MARCHEX INC
Form S-3
May 31, 2005
Table of Contents

As filed with the Securities and Exchange Commission on May 31, 2005

Registration No. 333-______

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

MARCHEX, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of** **Incorporation or Organization)**	**35-2194038** **(I.R.S. Employer** **Identification No.)**

413 Pine Street, Suite 500

Seattle, WA 98101

(206) 331-3300

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Russell C. Horowitz

Chairman and Chief Executive Officer

Marchex, Inc.

413 Pine Street, Suite 500

Seattle, WA 98101

(206) 331-3300

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:

Francis J. Feeney, Jr., Esq.

DLA Piper Rudnick Gray Cary US LLP

One International Place, 21st Floor

Boston, MA 02110-2613

(617) 406-6000

Approximate date of commencement of proposed sale to public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Class B Common Stock, $0.01 par value, of the Registrant	1,382,093	$ 14.58	$ 20,150,916	$ 2,372

(1) This Registration Statement shall also cover any additional shares of Class B common stock which become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of the outstanding shares of Class B common stock of the Registrant.

(2) Computed in accordance with Rules 457(c) under the Securities Act of 1933 (the Securities Act), solely for the purpose of calculating the registration fee, and based on the average of the high and the low sale prices of Class B common stock of the Registrant as reported on May 25, 2005 on the Nasdaq National Market System.

(3) Computed in accordance with Section 6(b) under the Securities Act, solely for the purpose of calculating the registration fee.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the commission, acting pursuant to said section 8(a), may determine.

Table of Contents

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

Subject to Completion, Dated May 31, 2005

PROSPECTUS

MARCHEX, INC.

1,382,093 Shares

Class B Common Stock

This prospectus relates to 1,382,093 shares of our Class B common stock that may be sold from time to time by the selling stockholders named in this prospectus.

This offering is not being underwritten. The selling stockholders may offer the shares through public or private transactions at the market price for our Class B common stock at the time of the sale, a price related to the market price, a negotiated price or such other prices as the selling stockholders determine from time to time. See Plan of Distribution beginning on page 18.

All of the net proceeds from the sale of these shares of Class B common stock will go to the selling stockholders. We will not receive any proceeds from sales of these shares. We will bear the costs relating to the registration of these shares.

Our Class B common stock is quoted on the Nasdaq National Market under the symbol MCHX. On May 25, 2005, the last reported sale price on the Nasdaq National Market for our common stock was $14.71 per share.

You should read this prospectus carefully before you invest.

Investing in our Class B common stock involves substantial risks. See Risk Factors beginning on page 1.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May __, 2005.

Table of Contents

TABLE OF CONTENTS

Table of Contents

MARCHEX, INC.

SUMMARY

We provide technology-based merchant services that facilitate and drive growth in online transactions. We connect merchants with consumers who are searching for information, products and services on the Internet. Our platform of integrated performance-based advertising and search marketing services enables merchants to more efficiently market and sell their products and services across multiple online distribution channels, including search engines, product shopping engines, directories and other selected Web properties. In this prospectus, the terms Marchex, company, we, us and our refer to Marchex, Inc. and its wholly-owned subsidiaries. We were incorporated in the State of Delaware. Our princip executive offices are located at 413 Pine Street, Suite 500, Seattle, Washington 98101 and our telephone number is (206) 331-3300.

This prospectus relates to 1,382,093 shares of our Class B common stock that may be sold from time to time by the selling stockholders named in this prospectus. The stockholders are identified in the section headed Selling Stockholders. We will not receive any of the proceeds for the resale of these shares.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision regarding our securities. If any of the following risks actually occurs, our business, financial condition and results of operations could be harmed. In that case, the trading price of our securities could decline and you could lose all or part of your investment. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Relating to Our Company

Our limited operating history makes evaluation of our business difficult.

We were formally incorporated in January 2003. We acquired Enhance Interactive in February 2003, TrafficLeader in October 2003 and goClick in July 2004. In February 2005 we completed the acquisition of certain assets of Name Development and in April 2005 we completed the acquisition of certain assets of Pike Street Industries.

We have limited historical financial data upon which to base planned operating expenses or forecast accurately our future operating results. Further, our limited operating history will make it difficult for investors and securities analysts to evaluate our business and prospects. Our failure to address these risks and difficulties successfully could seriously harm us.

We have largely incurred net losses since our inception, and we may incur net losses in the foreseeable future.

We had an accumulated deficit of $4.3 million as of March 31, 2005. While we recently achieved profitability, we may not be able to sustain it. Our net expenses may increase based on the initiatives we undertake which for instance, may include increasing our sales and marketing activities, hiring additional personnel and acquiring additional businesses. In addition, we will be required to expense the fair value of stock options granted and incur expense in connection with our employee stock purchase plans commencing January 1, 2006.

We are dependent on certain distribution partners, including Yahoo! and its subsidiaries, for distribution of our services, and we derive a significant portion of our total revenue through these distribution partners. A loss of distribution partners or a decrease in revenue from certain distribution partners could adversely affect our business. Yahoo! is also a significant customer.

A relatively small number of distribution partners currently deliver a significant percentage of traffic to our merchant listings. Yahoo!, primarily through its subsidiaries, such as Inktomi and Overture, is our largest distribution partner and delivers traffic to our merchant listings which collectively represents approximately 13% of our total revenue for quarter ended March 31, 2005. Separately, Yahoo! was responsible for 15% of our total revenue during the same period principally in respect of the revenues associated with our portfolio of domains.

Our existing agreements with many of our larger distribution partners permit either company to terminate without penalty on short notice and are primarily structured on a variable-payment basis, under which we make payments based on a specified percentage of revenue or based on the number of paid click-throughs. We intend to continue devoting resources in support of our larger distribution partners, but there are no guarantees that these relationships will remain in place over the short- or long-term. In addition, we cannot be assured that any of these distribution

Table of Contents

partners will continue to generate current levels of revenue for us. A loss of any of these distribution partners or a decrease in revenue from any one of these distribution relationships could have an adverse effect on our revenue, and the loss of any one large distribution partner could have a material adverse effect on our business, financial condition and results of operations.

Companies distributing advertising on the Internet have experienced, and will likely continue to experience, consolidation. This consolidation has reduced the number of partners that control the online advertising outlets with the most user traffic. According to comScore Media Metrix qSearch, Yahoo! Search accounted for 27% of the online searches in the United States in May 2004 and Google accounted for 37%. As a result, the larger distribution partners have greater control over determining the market terms of distribution, including placement of merchant advertisements and cost of placement. In addition, many participants in the performance-based advertising and search marketing industries control significant portions of the traffic that they deliver to advertisers. We do not believe, for example, that Yahoo! and Google are as reliant as we are on a third-party distribution network to deliver their services. This gives these companies a significant advantage over us in delivering their services, and with a lesser degree of risk.

We may incur liabilities for the activities of our merchant advertisers, distribution partners and other users of our services, which could adversely affect our business.

Many of our advertisement generation and distribution processes are automated. In most cases, merchant advertisers use our online tools and account management systems to create and submit merchant listings. These merchant listings are submitted in a bulk data feed to our distribution partners. Although we monitor our distribution partners on an ongoing basis primarily for traffic quality, these partners control the distribution of the merchant listings provided in the data feed.

As a result, we do not conduct a manual editorial review of a substantial number of our merchant listings, nor do we manually review the display of the vast majority of the merchant listings by our distribution partners. We may not successfully avoid liability for unlawful activities carried out by our merchant advertisers and other users of our services or unpermitted uses of our merchant listings by distribution partners and their affiliates.

Our potential liability for unlawful activities of our merchant advertisers and other users of our services or unpermitted uses of our merchant listings by distribution partners could require us to implement measures to reduce our exposure to such liability, which may require us, among other things, to spend substantial resources or to discontinue certain service offerings. For example, as a result of the actions of merchant advertisers in our network, we may be subject to civil claims relating to a wide variety of issues, such as privacy, gambling, promotions, and intellectual property ownership and infringement. Under agreements with certain of our larger distribution partners, we may be required to indemnify these distribution partners against any liabilities or losses resulting from the content of our merchant listings. Although our merchant advertisers indemnify us with respect to claims arising from these listings, we may not be able to recover all or any of the liability or losses incurred by us as a result of the activities of our merchant advertisers.

We have a large number of distribution partners who display our merchant listings on their networks. Our merchant listings are predominantly delivered to our distribution partners in an automated fashion through an XML data feed or data dump. Our distribution partners are required contractually to use the merchant listings that we provide in accordance with applicable law and regulation and in conformity with our publication restrictions included in our agreements, which are intended to promote the quality and validity of the traffic provided to our merchant advertisers. Nonetheless, we do not operationally control or manage these distribution partners and any breach of these agreements on the part of any distribution partner or its affiliates could result in liability for our business. These agreements include indemnification obligations on the part of our distribution partners, but there is no assurance that we would be able to collect against offending distribution partners or their affiliates in the event of a claim under these indemnification provisions.

Our insurance policies may not provide coverage for liability arising out of activities of users of our services. Furthermore, we may not be able to obtain or maintain adequate insurance coverage to reduce or limit the liabilities associated with our businesses. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on our business, operating results and financial condition.

Table of Contents

If we do not maintain and grow a critical mass of merchant advertisers and distribution partners, the value of our services could be adversely affected.

Our success depends, in part, on the maintenance and growth of a critical mass of merchant advertisers and distribution partners and a continued interest in our performance-based advertising and search marketing services. If our business is unable to achieve a growing base of merchant advertisers, our current distribution partners may be discouraged from continuing to work with us, and this may create obstacles for us to enter into agreements with new distribution partners. Similarly, if our distribution network does not grow and does not continue to improve over time, current and prospective merchant advertisers may reduce or terminate their business with us. Any decline in the number of merchant advertisers and distribution partners could adversely affect the value of our services.

We are dependent upon the quality of traffic in our network to provide value to our merchant advertisers, and any failure in our quality control could have a material adverse effect on the value of our services to our merchant advertisers.

