal rescheduling of the Corporation's 1985 non-trade related loan maturities discussed below (b) the rollover ~~of~~ the Corporation's 1986 non-trade related loan maturities, which approximate $15 million, until March 1987, and (c) the extension to March 1987 of approximately $80 million of the Corporation's trade lines which currently extend through June 1986. It is anticipated that there will not be a need for new financing.

Approximately $15 million of the Corporation's non-trade related cross-border outstandings matured during 1985 and have been temporarily rescheduled pending a formal rescheduling, in accordance with the terms of the Project II program described below.

In connection with 1983 and 1984 rescheduling programs, the Corporation disbursed $64 million to Brazil in medium-term financing. Furthermore, approximately $55 million of non-trade related cross-border outstandings which matured in 1983 and 1984 were rescheduled under a program known as Project II. Under this program, borrowers with dollar debt make principal payments in local currency to the Central Bank which converts the local currency to an interest bearing dollar account which is payable to the Corporation in scheduled payments extending to 1993.

During the first three months of 1986, $7 million of interest income was recorded on cross-border outstandings to Brazil and $7 million was received in cash.

Total Brazilian loans on nonaccrual at March 31, 1986 were $6 million as compared to $7 million at December 31, 1985.

MEXICO

Mexico is currently discussing 1986 financial requirements, including additional lending, with the IMF and its international lenders.

In connection with prior year rescheduling programs, the Corporation disbursed $31 million to Mexico in medium-term financing over the past three years. There have been no disbursements of additional funds nor principal payments received on any public cross-border outstandings during the first three months of 1986.

Furthermore, during 1985 approximately $75 million, including a portion of the medium-term financing mentioned above, of the Corporation's public cross-border outstandings were rescheduled for varying terms. The following summarizes the effects which this program has on the Corporation's public cross-border outstandings.

	Principal Amount	Prior to Rescheduling	After Rescheduling
		(dollars in millions)	
(1) Second rescheduling of loans originally maturing between August 1982 and December 1984	$49	Prime + 1.7%	LIBOR + 1.2%
(2) 1983 Medium-term loan	$19	Prime + 2.1%	Prime + 1.1%
(3) First rescheduling of loans originally maturing between 1985 and 1990	$ 8	LIBOR + .9%	LIBOR + 1.2%

Approximately $25 million of the Corporation's cross-border outstandings in Mexico represent loans to Mexican banks. These outstandings continue to be renewed under short-term arrangements at market rates of interest.

Mexico has established a program, known as FICORCA, whereby principal amounts due from private borrowers will generally be repaid over terms ranging from six to eight years. Substantially all of the Corporation's private cross-border outstandings are covered by this program.

During the first three months of 1986, $6 million of interest income, including $2 million related to public cross-border outstandings, was recorded on cross-border outstandings to Mexico, and $6 million, $3 million related to public cross-border outstandings, was received in cash.

Total Mexican loans on nonaccrual at March 31, 1986 and December 31, 1985 were $13 million, all of which related to private outstandings.

VENEZUELA

Although not included in the .75% and higher outstandings, cross-border outstandings to Venezuela at March 31, 1986 were approximately $90 million, of which approximately $25 million was to public borrowers, $20 million was to banks, and $45 million was to other borrowers. Additionally, cross-border letters of credit amounted to approximately $5 million at March 31, 1986.

Payments of principal on the Corporation's public and bank cross-border outstandings have been deferred until May 28, 1986 as the Venezuelan government and its international lenders continue to work on the finalization of a rescheduling program for this debt. The Corporation's public and bank borrowers remain substantially current with respect to interest payments at March 31, 1986.

Although all details and negotiations have not been finalized, Venezuela has established a rescheduling program for private debt. Presently, these borrowers continue to experience difficulties in obtaining foreign exchange and a portion of private sector loan principal and interest has fallen past due.

Total Venezuelan loans on nonaccrual at March 31, 1986 were $40 million as compared to $48 million at December 31, 1985.

*   *   *

In management's opinion, the conditions described above will not ultimately have a material adverse effect on the Corporation. However, in light of continuing uncertainties within countries experiencing difficulties meeting non-local currency debt service, it is likely that from time to time additional loans will be placed on nonaccrual.