We monitor the quality of the traffic that we deliver to our merchant advertisers. We review factors such as non-human processes, including robots, spiders, scripts or other software, mechanical automation of clicking and other sources and causes of low-traffic. Even with such monitoring in place, there is a risk that a certain amount of low-quality traffic or traffic that is deemed to be less valuable by our merchant advertisers will be provided to our merchant advertisers, which, if not contained, may be detrimental to those relationships. Low-quality traffic may prevent us from growing our base of merchant advertisers and cause us to lose relationships with existing merchant advertisers.

We may be subject to intellectual property claims, which could adversely affect our financial condition and ability to use certain critical technologies, divert our resources and management attention from our business operations and create uncertainty about ownership of technology essential to our business.

Our success depends, in part, on our ability to protect our intellectual property and to operate without infringing on the intellectual property rights of others in the process. There can be no guarantee that any of our intellectual property will be adequately safeguarded, or that it will not be challenged by third parties. We may be subject to patent infringement claims or other intellectual property infringement claims, including claims of trademark infringement in connection with an acquisition of previously-owned Internet domain names, that would be costly to defend and could limit our ability to use certain critical technologies.

Any patent or other intellectual property litigation could negatively impact our business by diverting resources and management attention from other aspects of the business and adding uncertainty as to the ownership of technology, services and property that we view as proprietary and essential to our business. In addition, a successful claim of patent infringement against us and our failure or inability to license the infringed or similar technology on reasonable terms, or at all, could have a material adverse effect on our business.

We may need additional funding to meet our obligations and to pursue our business strategy. Additional funding may not be available to us and our financial condition could therefore be adversely affected.

We may require additional funding to meet our ongoing obligations and to pursue our business strategy, which may include the selective acquisition of businesses and technologies. In addition, we have incurred and we may incur certain obligations in the future, including:

We were required to make performance payments of approximately $6.2 million based on 2004 earnings to the original shareholders and certain employees of eFamily and its wholly-owned subsidiary, Enhance Interactive, which we acquired in February 2003.

We recently entered into agreements with Overture, pursuant to which we paid $4.5 million in an upfront payment (and an additional $674,000 in certain circumstances) and a contingent royalty based on 3.0% (3.75% under certain circumstances) of certain of our gross revenues payable on a quarterly basis through December 2016.

We are obligated to pay quarterly dividends to the holders of preferred stock at an annual rate of $11.875 per preferred share. Based on 230,000 outstanding shares of preferred stock issued as part of the preferred stock offering in February 2005, the annual dividend obligation would be $2.7 million.

If debentures are issued upon exchange of the preferred stock, we will become obligated to make interest payments to the holders of the debentures.

Table of Contents

Following the offerings, there can be no assurance that additional financing arrangements will be available in amounts or on terms acceptable to us, if at all. Furthermore, the sale of additional equity or convertible securities will result in further dilution to existing stockholders. If adequate additional funds are not available, we will be required to delay, reduce the scope of, or eliminate material parts of the implementation of our business strategy, including potential additional acquisitions or internally-developed businesses.

Our acquisitions could divert management s attention, cause ownership dilution to our stockholders, cause our earnings to decrease and be difficult to integrate.

Our business strategy includes identifying, structuring, completing and integrating acquisitions. Acquisitions in the technology and Internet sectors involve a high degree of risk. We may also be unable to find a sufficient number of attractive opportunities to meet our objectives which include revenue growth, profitability and competitive market share. Our acquired companies may have histories of net losses and may expect net losses for the foreseeable future.

Acquisitions are accompanied by a number of risks that could harm our business, operating results and financial condition:

We could experience a substantial strain on our resources, including time and money, and we may not be successful;

Our management s attention could be diverted from our ongoing business concerns;

While integrating new companies, we may lose key executives or other employees of these companies;

We may issue shares of our Class B common stock as consideration for acquisitions which may result in ownership dilution to our stockholders;

We could fail to successfully integrate our financial and management controls, technology, reporting systems and procedures, or adequately expand, train and manage our workforce;

We could experience customer dissatisfaction or performance problems with an acquired company or technology;

We could become subject to unknown or underestimated liabilities of an acquired entity or incur unexpected expenses or losses from such acquisitions; and

We could incur possible impairment charges related to goodwill or other intangible assets or other unanticipated events or circumstances, any of which could harm our business.

We may be exposed to investigations and/or audits by federal, state or other taxing authorities.

Consequently, we might not be successful in integrating any acquired businesses, products or technologies, and might not achieve anticipated revenue and cost benefits.

The loss of our senior management, including our founding executive officers, could harm our current and future operations and prospects.

We are heavily dependent upon the continued services of Russell C. Horowitz, our chairman and chief executive officer, and John Keister, our president and chief operating officer, and the other members of our senior management team. Each member of our senior management team is an at-will employee and may voluntarily terminate his employment with us at any time with minimal notice. Russell C. Horowitz, Ethan A. Caldwell, Peter Christothoulou and John Keister, our founding executive officers, each own shares of fully vested Class A common stock. Following any termination of employment, each of these employees would only be subject to a twelve-month non-competition and non-solicitation obligation with respect to our clients and customers under our standard confidentiality agreement.

Further, as of March 31, 2005, Russell C. Horowitz, Ethan A. Caldwell, Peter Christothoulou and John Keister together controlled 90% of the combined voting power of our outstanding capital stock excluding shares of Class B common stock issuable upon conversion of preferred stock. Their collective voting control is not tied to their continued employment with Marchex. The loss of the services of any member of our senior management, including our founding executive officers, for any reason, or any conflict among our founding executive officers, could harm our current and future operations and prospects.

Table of Contents

We may have difficulty attracting and retaining qualified, experienced, highly skilled personnel, which could adversely affect the implementation of our business plan.

In order to fully implement our business plan, we will need to attract and retain additional qualified personnel. Thus, our success will in significant part depend upon the efforts of personnel not yet identified and upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing personnel. We are also dependent on managerial and technical personnel to the extent they may have knowledge or information about our businesses and technical systems that may not be known by our other personnel. There can be no assurance that we will be able to attract and retain necessary personnel. The failure to hire and retain such personnel could adversely affect the implementation of our business plan.

If we are unable to obtain and maintain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors may also be adversely affected if we experience difficulty in maintaining adequate directors and officers liability insurance.

We may not be able to obtain and maintain insurance policies on terms affordable to us that would adequately insure our business and property against damage, loss or claims by third parties. To the extent our business or property suffers any damages, losses or claims by third parties that are not covered or adequately covered by insurance, our financial condition may be materially adversely affected.

We currently have directors and officers liability insurance, but we may be unable to maintain sufficient insurance as a public company to cover liability claims made against our officers and directors. If we are unable to adequately insure our officers and directors, we may not be able to retain or recruit qualified officers and directors to manage our company, which could have a material adverse effect on our operations.

New rules, including those contained in and issued under the Sarbanes-Oxley Act of 2002, may make it difficult for us to retain or attract qualified officers and directors, which could adversely affect our business and our ability to maintain the listing of our Class B common stock and preferred stock on the Nasdaq National Market.

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of the recent and currently proposed changes in the rules and regulations which govern publicly-held companies, including, but not limited to, certifications from executive officers and requirements for financial experts on boards of directors. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles. The enactment of the Sarbanes-Oxley Act of 2002 has resulted in the issuance of a series of new rules and regulations and the strengthening of existing rules and regulations by the Securities and Exchange Commission, as well as the adoption of new and more stringent rules by the Nasdaq Stock Market.

Further, certain of these recent and proposed changes heighten the requirements for board or committee membership, particularly with respect to an individual s independence from the corporation and level of experience in finance and accounting matters. We may have difficulty attracting and retaining directors with the requisite qualifications. If we are unable to attract and retain qualified officers and directors, our business and our ability to maintain the listing of our shares of Class B common stock and preferred stock on the Nasdaq National Market could be adversely affected.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud, which could harm our brand and operating results.

Effective internal controls are necessary for us to provide reliable and accurate financial reports and effectively prevent fraud. We have devoted significant resources and time to comply with the new internal control over financial reporting requirements of the Sarbanes-Oxley Act of 2002. In addition, Section 404 under the Sarbanes-Oxley Act of 2002 requires that we assess and our auditors attest to the design and operating effectiveness of our controls over financial reporting. Our compliance with the annual internal control report requirement for our first fiscal year ending on or after July 15, 2006, the requisite SEC compliance date, will depend on the effectiveness of our financial reporting and data systems and controls across our operating subsidiaries. We expect these systems and controls to become increasingly complex to the extent that we integrate acquisitions and our business grows. To

Table of Contents

effectively manage this growth, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. We cannot be certain that these measures will ensure that we design, implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation or operation, could harm our operating results or cause us to fail to meet our financial reporting obligations. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock and our access to capital.

Recently adopted changes in accounting rules and regulations, such as expensing of stock options and shares issued through employee stock purchase plans, will result in unfavorable accounting charges and may require us to change our compensation policies.

Accounting methods and policies regarding expensing stock options are subject to review, interpretation and guidance from relevant accounting authorities, including the Financial Accounting Standards Board, or FASB. For example, while we currently are not required to record stock-based compensation charges if an employee s stock option exercise price equals or exceeds the fair value of our common stock at the date of grant, recently adopted FASB and SEC standards will requires us to expense the fair value of stock options granted commencing January 1, 2006. In addition, under such rules, we will also incur an expense in connection with our employee stock purchase plans commencing January 1, 2006. We rely heavily on stock options to compensate existing employees and attract new employees. In light of these new requirements to expense stock options and shares issued under employee stock purchase plans, we may choose to reduce our reliance on these as compensation tools. If we reduce our use of stock options and the employee stock purchase plan, it may be more difficult for us to attract and retain qualified employees and we may need to compensate our employees with greater amounts of cash or other incentives. If we do not reduce our reliance on stock options and the employee stock purchase plan, our reported losses will increase. Further changes to interpretations of accounting methods or policies in the future may require us to adversely revise how our financial statements are prepared.

Impairment of goodwill and other intangible assets would result in a decrease in earnings.

Current accounting rules require that goodwill and other intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. These rules also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. To the extent such evaluation indicates that the useful lives of intangible assets are different than originally estimated, the amortization period is reduced or extended and, accordingly, the quarterly amortization expense is increased or decreased.

We have substantial goodwill and other intangible assets, and we may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined. Any impairment charges or changes to the estimated amortization periods could have a material adverse effect on our financial results.