PROVISION FOR CREDIT LOSSES

The provision for credit losses for the first quarter of 1986 was $35 million, compared with $20 million in the corresponding period last year. This increase reflects higher net charge-offs of $5 million in the quarter and an amount necessary to maintain the reserve for credit losses at an appropriate level. Loans and lease financing portfolio growth also contributed to the $10 million increase in the provision for the first quarter of 1986 as compared with the fourth quarter of 1985.

OTHER OPERATING INCOME

Other operating income was up by $42.6 million or 44% for the first quarter of 1986 as compared with the first quarter of 1985. Forty-five percent of this increase was due to the acquisitions of Colonial and RIHT in 1985. The acquisitions contributed most significantly to the increases in financial service fees and trust and agency fees. Of the $10.6 million increase in financial service fees and the $9.5 million increase in trust and agency fees, the acquisitions accounted for $4.7 million and $7.8 million respectively. Exclusive of the acquisitions, there were increases in financial service fees of $1.4 million from higher demand deposit fees and $1.2 million from higher standby letter of credit fees. Also reported in the quarter was a gain of $7.1 million connected with the sale of a subsidiary's building, a $3.3 million increase from the sale of mortgages, as well as higher credit card fee income of $2.4 million. Also contributing to this quarter's improved results were higher investment portfolio gains of $3.5 million, due principally to the sale of GNMA securities and higher trading account profits of $2.1 million. Gains of approximately $13 million from sales of stock acquired in an earlier loan restructuring and venture capital investments were approximately equal to those of the same period last year.

Other operating income increased $21.2 million or 18% when compared with the fourth quarter of 1985. Much of this increase is attributable to gains on the sale of securities acquired in a prior debt restructuring of $9.7 million, the previously mentioned $7.1 million gain on the sale of a subsidiary's building, and higher venture capital gains of $4.5 million.

OTHER OPERATING EXPENSE

Other operating expense for the first quarter of 1986 was $256.2 million, a 36% increase from the $187.8 million reported a year ago. Excluding the effect of the acquisitions of Colonial and RIHT, this increase was 13%. Acquisitions accounted for more than 65% of the increase in employee cost, 71% of the increase in other expense and approximately 50% of the increase in the remaining categories of other operating expense. Omitting the effect of the acquisitions, employee costs rose by $13 million, primarily reflecting merit increases and incentive programs. Increases in occupancy and equipment expense of $6 million mainly reflect increased rental expense, depreciation and maintenance costs. Other expense was up by $5.3 million, largely due to increased advertising and marketing programs as well as increases in general operating costs.

Other operating expense for the first quarter of 1986 when compared with the fourth quarter of 1985 remained relatively unchanged and, excluding the effect of the acquisition of RIHT, declined 5%. This decline reflects lower general operating costs in the first quarter of 1986, which more than offset increases in employee costs.

Analysis of Changes in Net Interest Revenue by Volume, Rate and Time

Details concerning the changes in net interest revenue (taxable equivalent basis) due to volume and rate are as follows.

First Quarter 1986 Compared With First Quarter 1985 - (in millions)

	United States Increase (Decrease) Due to Change in			International Increase (Decrease) Due to Change in			Consolidated Increase (Decrease) Due to Change in		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
Earning Assets:									
Loans and lease financing	$139.8	$(19.6)	$120.2	$ 9.1	$ (85.0)	$ (75.9)	$165.8	$(121.5)	$ 44.3
Other earning assets	6.0	(3.8)	2.2	(16.8)	(37.2)	(54.0)	(2.6)	(49.2)	(51.8)
Adjustment (1)	(2.1)	2.1		1.5	(1.5)		3.9	(3.9)	
Interest Income	143.7	(21.3)	122.4	(6.2)	(123.7)	(129.9)	167.1	(174.6)	(7.5)
Total Interest Bearing Funds--									
Interest expense	83.2	(20.9)	62.3	(5.2)	(122.1)	(127.3)	113.4	(178.4)	(65.0)
Net Interest Revenue	$ 60.5	$ (.4)	$ 60.1	$ (1.0)	$ (1.6)	$ (2.6)	$ 53.7	$ 3.8	$ 57.5