We may not be able to realize the intended and anticipated benefits from the Name Development and Pike Street asset acquisitions, which could affect the value of the asset acquisition to our business and our ability to meet our financial obligations and targets.

We may not be able to realize the intended and anticipated benefits that we currently expect from the Name Development and Pike Street asset acquisitions. These intended and anticipated benefits include increasing our cash flow from operations, broadening our distribution offerings and delivering services that strengthen our merchant relationships.

Factors that could affect our ability to achieve these benefits include:

A significant amount of revenue attributed to our domain name assets comes through our agreement with Yahoo! and its subsidiaries. Under our agreement, Yahoo! has certain limited exclusive and preferential rights with respect to the commercialization of these domain names and Web properties through paid listings. Yahoo! controls the delivery of a portion of the paid listings to these domain names and Web properties. As a result, the monetization of these properties will initially be largely dependent on the revenue from the paid listings allocated by Yahoo! and its subsidiaries to these properties. This allocation may depend on Yahoo! s advertiser base, internal policies in effect from time to time, perceived quality of traffic, origin of traffic, history of performance and conversion, technical and network changes made by Yahoo!, among many factors and determinations which may or may not be controlled by us or known to us.

We will need to continue to acquire commercially valuable Internet domain names to grow our presence in the field of direct navigation. We will need to continuously improve our technologies to acquire valuable Internet domain names as competition in the marketplace for appropriate Internet domain names intensifies. Our domain name acquisition efforts are subject to rules and guidelines established by registries which maintain Internet domain name registrations and the registrars which process and facilitate Internet domain name registrations. The registries and registrars may change the rules and guidelines for acquiring Internet domains in ways that may prove detrimental to our domain acquisition efforts.

The business of direct navigation is dependent on current technologies and user practices. If browser or search technologies were to change significantly, the practice of direct navigation may be altered to our disadvantage.

Some of our existing distribution partners may perceive direct navigation as a competitive threat and therefore may decide to terminate their agreements with us because of the Name Development and Pike Street asset acquisitions.

We intend to apply our technology and expertise to geography-specific Web properties that we believe are under-commercialized and not yet mature from a monetization perspective. However, if the current disparities in traffic and monetization of such search terms do not narrow in a favorable way, we may expend significant company resources on business efforts that do not realize the results we anticipate.

If the acquired assets are not integrated into our business as we anticipate, we may not be able to achieve these benefits or realize the value paid for the asset acquisitions, which could materially harm our business, financial condition and results of operations.

We may experience unforeseen liabilities in connection with the Name Development and Pike Street asset acquisitions or our acquisition of other Internet domain names, which could negatively impact our financial results.

The Name Development and Pike Street asset acquisitions involve the acquisition of a large number of previously-owned Internet domain names. Furthermore, we have separately acquired and intend to continue to acquire in the future additional previously-owned Internet domain names. In some cases, these acquired names may have trademark significance that is not readily apparent to us or is not identified by us in the bulk purchasing process. As a result we may face demands by third party trademark owners asserting infringement or dilution of their rights and seeking transfer of acquired Internet domain names under the Uniform Domain Name Dispute Resolution Policy administered by ICANN or actions under the U.S. Anti-Cybersquatting Consumer Protection Act.

We intend to review each claim or demand which may arise from time to time on its merits on a case-by-case basis with the assistance of counsel and we intend to transfer any rights acquired by us to any party that has demonstrated a valid prior right or claim. We cannot, however, guarantee that we will be able to resolve these disputes without litigation. The potential violation of third party intellectual property rights and potential causes of action under consumer protection laws may subject us to unforeseen liabilities including injunctions and judgments for money damages.

Regulation could reduce the value of the Internet domain names acquired or negatively impact the Internet domain acquisition process, which could significantly impair the value of the asset acquisition.

The Name Development business includes the registrations of thousands of Internet domain names both in the United States and internationally. Name Development acquired previously-owned Internet domain names that have expired and have been offered for sale by Internet domain name registrars following the period of permitted reclamation by their prior owners. Furthermore, we have separately acquired and intend to continue to acquire in the future additional previously-owned Internet domain names, including in connection with the Pike Street asset acquisition.

The acquisition of Internet domain names generally is governed by regulatory bodies. The regulation of Internet domain names in the United States and in foreign countries is subject to change. Regulatory bodies could establish additional requirements for previously-owned Internet domain names or modify the requirements for holding

Table of Contents

Internet domain names. As a result, we might not acquire or maintain names that contribute to our financial results in the same manner as reflected in the historical financial results of Name Development and Pike Street. Because certain Internet domain names are important assets which support the valuation of the Name Development and Pike Street asset acquisitions, a failure to acquire or maintain such Internet domain names could adversely affect our financial results and our growth. Any impairment in the value of these important assets could cause our stock price to decline.

Risks Relating to Our Business and Our Industry

If we are unable to compete in the highly competitive performance-based advertising and search marketing industries, we may experience reduced demand for our products and services.

We operate in a highly competitive and changing environment. We principally compete with other companies which offer services in five main areas:

- sales to merchant advertisers of pay-per-click services;
- sales to merchant advertisers of feed management services;
- aggregation or optimization of online advertising for distribution through search engines, product shopping engines, directories, Web sites or other outlets;
- delivery of online advertising to end users or customers of merchants through destination Web sites or other distribution outlets; and
- services that allow merchants to manage their advertising campaigns across multiple networks and track the success of these campaigns.

Although we currently pursue a strategy that allows us to potentially partner with all relevant companies in the industry, there are certain companies in the industry that may not wish to partner with us. Despite the fact that we currently work with several of our potential competitors, there are no guarantees that these companies will continue to work with us in the future.

We currently or potentially compete with a variety of companies, including FindWhat.com, Google, Microsoft and Yahoo! Many of these actual or perceived competitors also currently or may in the future have business relationships with us, particularly in distribution. Going forward, however, these companies may terminate their relationships with us. Furthermore, our competitors may be able to secure agreements with us on more favorable terms, which could reduce the usage of our services, increase the amount payable to our distribution partners, reduce total revenue and thereby have a material adverse effect on our business, operating results and financial condition.

We expect competition to intensify in the future because current and new competitors can enter our market with little difficulty. The barriers to entering our market are relatively low. In fact, many current Internet and media companies presently have the technical capabilities and advertiser bases to enter the search marketing services industry. Further, if the consolidation trend continues among the larger media and search engine companies with greater brand recognition, the share of the market remaining for smaller search marketing services providers could decrease, even though the number of smaller providers could continue to increase. These factors could adversely affect our competitive position in the search marketing services industry.

Some of our competitors, as well as potential entrants into our market, may be better positioned to succeed in this market. They may have:

- longer operating histories;
- more management experience;
- an employee base with more extensive experience;
- better geographic coverage;
- larger customer bases;

Table of Contents

- greater brand recognition; and

- significantly greater financial, marketing and other resources.

Currently, and in the future, as the use of the Internet and other online services increases, there will likely be larger, more well-established and well-financed entities that acquire companies and/or invest in or form joint ventures in categories or countries of interest to us, all of which could adversely impact our business. Any of these trends could increase competition and reduce the demand for any of our services.

If we are not able to respond to the rapid technological change characteristic of our industry, our products and services may not be competitive.

The market for our products and services is characterized by rapid change in business models and technological infrastructure, and we will need to constantly adapt to changing markets and technologies to provide competitive products and services. We believe that our future success will depend, in part, upon our ability to develop our products and services for both our target market and for applications in new markets. We may not, however, be able to successfully do so, and our competitors may develop innovations that render our products and services obsolete or uncompetitive.

Our technical systems are vulnerable to interruption and damage that may be costly and time-consuming to resolve and may harm our business and reputation.

A disaster could interrupt our services for an indeterminate length of time and severely damage our business, prospects, financial condition and results of operations. Our systems and operations are vulnerable to damage or interruption from:

- fire;

- floods;

- network failure;

- hardware failure;

- software failure;

- power loss;

- telecommunications failures;

- break-ins;
- terrorism, war or sabotage;
- computer viruses;
- denial of service attacks;
- penetration of our network by unauthorized computer users and hackers and other similar events;
- natural disaster; and
- other unanticipated problems.

We may not have developed or implemented adequate protections or safeguards to overcome any of these events. We also may not have anticipated or addressed many of the potential events that could threaten or undermine our technology network. Any of these occurrences could cause material interruptions or delays in our business, result in the loss of data or render us unable to provide services to our customers. In addition, if a person is able to circumvent our security measures, he or she could destroy or misappropriate valuable information or disrupt our operations. We have deployed firewall hardware intended to thwart hacker attacks. Although we maintain property insurance and business interruption insurance, our insurance may not be adequate to compensate us for all losses that may occur as a result of a catastrophic system failure or other loss, and our insurers may not be able or may decline to do so for a variety of reasons.

If we fail to address these issues in a timely manner, we may lose the confidence of our merchant advertisers and distribution partners, our revenue may decline and our business could suffer. In addition, as we expand our service offerings and enter into new business areas, we may be required to significantly modify and expand our software and technology platform. If we fail to accomplish these tasks in a timely manner, our business and reputation will likely suffer.

We rely on third party technology, server and hardware providers, and a failure of service by these providers could adversely affect our business and reputation.

We rely upon third party colocation providers to host our main servers. If these providers experience any interruption in operations or cease operations for any reason or if we are unable to agree on satisfactory terms for continued hosting relationships, we would be forced to enter into a relationship with other service providers or assume hosting responsibilities ourselves. If we are forced to switch hosting facilities, we may not be successful in finding an alternative service provider on acceptable terms or in hosting the computer servers ourselves. We may also be limited in our remedies against these providers in the event of a failure of service. In the past, we have experienced short-term outages in the service maintained by one of our current colocation providers. We also rely on third party providers for components of our technology platform, such as hardware and software providers, credit card processors and domain name registrars. A failure or limitation of service or available capacity by any of these third party providers could adversely affect our business and reputation.

We may not be able to protect our intellectual property rights, which could result in our competitors marketing competing products and services utilizing our intellectual property and could adversely affect our competitive position.

Our success and ability to compete effectively are substantially dependent upon our internally developed and acquired technology and data resources, which we protect through a combination of copyright, trade secret, and patent and trademark law. To date, we have filed two provisional patent applications with the United States Patent and Trademark Office, and two non-provisional patent applications based on the two filed provisional applications in the United States and via the Patent Cooperation Treaty designating all member countries. In the future, additional patents may be filed with respect to internally developed or acquired technologies. Our industry is highly competitive and many individuals and companies have sought to patent processes in the industry. In addition, the patent process takes several years and involves considerable expense. Further, patent applications and patent positions in our industry are highly uncertain and involve complex legal and factual questions due in part to the number of competing technologies. As a result, we may not be able to successfully prosecute these patents, in whole or in part, or any additional patent filings that we may make in the future. We also depend on our trade name and domain names. We may not be able to adequately protect our technology and data resources. In addition, intellectual property laws vary from country to country, and it may be more difficult to protect our intellectual property in some foreign jurisdictions in which we may plan to enter. If we fail to obtain and maintain patent or other intellectual property protection for our technology, our competitors could market competing products and services utilizing our technology. Any such failure could have a material adverse effect on our business.

Despite our efforts to protect our proprietary rights, unauthorized parties domestically and internationally may attempt to copy or otherwise obtain and use our services, technology and other intellectual property. We cannot be certain that the steps we have taken will prevent any misappropriation or confusion among consumers and merchant advertisers.

10

Table of Contents

We may be involved in lawsuits to protect or enforce our patents, which could be expensive and time consuming.

We may initiate patent litigation against third parties to protect or enforce our patent rights, and we may be similarly sued by others. We may also become subject to interference proceedings conducted in the patent and trademark offices of various countries to determine the priority of inventions. The defense and prosecution, if necessary, of intellectual property suits, interference proceedings and related legal and administrative proceedings is costly and may divert our technical and management personnel from their normal responsibilities. We may not prevail in any of these suits. An adverse determination of any litigation or defense proceedings could put our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not being issued.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments in the litigation. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the trading price of our Class B common stock and the trading price of our preferred stock.

Our quarterly results of operations might fluctuate due to seasonality, which could adversely affect our growth rate and in turn the market price of our securities.

Our quarterly results have fluctuated in the past and may fluctuate in the future due to seasonal fluctuations in the level of Internet usage. As is typical in our industry, the second and third quarters of the calendar year generally experience relatively lower usage than the first and fourth quarters. It is generally understood that during the spring and summer months of the year, Internet usage is lower than during other times of the year, especially in comparison to the fourth quarter of the calendar year. The extent to which usage may decrease during these off-peak periods is difficult to predict. Prolonged or severe decreases in usage during these periods may adversely affect our growth rate and in turn the market price of our securities.

We are susceptible to general economic conditions, and a downturn in advertising and marketing spending by merchants could adversely affect our operating results.

Our operating results will be subject to fluctuations based on general economic conditions, in particular those conditions that impact merchant-consumer transactions. If there were to be a general economic downturn that affected consumer activity in particular, however slight, then we would expect that business entities, including our merchant advertisers and potential merchant advertisers, could substantially and immediately reduce their advertising and marketing budgets. We believe that during periods of lower consumer activity, merchant spending on advertising and marketing is more likely to be reduced, and more quickly, than many other types of business expenses. These factors could cause a material adverse effect on our operating results.

We depend on the growth of the Internet and Internet infrastructure for our future growth and any decrease or less than anticipated growth in Internet usage could adversely affect our business prospects.

Our future revenue and profits, if any, depend upon the continued widespread use of the Internet as an effective commercial and business medium. Factors which could reduce the widespread use of the Internet include:

- possible disruptions or other damage to the Internet or telecommunications infrastructure;
- failure of the individual networking infrastructures of our merchant advertisers and distribution partners to alleviate potential overloading and delayed response times;
- a decision by merchant advertisers to spend more of their marketing dollars in offline areas;
- increased governmental regulation and taxation; and
- actual or perceived lack of security or privacy protection.

In particular, concerns over the security of transactions conducted on the Internet and the privacy of users, including the risk of identity theft, may inhibit the growth of the Internet and other online services, especially online commerce. In order for the online commerce market to develop successfully, we and other market participants must be able to transmit confidential information, including credit card information, securely over public networks. Any decrease or less than anticipated growth in Internet usage could have a material adverse effect on our business prospects.

We are exposed to risks associated with credit card fraud and credit payment, and we may continue to suffer losses as a result of fraudulent data or payment failure by merchant advertisers.

We have suffered losses and may continue to suffer losses as a result of payments made with fraudulent credit card data. Our failure to control fraudulent credit card transactions adequately could reduce our net revenue and gross margin. In addition, under limited circumstances, we extend credit to merchant advertisers who may default on their accounts payable to us or fraudulently charge-back amounts on their credit cards for services that have already been delivered by us.

Government regulation of the Internet may adversely affect our business and operating results.

Companies engaging in online search, commerce and related businesses face uncertainty related to future government regulation of the Internet. Due to the rapid growth and widespread use of the Internet, legislatures at the federal and state levels have enacted and are considering various laws and regulations relating to the Internet. Individual states may also enact stricter consumer legislation that affects the conduct of our business.

Furthermore, the application of existing laws and regulations to Internet companies remains somewhat unclear. For example, as a result of the actions of merchant advertisers in our network, we may be subject to the application of existing laws and regulations relating to a wide variety of issues such as privacy, gambling, sweepstakes, promotions, financial market regulation, and intellectual property ownership and infringement. In addition, existing laws that regulate or require licenses or permits for certain businesses of merchant advertisers may be unclear in their application to our business, including those related to insurance and securities brokerage, law offices and pharmacies. Our business may be negatively affected by a variety of new or existing laws and regulations, which may expose us to substantial compliance costs and liabilities and may impede the growth in use of the Internet. The application of these statutes and others to the Internet search industry is not entirely settled. Further, several existing and proposed federal laws could have an impact on our business. The existing federal laws include, among others:

- The Digital Millennium Copyright Act and its related safe harbors are intended to reduce the liability of online service providers for listing or linking to third-party Web sites that include materials that infringe copyrights or other rights of others.

- The Children s Online Protection Act and the Children s Online Privacy Protection Act are intended to restrict the distribution of certain materials deemed harmful to children, and they impose additional restrictions on the ability of online services to collect user information from minors.

- The Protection of Children from Sexual Predators Act of 1998 requires online service providers to report evidence of violations of federal child pornography laws under certain circumstances.

- The CAN-SPAM Act of 2003 and certain state laws are intended to impose limitations and penalties on the transmission of unsolicited commercial electronic mail via the Internet.

- The Electronic Communications Privacy Act is intended to protect the privacy of e-mail and other electronic communications.

Courts may apply each of these laws in unintended and unexpected ways. As a company that provides services over the Internet, we may be subject to an action brought under any of these or future laws governing online services. Among the types of legislation currently being considered at the federal and state levels are consumer laws regulating the practices for software applications or downloads and the use of cookies and these laws may introduce requirements for user consent and other restrictions. These proposed laws are intended to target applications often referred to as spyware, invasiveware or adware, although the scope may also include some software applications currently used in the online advertising industry to serve and distribute advertisements.

Many of the services of the Internet are automated, and companies such as ours may be unknowing conduits for illegal or prohibited materials. It is not known how courts will rule in many circumstances; for example, it is possible that courts could find strict liability or impose know your customer standards of conduct in some circumstances. Although we may not be directly involved in any of these practices, under current and future regulation we may ultimately be held responsible for the actions of our merchant advertisers or distribution partners.

We may also be subject to costs and liabilities with respect to privacy issues. Several Internet companies have incurred costs and paid penalties for violating their privacy policies. Further, it is anticipated that new legislation will be adopted by federal and state governments with respect to user privacy. Such legislation could negatively affect our business.

Table of Contents

Additionally, foreign governments may pass laws which could negatively impact our business and/or may prosecute us for our products and services based upon existing laws. Any such prosecution or costs incurred in addressing foreign laws could negatively affect our business.

The restrictions imposed by, and cost of complying with, current and possible future laws and regulations related to our business could harm our business and operating results.

Future regulation of search engines may adversely affect the commercial utility of our search marketing services.

The Federal Trade Commission, or FTC, has recently reviewed the way in which search engines disclose paid placements or paid inclusion practices to Internet users. In 2002, the FTC issued guidance recommending that all search engine companies ensure that all paid search results are clearly distinguished from non-paid results, that the use of paid inclusion is clearly and conspicuously explained and disclosed and that other disclosures are made to avoid misleading users about the possible effects of paid placement or paid inclusion listings on search results. Such disclosures if ultimately mandated by the FTC or voluntarily made by us may reduce the desirability of our paid placement and paid inclusion services. We believe that some users will conclude that paid search results are not subject to the same relevancy requirements as non-paid search results, and will view paid search results less favorably. If such FTC disclosure reduces the desirability of our paid placement and paid inclusion services, and click-throughs of our paid search results decrease, our business could be adversely affected.

State and local governments may in the future be permitted to levy additional taxes on Internet access and electronic commerce transactions, which could result in a decrease in the level of usage of our services. In addition, we may be required to pay additional income, sales, or other taxes.

On November 19, 2004, the federal government passed legislation placing a three-year ban on state and local governments imposition of new taxes on Internet access or electronic commerce transactions. Unless the ban is extended, state and local governments may begin to levy additional taxes on Internet access and electronic commerce transactions upon the legislation s expiration in November 2007. An increase in taxes may make electronic commerce transactions less attractive for merchants and businesses, which could result in a decrease in the level of usage of our services. Additionally, from time to time, various state, federal and other jurisdictional tax authorities undertake reviews of the Company and the Company s filings. In evaluating the exposure associated with various tax filing positions, the Company on occasion accrues charges for probable exposures. We cannot predict the outcome of any of these reviews.

Risks Relating to our Common Stock and Preferred Stock

Our Class B common stock price has been and is likely to continue to be highly volatile. The price of our Class B common stock, and therefore the value of the preferred stock, may fluctuate significantly, which may make it difficult for holders to resell the preferred stock or the shares of our Class B common stock issuable upon conversion thereof when desired or at attractive prices.