First Quarter 1986 Compared With Fourth Quarter 1985 - (in millions)

	United States Increase (Decrease) Due to Change in				International Increase (Decrease) Due to Change in				Consolidated Increase (Decrease) Due to Change in			
	Volume	Rate	Days	Net Change	Volume	Rate	Days	Net Change	Volume	Rate	Days	Net Change
Earning Assets:												
Loans and lease financing	$47.7	$(.8)	$(8.6)	$38.3	$2.7	$(6.7)	$(4.5)	$(8.5)	$56.3	$(13.4)	$(13.1)	$29.8
Other earning assets	5.5	.9	(1.2)	5.2	1.7	11.6	(2.0)	11.3	9.5	10.1	(3.1)	16.5
Adjustment (1)	(.2)	.2							.4	(.4)		
Interest Income	53.0	.3	(9.8)	43.5	4.4	4.9	(6.5)	2.8	66.2	(3.7)	(16.2)	46.3
Total Interest Bearing Funds--												
Interest expense	30.7	.7	(5.6)	25.8	3.7	12.2	(5.3)	10.6	44.9	2.4	(10.9)	36.4
Net Interest Revenue	$22.3	$(.4)	$(4.2)	$17.7	$ .7	$(7.3)	$(1.2)	$(7.8)	$21.3	$ (6.1)	$ (5.3)	$ 9.9

(1) Adjustment to reflect the effect on total volume and rate changes of the differences in the component mix of earning assets between periods.

(2) The change due to the volume/rate variance has been allocated to volume.

Consolidated Balance Sheet Averages by Quarters - (in millions)

Last Nine Quarters	1984 1	1984 2	1984 3	1984 4	1985 1	1985 2	1985 3	1985 4	1986 1
Assets									
Interest bearing deposits in other banks	$ 2,375	$ 2,527	$ 2,469	$ 2,311	$ 2,235	$ 2,276	$ 2,059	$ 1,979	$ 1,841
Precious metals assets								83	157
Federal funds sold and resale agreements	195	344	282	323	281	236	184	209	222
Trading account securities	448	401	330	474	490	273	323	340	338
Investment securities	1,139	1,009	963	964	1,591	1,795	2,264	1,640	1,965
Loans and lease financing	11,889	13,078	13,728	14,118	14,640	14,989	16,620	18,088	19,859
Total earning assets	16,046	17,359	17,772	18,190	19,237	19,569	21,450	22,343	24,382
Other assets	3,324	3,497	3,453	3,605	3,192	3,194	3,035	3,192	3,188
Total assets	$19,370	$20,856	$21,225	$21,795	$22,429	$22,763	$24,485	$25,535	$27,570
Liabilities and Stockholders' Equity									
Deposits:									
Domestic Offices:									
Non-interest bearing	$ 2,487	$ 2,720	$ 2,787	$ 2,987	$ 2,857	$ 2,976	$ 3,254	$ 3,480	$ 3,490
Interest bearing	4,025	4,896	5,404	5,930	5,798	6,114	7,360	8,601	9,654
Overseas Offices:									
Non-interest bearing	222	210	306	222	191	195	205	178	215
Interest bearing	5,743	5,884	5,821	5,542	5,473	5,435	5,119	5,026	5,065
Total deposits	12,477	13,710	14,318	14,681	14,319	14,720	15,938	17,285	18,424
Federal funds purchased and repurchase agreements	2,432	2,357	2,221	2,374	3,257	3,134	3,476	3,052	3,536
Other funds borrowed	1,509	1,576	1,582	1,546	1,615	1,788	1,952	1,819	1,968
Other liabilities	1,573	1,712	1,580	1,617	1,612	1,442	1,361	1,356	1,320
Notes payable	364	415	415	425	424	434	410	601	827
Stockholders' equity	1,015	1,086	1,109	1,152	1,202	1,245	1,348	1,422	1,495
Total liabilities and stockholders' equity	$19,370	$20,856	$21,225	$21,795	$22,429	$22,763	$24,485	$25,535	$27,570

Consolidated Statement of Income by Quarters - (in millions, except share amounts)

Last Nine Quarters	1984 1	1984 2	1984 3	1984 4	1985 1	1985 2	1985 3	1985 4	1986 1
Interest income:									
Loans and lease financing, including fees	$469.4	$556.1	$609.1	$618.5	$578.5	$592.5	$543.9	$593.6	$622.2
Trading account securities	17.6	17.3	20.4	23.7	28.6	23.7	15.6	30.2	10.5
Investment securities	31.2	29.3	35.9	40.0	61.9	63.1	70.1	33.2	61.2
Federal funds sold and securities purchased under agreements to resell	20.1	23.2	22.6	40.2	46.5	22.4	15.8	21.0	25.4
Deposits with banks	61.7	98.5	97.4	90.2	72.2	90.2	53.7	52.2	53.2
Precious metals								1.9	3.3
Taxable equivalent adjustment	11.3	12.8	12.7	13.6	11.6	11.7	10.7	13.5	16.1
Total interest income	611.3	737.2	798.1	826.2	799.3	803.6	709.8	745.6	791.9
Interest expense:									
Deposits	287.6	373.0	415.0	400.7	337.1	371.1	296.4	311.7	341.9
Federal funds purchased and securities sold under agreements to repurchase	90.7	89.7	101.6	120.8	164.0	136.5	110.3	109.3	118.1
Funds borrowed	71.7	78.6	85.3	91.6	89.7	69.9	61.7	64.6	58.1
Notes payable	10.0	11.7	12.0	12.5	11.3	11.8	11.4	15.2	19.1
Total interest expense	460.0	553.0	613.9	625.6	602.1	589.3	479.8	500.8	537.2
Net interest revenue	151.3	184.2	184.2	200.6	197.2	214.3	230.0	244.8	254.7
Provision for credit losses	13.5	16.0	16.0	134.5	20.0	20.0	50.0	25.0	35.0
Net interest revenue after provision for credit losses	137.8	168.2	168.2	66.1	177.2	194.3	180.0	219.8	219.7
Other operating income:									
Financial service fees	36.1	39.1	42.3	44.3	39.7	42.1	44.4	51.8	50.3
Trust and agency fees	17.9	18.5	16.2	18.7	18.9	19.7	22.0	26.1	28.4
Trading account profits and commissions	.9	(3.9)	3.2	7.0	2.2	3.8	1.4	4.1	4.3
Investment portfolio gains (losses)	(1.4)	.4	.1	.4	.5	(.1)	13.1	5.0	4.0
Gain on sale of headquarters building				177.1					
Other income	19.9	20.3	17.5	5.2	34.9	26.7	38.0	30.6	51.8
Total other operating income	73.4	74.4	79.3	252.7	96.2	92.2	118.9	117.6	138.8
Other operating expense:									
Salaries	71.4	77.0	78.5	83.0	79.4	82.7	91.1	103.6	110.1
Employee benefits	15.8	20.1	19.2	19.5	19.4	20.6	19.7	20.0	25.5
Occupancy expense	12.0	13.5	14.0	14.5	17.2	18.1	19.3	22.3	23.6
Equipment expense	12.0	14.1	13.3	17.6	15.5	16.4	17.4	21.0	22.0
Other expense	49.4	54.7	53.2	69.4	56.3	64.4	64.7	90.2	75.0
Total other operating expense	160.6	179.4	178.2	204.0	187.8	202.2	212.2	257.1	256.2
Income before income taxes	50.6	63.2	69.3	114.8	85.6	84.3	86.7	80.3	102.3
Provision for income taxes	14.4	19.5	22.9	26.6	30.1	33.1	29.5	23.0	33.8
Taxable equivalent adjustment	11.3	12.8	12.7	13.6	11.6	11.7	10.7	13.5	16.1
	25.7	32.3	35.6	40.2	41.7	44.8	40.2	36.5	49.9
Net income	$ 24.9	$ 30.9	$ 33.7	$ 74.6	$ 43.9	$ 39.5	$ 46.5	$ 43.8	$ 52.4
Per common share (1):									
Net income									
Primary	$ .66	$ .77	$ .84	$ 1.90	$ 1.10	$ .98	$ 1.12	$ 1.03	$ 1.23
Fully diluted	$ .66	$ .77	$ .84	$ 1.90	$ 1.10	$ .98	$ 1.12	$ 1.03	$ 1.18
Cash dividends declared	$ .29	$ .29	$ .29	$ .30	$ .30	$ .30	$ .30	$ .33	$ .33

(1) All common share amounts reflect the two-for-one stock split effective March 31, 1986.