The trading price of our Class B common stock has been and is likely to continue to be highly volatile and subject to wide fluctuations. Since our initial public offering, the closing sale price of our Class B common stock on the Nasdaq National Market ranged from $8.56 to $24.71 per share through March 31, 2005. Our stock price may fluctuate in response to a number of events and factors, which may be the result of our business strategy or events beyond our control, including:

developments concerning proprietary rights, including patents, by us or a competitor;

announcements by us or our competitors of significant contracts, acquisitions, financings, commercial relationships, joint ventures or capital commitments;

registration of additional shares of Class B common stock in connection with a strategic transaction;

actual or anticipated fluctuations in our operating results;

Table of Contents

- developments concerning our various strategic collaborations;
- lawsuits initiated against us or lawsuits initiated by us;
- announcements of acquisitions or technical innovations;
- potential loss or reduced contributions from distribution partners or merchant advertisers;
- changes in earnings estimates or recommendations by analysts;
- changes in the market valuations of similar companies; and
- changes in our industry and the overall economic environment.

In addition, the stock market in general, and the Nasdaq National Market and the market for online commerce companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry factors may seriously harm the market price of our Class B common stock, regardless of our operating performance. In the past, following periods of volatility in the market, securities class action litigation has often been instituted against these companies. Litigation against us, whether or not judgment is entered against us, could result in substantial costs and potentially economic loss, and a diversion of our management s attention and resources, any of which could seriously harm our financial condition. Additionally, there can be no assurance that an active trading market of our Class B common stock will be sustained.

Because our shares of the preferred stock are convertible into shares of Class B common stock, volatility or depressed prices for our Class B common stock could have a similar effect on the value of the preferred stock. Holders who receive Class B common stock upon conversion also will be subject to the risk of volatility and depressed prices of our Class B common stock.

If we, or our existing stockholders, sell additional shares of our Class B common stock, the market price of our Class B common stock and therefore our preferred stock could decline.

We have a substantial number of shares of Class B common stock that are eligible for resale, including:

- Upon completion of our recent common stock and preferred stock offerings, we had 22,711,461 shares of Class B common stock outstanding.
- As of March 31, 2005, we had issued options for 4,676,470 shares of Class B common stock. We have also issued shares in connection with our initial financing and our prior acquisitions, of which 20,279,063 are eligible for resale under Rule 144.

As of March 31, 2005, we had 101,838,839 shares of authorized but unissued shares of our Class B common stock that are available for future sale.

Approximately 11,987,500 of our shares of Class A common stock and 8,171,563 of our shares of Class B common stock are subject to piggyback registration rights. We also may enter into additional registration rights agreements in the future in connection with any subsequent acquisitions we may undertake. Any sales of our common stock under these registration rights arrangements with these stockholders could be negatively perceived in the trading markets and negatively affect the price of our common stock.

The market price of our Class B common stock and our preferred stock as well could decline as a result of sales of a large number of shares of our Class B common stock in the market, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, could make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Table of Contents

Our founding executive officers control the outcome of stockholder voting, and there may be an adverse effect on the price of our Class B common stock due to the disparate voting rights of our Class A common stock and our Class B common stock.

As of March 31, 2005, Russell C. Horowitz, Ethan A. Caldwell, Peter Christothoulou and John Keister, our founding executive officers, beneficially owned 96% of the outstanding shares of our Class A common stock, which shares represented 89% of the combined voting power of all outstanding shares of our capital stock. These founding executive officers together control 90% of the combined voting power of all outstanding shares of our capital stock excluding shares of Class B common stock issuable upon conversion of the preferred stock. The holders of our Class A common stock and Class B common stock have identical rights except that the holders of our Class B common stock are entitled to one vote per share, while holders of our Class A common stock are entitled to twenty-five votes per share on all matters to be voted on by stockholders. This concentration of control could be disadvantageous to our other stockholders with interests different from those of these founding executive officers. This difference in the voting rights of our Class A common stock and Class B common stock could adversely affect the price of our Class B common stock to the extent that investors or any potential future purchaser of our shares of Class B common stock give greater value to the superior voting rights of our Class A common stock.

Further, as long as these founding executive officers have a controlling interest, they will continue to be able to elect all or a majority of our board of directors and generally be able to determine the outcome of all corporate actions requiring stockholder approval. As a result, these founding executive officers will be in a position to continue to control all fundamental matters affecting our company, including any merger involving, sale of substantially all of the assets of, or change in control of, our company. The ability of these founding executive officers to control our company may result in our Class B common stock trading at a price lower than the price at which it would trade if these founding executive officers did not have a controlling interest in us. This control may deter or prevent a third party from acquiring us which could adversely affect the market price of our Class B common stock.

Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline.

Our certificate of incorporation, as amended, our by-laws and Delaware law contain provisions that could discourage, delay or prevent a third party from acquiring us, even if doing so may be beneficial to our stockholders. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our Class B common stock. The following are examples of such provisions in our certificate of incorporation, as amended, or our by-laws:

- the authorized number of our directors can be changed only by a resolution of our board of directors;
- advance notice is required for proposals that can be acted upon at stockholder meetings;
- there are limitations on who may call stockholder meetings; and
- our board of directors is authorized, without prior stockholder approval, to create and issue blank check preferred stock.

We are also subject to Section 203 of the Delaware General Corporation Law, which provides, subject to enumerated exceptions, that if a person acquires 15% or more of our voting stock, the person is an interested stockholder and may not engage in business combinations with us for a period of three years from the time the person acquired 15% or more of our voting stock. The application of Section 203 of the Delaware General Corporation Law could have the effect of delaying or preventing a change of control of our company.

Conversion of our convertible preferred stock will dilute the interests of our existing Class B common stockholders.

The conversion of some or all of the preferred stock will dilute the interests of our existing Class B common stockholders. Sales in the public market of shares of Class B common stock issued upon conversion would apply downward pressure on the prevailing market price. In addition, the mere issuance of the preferred stock represents a future issuance, and perhaps a future sale, of our Class B common stock to be acquired upon conversion, which could depress trading prices for our Class B common stock.

We anticipate that we will retain our future earnings except for the payment of dividends on the preferred stock, and as a result holders of Class B common stock are not likely to receive dividends.

We anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and to make periodic installments of the dividend on the preferred stock. Therefore, holders of Class B common stock are not likely to receive dividends in the foreseeable future. In addition, dividends, if and when paid, may be subject to income tax withholding.

Table of Contents

We may not be able to pay dividends on the preferred stock, which could impair its value.

Under Delaware law, dividends to stockholders may be made only from the surplus of a company, or, in certain situations, from the net profits for the current fiscal year or the fiscal year before which the dividend is declared. Our ability to pay dividends in the future will depend on our financial results, liquidity and financial condition. We can not be sure that we will have the surplus or profits to make periodic dividend payments, and we can not be sure that we will be able to pay the periodic installments of the dividend on the preferred stock.

The market price of the preferred stock may decline.

If an active trading market does not develop, the market price and liquidity of the preferred stock will be adversely affected. Even if an active trading market for the preferred stock were to develop, the preferred stock could trade for less than the public offering price, depending on many factors, including prevailing interest rates, our operating results and the markets for similar securities, and such active trading market could cease to continue at any time. In addition, if the preferred stock is exchanged for debentures, we are not obligated to list the debentures and cannot assure you that a market for the debentures will develop.

There may be tax consequences to the holders if we exchange preferred stock for debentures.

An exchange of the preferred stock for debentures will be a taxable event for federal income tax purposes which may result in tax liability to the holders without any corresponding receipt of cash by the holder. Such an exchange may be taxable as a dividend distribution to the extent of our current and accumulated earnings and profits, and may be subject to withholding tax if the exchanging stockholder is a Non-U.S. Holder.

Our current and future payment obligations or indebtedness will have priority over a preferred stock liquidation preference and accrued dividend payment obligation in the event of our liquidation, dissolution or winding-up.

The terms of the preferred stock do not contain any financial or operating covenants that would prohibit or limit us or our subsidiaries from incurring indebtedness or other liabilities, pledging assets to secure such indebtedness and liabilities, paying dividends, or issuing securities or repurchasing securities issued by us or any of our subsidiaries. The incurrence of indebtedness by us or our subsidiaries and, in particular, the granting of a security interest to secure the indebtedness could adversely affect our ability to pay accrued dividends under the terms of the preferred stock.

If we incur indebtedness, the holders of that debt will have prior rights with respect to any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds in connection with any insolvency, liquidation, reorganization or other winding-up of us paid to holders of the preferred stock.

The rights of holders of the Class B common stock will be junior to the rights of holders of the preferred stock in the event of our liquidation, dissolution or winding-up.

The terms of the preferred stock provide that holders will receive a preference over the other equity securities of the company upon its liquidation, dissolution or winding-up. This liquidation preference is equal to $250 per share of preferred stock plus all accrued and unpaid dividends through the distribution date. These rights of payment are senior to the liquidation rights of the holders of the Class B common stock. This may have the effect of reducing the amount of proceeds in connection with any insolvency, liquidation, reorganization or other winding-up of us paid to holders of the Class B common stock.

FORWARD LOOKING STATEMENTS

This prospectus, including the information incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended,. All statements other than statements of historical facts contained in this prospectus, including statements regarding the benefits and risks associated with the recent Name Development and Pike Street asset acquisitions, our future operating results, financial position, and business strategy, expectations regarding our growth and the growth of the industry in which we operate, and plans and objectives of management for future operations, are forward-looking statements. The words believe, may, estimate, continue, anticipate, intend, expect and similar expressions, as they relate to us, are inte identify forward-looking statements.

Table of Contents

Any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. They may be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including the risks, uncertainties and assumptions described in Risk Factors. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur as contemplated, and actual results could differ materially from those anticipated or implied by the forward-looking statements.

Market data and forecasts used in this prospectus, including for example, estimates of the size and growth rates of the performance-based advertising and search marketing industries, the Internet advertising and transaction markets and the direct navigation markets generally, have been obtained from independent industry sources, unless otherwise noted. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this prospectus. Unless required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See Where You Can Find More Information.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of Class B common stock by the selling stockholders.