(Dollars in millions)

	United States Operations(1)			International Operations(1)		
	Average Balance	Interest (2)	Average Rate	Average Balance	Interest (2)	Average Rate
Assets						
Interest bearing deposits in other banks	$ 302	$ 6.7	9.00%	$1,539	$ 47.0	12.39%
Precious metals assets	157	3.3	8.52			
Federal funds sold and resale agreements	154	2.7	7.11	68	22.7	135.38
Trading account securities	241	5.4	9.09	97	6.4	26.76
Investment securities:						
U.S. Treasury	887	19.5	8.92			
U.S. Government agencies and corporations	182	4.5	10.03			
States and political subdivisions	372	11.5	12.54			
Other	213	5.0	9.52	311	26.2	34.17
Loans and lease financing	15,507	432.0	11.30	4,352	199.0	18.54
Total earning assets - interest income	18,015	490.6	11.04	6,367	301.3	19.19
Cash and due from banks	1,329			193		
Other non-earning assets	1,064			602		
Total assets	$20,408			$7,162		
Liabilities and Stockholders' Equity						
Deposits:						
Savings	$ 4,820	$ 78.8	6.79%			
Time	4,834	100.7	8.52			
International Operations				$5,065	$162.4	13.00%
Federal funds purchased and repurchase agreements	3,335	63.1	7.67	201	55.0	110.97
Other funds borrowed	1,427	29.4	8.51	541	28.7	21.51
Notes payable	629	13.1	8.45	198	6.0	12.29
Intersegment funding, net	(35)	(.9)	(10.43)	35	.9	10.43
Total interest bearing funds - interest expense (3)	15,010	284.2	7.77	6,040	253.0	16.99
Demand and other non-interest bearing deposits:						
United States Operations	3,490					
International Operations				215		
Other liabilities	750			570		
Stockholders' equity	1,158			337		
Total liabilities and stockholders' equity	$20,408			$7,162		
Net Interest Revenue		$206.4			$ 48.3	
Interest Rate Spread (4)			3.27%			2.20%
Interest Rate Margin (5)			4.65%			3.08%

(1) Assets and income have been included in United States Operations or International Operations based upon the domicile of the customer or borrower; additionally, an adjustment has been made to liabilities and expenses in support of these asset and income classifications using intersegment funding allocations.
(2) This data is shown with income on a fully taxable equivalent basis.

First Quarter 1986 Consolidated			First Quarter 1985 Consolidated			Fourth Quarter 1985 Consolidated		
Average Balance	Interest (2)	Average Rate	Average Balance	Interest (2)	Average Rate	Average Balance	Interest (2)	Average Rate
$ 1,841	$ 53.7	11.83%	$ 2,235	$ 72.8	13.21%	$ 1,979	$ 53.5	10.73%
157	3.3	8.52				83	1.9	9.08
222	25.4	46.40	281	46.5	67.11	209	21.0	39.86
338	11.8	14.16	490	29.8	24.66	340	31.7	36.99
887	19.5	8.92	1,111	28.6	10.44	939	20.8	8.79
182	4.5	10.03	48	1.5	12.67	118	3.0	10.10
372	11.5	12.54	21	.6	11.59	162	5.1	12.49
524	31.2	24.15	411	32.9	32.46	425	7.4	7.06
19,859	631.0	12.89	14,640	586.6	16.25	18,088	601.2	13.19
24,382	791.9	13.17	19,237	799.3	16.85	22,343	745.6	13.24
1,522			1,451			1,534		
1,666			1,741			1,658		
$27,570			$22,429			$25,535		
$ 4,820	$ 78.8	6.79%	$ 2,907	$ 54.1	7.68%	$ 4,259	$ 71.6	6.84%
4,834	100.7	8.52	2,891	68.5	9.71	4,342	93.8	8.65
5,065	162.4	13.00	5,473	214.5	15.89	5,026	146.3	11.55
3,536	118.1	13.55	3,257	164.0	20.42	3,052	109.3	14.21
1,968	58.1	12.13	1,615	89.7	23.16	1,819	64.6	14.43
827	19.1	9.37	424	11.3	10.81	601	15.2	10.03
21,050	537.2	10.44	16,567	602.1	14.85	19,099	500.8	10.50
3,490			2,857			3,480		
215			191			178		
1,320			1,612			1,356		
1,495			1,202			1,422		
$27,570			$22,429			$25,535		
	$254.7			$197.2			$244.8	
		2.73%			2.00%			2.74%
		4.24%			4.16%			4.35%

(3) Average rates for interest bearing funds in United States Operations have been calculated after deducting applicable reserve requirements from the average balances shown in the table.

(4) Interest rate spread is calculated by subtracting the average rate paid for interest bearing funds from the average rate earned on average total earning assets.

(5) Interest rate margin is calculated by dividing annualized net interest revenue by average total earning assets.

	1986	1985	1985
	(dollars in millions)		
United States Operations:			
Beginning balance	$219.4	$154.9	$192.8
Reserves of acquired companies			24.1
Provision	21.0	3.9	20.5
Commercial, industrial and financial:			
Credit losses	(6.4)	(.8)	(16.7)
Recoveries	4.2	4.2	2.1
	(2.2)	3.4	(14.6)
Real estate - construction:			
Credit losses	(.1)	(1.0)	(.3)
Recoveries			
	(.1)	(1.0)	(.3)
Real estate - other:			
Credit losses			(.4)
Recoveries			.5
			.1
Consumer installment loans:			
Credit losses	(6.0)	(1.9)	(4.1)
Recoveries	1.0	.7	.8
	(5.0)	(1.2)	(3.3)
Lease financing:			
Credit losses		(.2)	(.1)
Recoveries		.1	.2
		(.1)	.1
Net credit losses	(7.3)	1.1	(18.0)
Ending Balance	$233.1	$159.9	$219.4
International Operations:			
Beginning balance	$ 94.3	$ 87.5	$ 98.0
Reserve of acquired company			3.7
Provision	14.0	16.1	4.5
Credit losses	(16.7)	(18.1)	(16.7)
Recoveries	4.0	2.0	4.8
Net credit losses	(12.7)	(16.1)	(11.9)
Ending Balance	$ 95.6	$ 87.5	$ 94.3
Consolidated:			
Beginning balance	$313.7	$242.4	$290.8
Reserve of acquired companies			27.8
Provision	35.0	20.0	25.0
Credit losses	(29.2)	(22.0)	(38.3)
Recoveries	9.2	7.0	8.4
Net credit losses	(20.0)	(15.0)	(29.9)
Ending Balance	$328.7	$247.4	$313.7
Ratios:			
Reserve for possible credit losses to loans and lease financing	1.62%	1.66%	1.60%
Net credit losses to average loans and lease financing	.10%	.10%	.17%
Net credit losses to provision for credit losses	57.16%	74.95%	119.83%

Item 1. Legal Proceedings.

As reported in Part I, Item 3 of the Corporation's Annual Report to the Securities and Exchange Commission (the "Commission") on Form 10-K for the year ended December 31, 1984 and in prior reports to the Commission cited therein, complaints against the Corporation's principal subsidiary, The First National Bank of Boston (the "Bank"), were filed by Daniel H. Overmyer ("Overmyer") and companies controlled by him in the United States Bankruptcy Court for the Northern District of Ohio (the "Bankruptcy Court") in 1981. (These complaints state claims identical to those alleged in the 1976 counterclaim by Overmyer against the Bank, which was made in a suit originally brought by the Bank in the Superior Court of Suffolk County, Massachusetts against Overmyer.) The complaints filed in the Bankruptcy Court were dismissed with prejudice by that court during the trial in 1982 on those complaints and other matters. Overmyer and companies controlled by him sought an appeal from those dismissals. On July 11, 1984, the United States District Court for the Northern District of Ohio (the "District Court") affirmed the Bankruptcy Court order dismissing those complaints. Overmyer and companies controlled by him appealed that District Court decision to the United States Court of Appeals for the Sixth Circuit (the "Sixth Circuit"). On March 7, 1986, the Sixth Circuit entered an order affirming the District Court decision, and on May 6, 1986, it denied Overmyer's petition for rehearing.