SELLING STOCKHOLDERS

We are registering for resale a total of up to 1,382,093 shares of Class B common stock held by the selling stockholders. The selling stockholders are (i) Name Development Ltd., which acquired 419,659 shares of our Class B common stock in connection with our purchase of certain assets of Name Development Ltd., (ii) Edward Yim and Danielle Chappelle, each of whom acquired 227,576 shares of Class B common stock in connection with our purchase of certain assets of Pike Street Industries, Inc., (iii) John Babina III who acquired 433,541 shares of Class B common stock in connection with our acquisition of goClick.com, Inc., 429,441 of which are being registered hereby, (iv) Sanders Morris Harris Inc. which acquired warrants to purchase up to an aggregate of 60,000 shares of Class B common stock in connection with the closing of our initial public offering in April 2004, 30,587 of which are being registered hereby, and (v) National Securities Corporation and/or its designees which acquired warrants to purchase up to an aggregate of 60,000 shares of Class B common stock in connection with the closing of our initial public offering in April 2004, 47,254 of which are being registered hereby. The table below sets forth, to the Company s knowledge, the following information regarding the selling stockholders as of May 11, 2005:

The name of the selling stockholder;

The number of shares of our Class B common stock owned by the selling stockholder on the date of this prospectus prior to the offering for resale of any of the shares being registered by the registration statement of which this prospectus is a part;

The number of shares of our Class B common stock that may be offered for resale by the selling stockholder pursuant to this prospectus;

The number of shares of our Class B common stock to be held by the selling stockholder after the resale of the offered shares; and

The percent of ownership of our Class B common stock of each selling stockholder, if such percentage exceeds one percent of our total outstanding Class B common stock.

Table of Contents

Name of Beneficial Owner	Beneficial Ownership Prior to Offering: Number of Shares	Beneficial Ownership Prior to Offering: Shares to be Sold	Beneficial Ownership After Offering: Number of Shares [1]	Beneficial Ownership After Offering: Percent of Class B Shares
Name Development Ltd.	419,659	419,659	0	0
Edward C. Yim (2)	227,576	227,576	0	0
Danielle B. Chappelle (3)	227,576	227,576	0	0
John Babina III (4)	429,441	429,441	0	0
Sanders Morris Harris Inc.	30,587	30,587	0	0
National Securities Corporation	13,254	13,254	0	0
Bob Mathews (5)	124,000	8,000	116,000	*
Mark Goldwasser (5)	7,000	7,000	0	0
Michael Bresner (5)	6,500	6,500	0	0
Brian Friedman (5)	6,000	6,000	0	0
Robert Daskal (5)	4,000	4,000	0	0
Leo Satriawan (5)	500	500	0	0
Ross Langill (5)	1,000	1,000	0	0
Peter Rettman (5)	1,000	1,000	0	0
Total:	1,498,093	1,382,093	116,000	*

(1) Assumes that all the shares of Class B common stock that may be offered hereunder are sold and the selling stockholders acquire no additional shares of our Class B common stock before the completion of this offering.

(2) Edward C. Yim was one of the stockholders of Pike Street Industries, Inc. and is a current employee of the Company. The number of shares to be sold hereunder includes those shares issued in connection with the closing of the transaction which were placed in escrow for a period of 12 months from the closing date (upon release from escrow) and those shares which are subject to vesting over the three year period from the closing date and forfeiture upon the occurrence of certain events (as such shares vest).

(3) Danielle B. Chappelle was one of the stockholders of Pike Street Industries, Inc. and is a current employee of the Company. The number of shares to be sold hereunder includes those shares issued in connection with the closing of the transaction which were placed in escrow for a period of 12 months from the closing date (upon release from escrow) and those shares which are subject to vesting over the three year period from the closing date and forfeiture upon the occurrence of certain events (as such shares vest).

(4) John Babina III was the sole stockholder of goClick.com, Inc. The number of shares to be sold hereunder includes those shares issued in connection with the closing of the transaction which were placed in escrow for a period of 12 months from the closing date (upon release from escrow).

(5) In January of 2005, National Securities Corporation transferred an aggregate of 34,000 warrants to purchase shares of our Class B common stock to the above eight officers, directors and/or employees of National Securities Corporation pursuant to the terms of that certain representative s warrant agreement dated April 5, 2004. The above share amounts assume exercise in full of the warrants to purchase shares of the Company s Class B common stock.

* Less than one percent.

The information regarding the selling stockholders may change from time to time. If required, we will describe these changes in one or more prospects supplements.

PLAN OF DISTRIBUTION

The selling stockholders may use this prospectus to sell the shares at any time while the prospectus is in effect, unless we have notified the selling stockholders that the prospectus is not available at that particular time. The selling stockholders will determine if, when and how it will sell the shares it owns. Any sales may occur in one or more of the following types of transactions (including block transactions):

- transactions on the Nasdaq National Market or any other organized market or quotation system where the shares may be traded,

- privately negotiated transactions between a selling stockholder and a purchaser, or

- transactions effected with or through a broker-dealer acting as either agent or principal.

Table of Contents

These transactions may involve the transfer of the shares upon exercise or settlement of put or call options, or the delivery of the shares to replace shares that were previously borrowed from another stockholder or a combination of such methods. If a broker-dealer is used in the sale of shares, that person may solicit potential purchasers. The shares may also be transferred as a gift or as a result of a pledge, or may be sold to a broker-dealer acting as principal. These persons may then sell the shares to another person, either directly or through another broker-dealer, subject to compliance with the requirements of the Securities Act.

The price at which sales of the shares occur may be based on market prices or may be negotiated between the parties, and the consideration may be cash or another form negotiated between the parties. Broker-dealers acting as agents or principals may be paid compensation in the form of discounts, concessions or commissions from the selling stockholders and/or from the purchasers of the shares, or both. Brokers or dealers may be deemed to be underwriters within the meaning of the Securities Act. Any profits on the resale of shares by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of shares will be paid by the selling stockholders and/or the purchasers. We have agreed to pay certain of the costs, expenses and fees of preparing, filing and maintaining this prospectus and the registration statement of which this prospectus is a part, but we will not receive any proceeds from sale of these shares. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on it under the Securities Act.

The selling stockholders have advised us that he, she or it has not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of such shares, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares by any selling stockholder. If we are notified by any selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares, if required, we will file a supplement to this prospectus. If the selling stockholders use this prospectus for any sale of the shares, they will be subject to the prospectus delivery requirements of the Securities Act. The anti-manipulation rules of Regulation M under the Securities Exchange Act of 1934 may apply to sales of our Class B common stock and activities of the selling stockholders.

LEGAL MATTERS

Certain legal matters with respect to the shares of Class B common stock offered hereby will be passed upon for us by DLA Piper Rudnick Gray Cary US LLP. A partner in the law firm of DLA Piper Rudnick Gray Cary US LLP beneficially owns 35,500 shares of Class B common stock.

EXPERTS

The consolidated financial statements of Marchex, Inc. and subsidiaries as of December 31, 2004, and for the period from January 17, 2003 (inception) through December 31, 2003 and the year ended December 31, 2004, and the financial statements of the Predecessor to Marchex, Inc. for the period from January 1, 2003 through February 28, 2003, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The financial statements of goClick.com, Inc. as of December 31, 2003 and for the year then ended and the financial statements of Name Development Ltd. as of June 30, 2003 and 2004 and for each of the years in the two-year period ended June 30, 2004, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent auditors, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file periodic reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect and copy these reports and other information at the SEC s public reference facilities in Washington, D.C. (located at 450 Fifth Street, N.W., Washington, D.C. 20549). You can also obtain copies of these materials from the SEC s public reference section (located at 450 Fifth Street, N.W., Washington, D.C. 20549) at prescribed rates. Please call the SEC at 1-800-SEC-0300 for further information about the public reference rooms. The SEC also maintains a web site at http://www.sec.gov. This site contains reports, proxy and information statements and other information about companies that file these reports electronically with the SEC. Our SEC filings are also available on our website at http://www.marchex.com.

Table of Contents

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC permits us to incorporate by reference the information and reports we file with it. This means that we can disclose important information to you by referring to another document. The information that we incorporate by reference is considered to be part of this prospectus, and later information that we file with the SEC automatically updates and supersedes this information. Specifically, we incorporate by reference:

1. Our Annual Report on Form 10-KSB for the year ended December 31, 2004;

2. Our Quarterly Report on Form 10-QSB for the quarter ended March 31, 2005;

3. The following Current Reports on Form 8-K furnished or filed, as the case may be, to or with the SEC since December 31, 2004:

   Current Report dated February 9, 2005 and filed/furnished to the SEC on February 15, 2005, reporting under Items 1.01, 2.01, 3.02, 3.03, 5.03, 7.01 and 9.01, with respect to the announcement of the closing of the public offering of shares of Class B common stock and 4.75% convertible exchangeable preferred stock and the closing of the Name Development asset acquisition; provided, however, that Marchex does not incorporate by reference any information contained in, or exhibits submitted on, the Form 8-K that was expressly furnished and not filed.

   Current Report dated April 26, 2005 and filed with the SEC on May 2, 2005, reporting under Items 1.01, 2.01, 3.02 and 9.01, with respect to the announcement of the acquisition of certain assets of Pike Street Industries, Inc.

   Current Report dated May 27, 2005 and filed with the SEC on May 31, 2005, reporting under Items 8.01 and 9.01, with respect to the filing of certain additional Name Development Ltd. financial statements and certain proforma condensed financial statements of Marchex relative to the acquisition of certain assets of Name Development Ltd.

4. The portions of our proxy statement on Schedule 14A filed with the SEC on April 18, 2005 that are incorporated by reference into our annual report on Form 10-KSB for the year ended December 31, 2004; and

5. The financial statements of Name Development Ltd. as of and for the years ended June 30, 2003 and 2004 and the financial statements of goClick.com, Inc. as of and for the year ended December 31, 2003 and the unaudited interim financial statements of goClick.com, Inc. as of June 30, 2004 and for the six months ended June 30, 2003 and 2004, contained in our prospectus with respect to our Class B common stock filed pursuant to Rule 424(b) on February 10, 2005;

6. The description of our Class B common stock contained in our registration statement on Form 8-A, filed on March 30, 2004;

7. All documents we file with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering of the shares offered by this prospectus.

We have also filed a registration statement on Form S-3 with the SEC, of which this prospectus forms a part. This prospectus does not contain all of the information set forth in the registration statement. You should read the registration statement for further information about us and about our Class B common stock.

We will provide a copy of these filings to each person, including any beneficial owner, to whom we deliver this prospectus, upon written or oral request. You may request a copy of these filings at no cost by writing or telephoning us at the following address:

Marchex, Inc.