Item 2. Changes in Securities.

(b)(i) On November 14, 1985, the Corporation issued 775,390 shares of its Adjustable Rate Cumulative Preferred Stock, Series C, liquidation preference $100 per share (the "Series C Stock"), in connection with the merger of RIHT Financial Corporation ("RIHT") into a wholly-owned subsidiary of the Corporation. The Series C Stock is the third series of the Corporation's preferred stock to be issued. In 1984, the Corporation issued 1,045,712 shares of its Adjustable Rate Cumulative Preferred Stock, Series A, liquidation preference $50 per share (the "Series A Stock"), and in the second quarter, 1985, the Corporation issued 1,576,068 shares of its Adjustable Rate Cumulative Preferred Stock, Series B, liquidation preference $50 per share (the "Series B Stock"). The Series C Stock, the Series B Stock and the Series A Stock rank on a parity as to dividend payments and to distributions or payments upon liquidation.

The rights of the holders of the common stock of the Corporation, par value $2.25 per share (the "Common Stock"), are junior to

payments and to distributions or payments upon liquidation. In addition, so long as any shares of the Series C Stock are outstanding, the Corporation shall not redeem, purchase or otherwise acquire for consideration any shares of the Common Stock unless all dividends payable to the holders of the shares of the Series C Stock have been paid or a sum sufficient for such payment has been set aside.

(b)(ii) On January 30, 1986, the Corporation issued $100 million principal amount of 7 3/4% Convertible Subordinated Debentures Due 2011 (the "Debentures"). The rights of the holders of the Debentures to receive distributions or payments in the event of the Corporation's liquidation are: (a) senior to the rights of holders of the Corporation's Common Stock and the Series A, B and C Stock, (b) on a parity with the rights of holders of the Corporation's subordinated notes and (c) subordinate to the rights of holders of the Corporation's senior notes as well as all other unsecured and unsubordinated indebtedness for borrowed money of the Corporation. The rights of holders of the Common Stock into which the Debentures are convertible, with respect to receiving distributions or payments in the event of the Corporation's liquidation, are: (a) on a parity with the rights of all other holders of the Corporation's Common Stock and (b) subordinate to the rights of holders of the Series A, B and C Stock and the holders of any of the Corporation's notes as well as all other indebtedness for borrowed money of the Corporation.

(b)(iii) On February 10, 1986, the Corporation issued $250 million principal amount of Subordinated Floating Rate Notes Due 2001 (the "Notes"). The rights of the holders of the Notes to receive distributions or payments in the event of the Corporation's liquidation are: (a) senior to the rights of holders of the Corporation's Common Stock and the Series A, B and C Stock, (b) on a parity with the rights of holders of the Corporation's subordinated notes and (c) subordinate to the rights of holders of the Corporation's senior notes as well as all other unsecured and unsubordinated indebtedness for borrowed money of the Corporation.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Annual Meeting of Stockholders of the Corporation was held on March 27, 1986.

(c) In addition to the election of Directors and ratification of the selection of independent auditors, the following matters were submitted to a vote of the Stockholders of the Corporation:

proposal to authorize the amendment of the Corporation's Articles of Organization to increase and change the authorized shares of the Corporation's Common Stock from 40,000,000 shares, par value $4.50 per share, to 100,000,000 shares, par value $2.25 per share, and to change each outstanding share of Common Stock, par value $4.50 per share, into two shares of Common Stock, par value $2.25 per share, in order to effect a two-for-one stock split.

Affirmative votes representing	14,960,224 shares
Negative votes representing	261,833 shares
Abstentions representing	227,012 shares

(ii) Management proposal to approve the 1986 Stock Option Plan of the Corporation and its subsidiaries.

Affirmative votes representing	14,939,960 shares
Negative votes representing	229,006 shares
Abstentions representing	280,103 shares

(iii) Management proposal to approve the amended and restated Bank of Boston Corporation and Its Subsidiaries Management Incentive Plan.

Affirmative votes representing	14,947,230 shares
Negative votes representing	213,392 shares
Abstentions representing	288,447 shares

(iv) Stockholder proposal, opposed by the Board of Directors, to have Stockholders recommend that the Board take the necessary steps so that future outside Directors shall not serve for more than six years.

Affirmative votes representing	544,563 shares
Negative votes representing	13,938,557 shares
Abstentions representing	965,949 shares

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

4(a) - Certificate Of Vote Of Directors Establishing A Series Of A Class Of Stock, filed November 14, 1985 by the Corporation with the Office of the Massachusetts Secretary of State with respect to the Series C Stock.

4(b) - Form of Stock Certificate representing the Series C Stock.

4(c) - Indenture relating to the Debentures, dated as of January 15, 1986, between the Corporation and Bankers Trust Company.

dated as of February 10, 1986, between the Corporation and Bank[illegible] Trust Company.

11 - Computation of Earnings Per Share.

(b) Current Reports on Form 8-K.

Since the commencement of the first quarter of 1986, the Corporation has filed or amended the following Current Reports on Form 8-K:

(i) On January 3, 1986, the Corporation amended a Current Report on Form 8-K, dated November 25, 1985 and filed pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") for the purpose of filing with the Commission certain information concerning the Corporation's acquisition of RIHT. This Current Report contained information pursuant to Items 2 and 7 of Form 8-K. The following financial statements of RIHT were filed: Consolidated Statements of Condition - December 31, 1984 and 1983, Consolidated Statements of Income - Years Ended December 31, 1984, 1983 and 1982, Consolidated Statements of Changes in Financial Position - Years Ended December 31, 1984, 1983 and 1982, Consolidated Statements of Changes in Stockholders' Equity - Years Ended December 31, 1984, 1983 and 1982, Consolidated Statement of Condition - September 30, 1985, Consolidated Statements of Income - Nine Months Ended September 30, 1985 and 1984, Consolidated Statements of Changes in Financial Position - Nine Months Ended September 30, 1985 and 1984, and Consolidated Statements of Changes in Stockholders' Equity - Nine Months Ended September 30, 1985 and 1984. The following pro forma financial statements were filed: Pro Forma Analysis of the Effects of Projected Purchase Valuations and Adjustments on Net Income of the Corporation for the Three Months Ending December 31, 1985 and the Five Years Ending December 31, 1990, Pro Forma Combined Condensed Balance Sheet as of September 30, 1985, and Pro Forma Combined Condensed Statements of Income for the Year Ended December 31, 1984 and the Nine Months Ended September 30, 1985.

(ii) On January 23, 1986, the Corporation filed a Current Report on Form 8-K pursuant to the Exchange Act for the purpose of filing with the Commission certain historical financial information for the year ended December 31, 1985. This Current Report contained information pursuant to Item 7 of Form 8-K. The following financial statements and consolidated statistical information of the Corporation were filed: Financial Highlights - Years and Quarters Ended December 31, 1985 and 1984, Consolidated Balance Sheet - December 31, 1985 and 1984, Consolidated Statement of Income - Years and Quarters Ended December 31, 1985 and 1984, Consolidated Statement of Changes in Financial Position - Years Ended December 31, 1985 and 1984, and Consolidated Statement of Changes in Stockholders' Equity - Years and Quarters Ended December 31, 1985 and 1984.

(iii) On March 20, 1986, the Corporation filed a Current Report on Form 8-K pursuant to the Exchange Act for the purpose of f[illegible]ng with the Commission certain [illegible]o forma financial information concerning the Corporation's acquisitions of RIHT and Colonial Bancorp, Inc. This Current Report contained information pursuant to Item 7 of Form 8-K. The following pro forma financial statements were filed: Pro Forma Analysis of the Effects of Projected Purchase Valuations and Adjustments on Net Income of the Corporation for the Five Years Ending December 31, 1990 and Pro Forma Combined Condensed Statement of Income for the Year Ended December 31, 1985.

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

BANK OF BOSTON CORPORATION

/s/William L. Brown
William L. Brown
Chairman

/s/Alan L. McKinnon
Alan L. McKinnon
Executive Vice President,
Comptroller and Treasurer

May 14, 1986
Date