413 Pine Street, Suite 500

Seattle, Washington 98101

(206) 331-3300

Attention: Ethan A. Caldwell, General Counsel & Chief Administrative Officer

Table of Contents

You should rely only on the information contained in this prospectus. We have authorized no one to provide you with different information. These securities are not offered in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy and, is therefore, unenforceable.

Marchex, Inc.

1,382,093 Shares

Class B Common Stock

PROSPECTUS

May __, 2005

Table of Contents

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses Of Issuance And Distribution***

The following table sets forth all expenses payable by us in connection with the offering of our Class B common stock being registered hereby. All amounts are estimated except the SEC registration fee.

Filing Fees SEC Registration Fee	$ 2,372
Printing Expenses	$ 15,000
Legal Fees and Expenses	$ 40,000
Accounting Fees and Expenses	$ 35,000
Total	$ 92,372

Item 15. ***Indemnification of Directors and Officers***

The certificate of incorporation and the by-laws of the registrant provide that the registrant shall indemnify its officers, directors and certain others to the maximum extent permitted by the General Corporation Law of the State of Delaware.

Section 145 of the General Corporation Law of the State of Delaware provides in relevant part as follows:

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative) other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe the person s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person s conduct was unlawful.

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The General Corporation Law does not allow for the elimination or limitation of liability of a director: (1) for any breach of a director s duty of loyalty to the corporation or its stockholders; (2) acts or omissions not in good faith or

Table of Contents

which involve intentional misconduct or a knowing violation of law; (3) arising under Section 174 thereof; or (4) for any transaction from which the director derived an improper personal benefit. The General Corporation Law provides further that the indemnification permitted thereunder shall not be deemed exclusive of any rights to which the directors and officers may be entitled under the corporation s bylaws, any agreement, a vote of stockholders or otherwise.

In addition, pursuant to our certificate of incorporation and by-laws, we shall indemnify our directors and officers against expenses (including judgments or amounts paid in settlement) incurred in any action, civil or criminal, to which any such person is a party by reason of any alleged act or failure to act in his capacity as such, except as to a matter as to which such director or officer shall have been finally adjudged not to have acted in good faith in the reasonable belief that his action was in the best interest of the corporation.

We maintain directors and officers liability insurance for the benefit of our directors and certain of our officers.

We have entered into indemnification agreements with each of our directors and our executive officers.

Item 16. ***Exhibits***

Please see the exhibit index following the signature page of this registration statement.

Item 17. ***Undertakings***

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) Reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) Include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; *provided, however*, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on May 31, 2005.

MARCHEX, INC.

By: /s/ Russell C. Horowitz

Russell C. Horowitz
Chairman and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned officers and directors of Marchex, Inc., hereby severally constitute and appoint Russell C. Horowitz and Michael A. Arends, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the registration statement of Form S-3 filed herewith and any and all subsequent amendments to said registration statement, and generally to do all such things in our names and on our behalf in our capacities as officers and directors to enable Marchex, Inc. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying the confirming our signatures as they may be signed by our said attorneys, or any of them, to said registration statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RUSSELL C. HOROWITZ **Russell C. Horowitz**	Chairman and Chief Executive Officer (Principal Executive Officer)	May 31, 2005
/s/ MICHAEL A. ARENDS **Michael A. Arends**	Chief Financial Officer (Principal Financial and Accounting Officer)	May 31, 2005
/s/ JOHN KEISTER **John Keister**	President, Chief Operating Officer and Director	May 31, 2005
/s/ DENNIS CLINE **Dennis Cline**	Director	May 31, 2005

/s/ JONATHAN FRAM **Jonathan Fram**	Director	May 31, 2005
/s/ RICK THOMPSON **Rick Thompson**	Director	May 31, 2005

II - 3

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
4.1	Amended and Restated Certificate of Incorporation of the Registrant(1)
4.2	Preferred Stock Certificate of Designations(2)
4.3	Bylaws of the Registrant(3)
4.4	Form of Class B Common Stock Certificate(4)
5.1	Opinion of DLA Piper Rudnick Gray Cary US LLP as to the legality of the securities registered hereby
23.1	Consent of DLA Piper Rudnick Gray Cary US LLP (included in Exhibit 5.1)
23.2	Consent of Independent Registered Public Accounting Firm
23.3	Independent Auditors Consent
23.4	Independent Auditors Consent
24.1	Power of Attorney (contained on signature page of this document)

(1) Incorporated by reference to the Registrant s Amendment No. 2 to the Registration Statement on Form SB-2 (No. 333-111096) filed with the SEC on March 19, 2004.
(2) Incorporated by reference to the Registrant s Current Report on Form 8-K filed with the SEC on February 15, 2005; provided, however, that the Registrant does not incorporate by reference any information contained in, or exhibits submitted on, the Form 8-K that was expressly furnished and not filed.
(3) Incorporated by reference to the Registrant s Registration Statement on Form SB-2 (No. 333-111096) filed with the SEC on December 11, 2003.
(4) Incorporated by reference to the Registrant s Amendment No. 3 to the Registration Statement on Form SB-2 (No. 333-111096) filed with the SEC on March 30, 2004.

#149; Mr. Harton $325,000

Mr. Edwards

$130,000

Annual Cash Incentive Compensation. We provide our executives with the opportunity to earn an annual cash bonus each year in accordance with our stockholder-approved Executive Bonus Plan.

Cash bonuses paid under the Regions Executive Bonus Plan are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code. As described above, Section 162(m) limits our ability to receive an income tax deduction for compensation over $1 million that is paid to our most senior executives unless it is performance based. To comply with Section 162(m), the Committee pre-establishes the performance goals applicable to annual bonuses paid under the plan and the plan currently limits the total annual cash incentive that can be paid under the plan to an eligible executive in a given year to $2.5 million. Any increase in that limit would need to be approved by Regions stockholders. The Compensation Committee monitors compliance with the Section 162(m) limit on an annual basis because the Committee believes preserving the deductibility of compensation is important to Regions. However, the Committee has reserved the right to pay senior executives annual cash incentive compensation outside of the Executive Bonus Plan which may not be deductible.

In the first quarter of each year, the Compensation Committee approves annual performance goals and target awards for each executive. Target awards are expressed as a percentage of the executive s salary and are intended to provide annual incentive compensation opportunities comparable to similarly situated executives of peer institutions. In order to achieve a payment of the target bonus amount, all of the target-level performance goals set by the Committee at the beginning of the year must be achieved. Minimum levels of achievement of goals must be met in order to receive any payment under the plan. If these minimum levels of achievement are met, the threshold amount eligible to be paid is an annual cash bonus of 50% of target. In the event the Company significantly exceeds its annual performance goals, the executive is eligible for a maximum annual cash bonus of 200% of target.

2006 Target Awards. The target award percentages were set to be generally comparable to annual incentive compensation opportunities provided to similarly situated executives of peer institutions. For 2006, the

Compensation Committee established the following individual targets as a percentage of 2006 base salary for our named executive officers (other than Mr. Edwards):

Mr. Moore	125%	Mr. Horsley	105%
Mr. Jordan	80%	Mr. Upchurch	90%
Mr. White	75%	Mr. Harton	75%

As the Chief Executive Officer of Morgan Keegan, a major subsidiary of Regions, Mr. Edwards 2006 annual incentive compensation was determined by Mr. Moore, Chairman of Regions, and Allen Morgan, the Chairman of Morgan Keegan, in a manner that is consistent with the compensation policies that were in place prior to the acquisition of Morgan Keegan by Regions and in accordance with Mr. Edwards employment agreement. Mr. Edwards annual incentive compensation is based on the achievement of certain revenues and net profit objectives of the brokerage, trust and investment management operations of Regions.

2006 Performance Goals. The performance goals for 2006 were quantitative in nature and were weighted in accordance with their overall importance in attaining Regions earnings objectives. More specifically, 2006 corporate performance goals included goals in the areas of diluted earnings per share (EPS) (weighted 60%), return on tangible equity (weighted 20%) and revenue per full-time equivalent employee (FTE) (weighted 20%). The following table describes the levels of performance that were required to be achieved in order to receive a threshold, target and maximum award for each performance goal and the level actually achieved:

Performance Goal	**Threshold (payout at 50% of target)**	**Target (payout at 100% of target)**	**Maximum (payout at 200% of target)**	**Achieved***
Diluted EPS*	$ 2.55	$ 2.62	$ 2.70	$ 2.79
Return on tangible equity*	22.00%	22.50%	23.00%	23.88%
Revenue per FTE	$ 188,000	$ 190,000	$ 191,000	$ 205,000

* Diluted EPS and Return on tangible equity are based on non-GAAP information which is described in our 2006 Annual Report.

Long-Term Equity Incentive Compensation. We have historically used a variety of long-term equity awards, including stock options, restricted stock, performance restricted stock units and performance shares. Consistent with the compensation philosophy described above, Regions believes that it is desirable to increase management s equity ownership in Regions in order to focus management s effort and commitment to building profitability and stockholder value. We believe that equity compensation is the most effective means of creating a long-term link between the compensation provided to key employees of Regions, including executive management, with gains realized by stockholders.

2006 Equity Awards. In 2006, we granted equity awards in the form of time-vested options and time-vested restricted stock. In establishing the early 2006 equity awards, the Compensation Committee reviewed the recommended individual awards, considering the scope of accountability, financial goals, and anticipated performance requirements and contributions expected of the participants. In establishing award levels, we generally do not consider the equity ownership levels of the recipients or prior awards that are fully vested, because we believe it is important that our compensation remain competitive. However, in determining awards for 2006, the Compensation Committee did take into account that we made more than one grant to executive officers other than Mr. Moore during 2005 as a result of efforts surrounding the final successful integration of our merger with Union Planters in 2004.

The Compensation Committee awarded Mr. Moore 130,000 stock options and 30,000 shares of restricted stock and awarded Mr. Edwards 2,000 stock options. In determining this award, the Compensation Committee noted that Mr. Moore did not receive any equity grants in 2005. In addition, the Compensation Committee made the following special awards of restricted stock to the named executive officers under our Career Awards Program as described below: Mr. Jordan 28,299 shares, Mr. Horsley 62,268 shares (which vested on his

Table of Contents

retirement from Regions on December 31, 2006), and Mr. Upchurch 32,867 shares. On January 31, 2006, Mr. White received a grant of 105,116 stock options as a result of the exercise of a restorative feature related to options exercised on that date that were granted in previous years.

Performance Share Units. As previously disclosed in Regions 2006 proxy statement, in December 2005, we also granted performance share units that were payable in the form of restricted stock grants that were generally subject to additional three-year vesting provisions. These performance share units had a two-year performance period. Mr. Moore was granted similar performance share units in April of 2006 instead of at the end of 2005. The performance goals related to the performance share units are based on corporate earnings per share (EPS) for 2006 and an EPS growth goal as compared to Regions peer group for 2007. The number of restricted shares to be delivered to an award recipient is based on achievement of performance goals described below:

	Threshold	Target	Maximum
Performance Goal*			
2006 Corporate EPS	$2.65	$2.70	$2.75
2007 EPS Growth Compared to Peers	Below 50th percentile of cumulative peer group	Between 50th and 75th percentile of cumulative peer group	Above 75th percentile of cumulative peer group
Payout			
2006	25% of maximum award	50% of maximum award	75% of maximum award
2007	no additional payout	50% of balance to maximum	100% of balance to maximum

* EPS is based on non-GAAP information which is described in our 2006 Annual Report.

***Other Benefits and Perquisites*.** In addition to the annual compensation and equity awards we pay our executives, we also provide retirement benefits, termination benefits in the form of employment and change-in-control agreements and perquisites.

Regions Retirement Plans. Regions sponsors two primary pension plans: (1) the Regions Financial Corporation Retirement Plan, which is a tax-qualified plan, was frozen to new participants beginning January 1, 2001 (though participants who were in the plan as of that date continue to accrue benefits), and (2) the Regions Financial Corporation Supplemental Retirement Plan (the Company SERP), which is designed to supplement the Retirement Plan by providing benefits by reference to salary earned by participants in excess of the limits permitted by the tax-qualified limits. The benefits of these two plans are determined based on the participant s number of years of credited service with Regions, the year the participant entered the plan, age at retirement, and final average compensation. Average compensation is limited to base salary and is calculated over the five years before retirement for purposes of the Retirement Plan and over three years before retirement for purposes of the Company SERP.

Legacy Union Planters Retirement Plans. In our merger with Union Planters Corporation, we assumed two nonqualified executive retirements plans: (1) the Union Planters Corporation Supplemental Retirement Plan (the UPC SERP) and (2) the Union Planters Deferred Compensation Plan for Executives (the UPC Deferred Compensation Plan). Participation in both plans has been frozen, but we agreed as part of that merger that management employees of Union Planters, who were participating in the plans as of the effective date of the merger, including Mr. Moore, would be eligible to continue their participation.

Perquisites. Historically, Regions has provided its executive officers with various perquisites. Because of extensive business travel, we provided to some executives either an automobile allowance or a Company-provided automobile. In addition, Regions also paid country club dues because, in most cases, the club memberships are used primarily for business entertainment. Company-paid premiums on executive life insurance were provided for some executives. As described under the heading 2006 Compensation, our Compensation Committee has limited the executive perquisites we provide going forward.

Table of Contents

We also provide the use of corporate aircraft to enhance efficiency, and, in some cases, to provide for safety-related concerns. Before our merger with AmSouth, our Chief Executive Officer reimbursed us for personal use of corporate aircraft. This policy was changed as part of the merger to be consistent with AmSouth s prior policy which was to allow the Chief Executive Officer personal use of the corporate aircraft without cost, and in recognition of the increased security concerns related to becoming a larger, higher-profile institution.

In addition to the broad-based benefits programs Regions sponsors, certain named executive officers also participate in other executive life insurance or split-dollar life insurance policies insured through third-party insurers. Under these arrangements, the estates or beneficiaries of our named executive officers would receive the following benefits:

Under a special executive life insurance program assumed from Union Planters, Mr. Moore currently has an insured benefit of $450,000, Mr. White has a benefit of $450,000 and Mr. Harton has a benefit of $250,000. In addition, Mr. Moore has split-dollar life insurance policies that upon his death currently pay a death benefit of $29,924,524 and split-dollar insurance policies totaling $74,675,970 that pay upon the death of both Mr. Moore and his spouse. Mr. Horsley has a split-dollar life insurance policy that pays a current death benefit of $3,799,000 to his estate or beneficiaries in the event of his death. All of the split-dollar insurance arrangements provide that the premium payments paid by the Company towards the benefits will be repaid to the Company at death or earlier as provided for pursuant to each arrangement.

Employment Agreements, Change-in-Control Protections, Career Awards and Post-Termination Pay. Due to continuing consolidation in the financial services industry and for competitive and fairness reasons, we believe it is important to protect senior management and other key employees in the event of a change-in-control and the adverse employment consequences that can result from such business transactions. Further, we believe that the interests of stockholders will be best served if the interests of our senior management are aligned with them, and providing employment protection should eliminate, or at least reduce, the reluctance of senior management to pursue potential transactions that may be in the best interests of stockholders. As a result, we have entered into agreements with all of our named executives that govern some of the terms of their employment and compensation.

Mr. Moore s 2005 Employment Agreement. We entered into an employment agreement with Mr. Moore on June 29, 2005 (the 2005 Employment Agreement), which governed the terms of Mr. Moore s employment until the merger with AmSouth. The 2005 Employment Agreement provided that Mr. Moore was entitled to minimum annual base salary of $650,000 and was generally eligible to participate in all Company pension and welfare benefits, fringe benefits and perquisites, at a level and in an amount that, on a benefit-for-benefit basis, is no less favorable than the benefits that were provided or made available to Mr. Moore with Union Planters in January, 2004. However, the 2005 Employment Agreement eliminated certain benefits that Mr. Moore had previously been entitled to during his employment with Union Planters, including (1) elimination of rights to a gross-up for income and employment taxes on compensation he receives after May 16, 2005 (whether related to past or future services for Union Planters and/or Regions); (2) elimination of any rights he may have had to receive reload grants of stock options after May 16, 2005, and termination of any programs or rights he may have had to defer the gains on Company stock options exercised after May 16, 2005; (3) limiting Regions matching contributions on amounts of compensation Mr. Moore may elect to defer under the Union Planters Deferred Compensation Plan after June 30, 2005; and (4) addition of a requirement that he reimburse Regions for his use of company aircraft or automobiles for personal travel after May 16, 2005.

The following change-in-control provisions of Mr. Moore s 2005 Employment Agreement would have been triggered by Regions merger with AmSouth (see Merger-Related Changes below). Upon the closing of the merger, Mr. Moore would have had the option to extend the term of his employment agreement for an additional three-year period, beginning on the later of the date of the renewal notice or the date on which the merger closed. During the extended renewal term following the merger, Mr. Moore could have resigned without penalty on 90 days prior notice and received a lump-sum severance payment equal to three times the sum of his highest base salary and highest annual bonus earned in any year during his employment. Also, on the closing of the merger, all deferred compensation, SERP benefits, and incentive awards would have immediately vested and been exercisable, and any stock or stock equivalents held in a deferred account on Mr. Moore s behalf would have become immediately payable.

Change-in-Control Agreements. Prior to Regions merger with Union Planters, Regions maintained change-in-control agreements with certain of its executive officers, including Mr. Jordan, Mr. Horsley and Mr. Upchurch. The agreements generally defined change-in-control to include certain business combinations, acquisitions of company stock or assets, or changes in the composition of the Board of Directors. The completion of the Union Planters merger constituted a change-in-control within the meaning of the change-in-control agreements at each company. Mr. Jordan, Mr. Horsley and Mr. Upchurch each agreed that the Union Planters merger would not be deemed a change-in-control event, in partial consideration for an award of restricted stock under the Career Award Program and execution of new change-in-control agreements as described below.

Mr. Jordan, Mr. Horsley, and Mr. Upchurch entered into Regions new change-in-control agreements, which were executed in December 2005. The new change-in-control agreements replaced any prior change-in-control agreements and any employment agreements. Regions merger with AmSouth was not a change-in-control event under these new change-in-control agreements. Under the agreements, during the two-year period following a change-in-control, if Regions terminates the executive officer s employment other than for cause , or if the officer resigns for good reason , Regions must pay him accrued compensation and benefits plus an amount equal to two times his base salary and highest annual bonus during the three years preceding the year in which the change-in-control occurred. If the executive officer s employment is terminated by Regions for cause, or by reason of the officer s death, disability, or resignation other than for good reason, Regions liability is limited to accrued compensation and benefits. If any payment under the agreement causes the executive officer to become subject to the excise tax imposed under Section 4999 of the tax code, then amounts under the agreement will be reduced to the extent necessary to avoid the excise tax.

Mr. White s Employment Agreement. Mr. White continued to be covered by his agreement with Union Planters and received the payments described below upon termination of his employment with Regions at the end of 2006. Under the terms of Mr. White s employment agreement with Union Planters, if his employment was terminated without cause or for good reason within three years following the July 2004 completion of Regions merger with Union Planters, he would have been entitled to a lump-sum severance payment equal to three times the sum of his base salary and the highest annual bonus received by him during the three calendar years immediately preceding the completion of the merger together with a payment equal to the value of health and welfare benefits for the three-year period. Mr. White was also entitled to an excise tax gross-up in the event any amount he receives in connection with the merger is subject to an excise tax under Section 4999 of the tax code.

Mr. Harton s Employment Agreement. Mr. Harton previously had an employment agreement with Union Planters, under which he could have terminated employment and received severance if he left the Company by June 30, 2006. In order to ensure that Mr. Harton continued to serve Regions following the announcement of the merger with AmSouth, on June 15, 2006, Regions entered into an employment letter with Mr. Harton. Under the terms of his employment letter, Mr. Harton may elect to terminate his employment within two years following the closing of the merger with AmSouth and receive the payment of benefits he would have been entitled to receive under his prior employment agreement, which Regions and Mr. Harton agree is an amount equal to $1,764,000. In addition, upon his elective termination, Mr. Harton would also receive accrued but unpaid base salary through the date of termination and a pro-rated annual bonus for the year of termination (based on an annual bonus of at least $288,000).

Career Award Program. On January 18, 2006, Regions granted restricted stock under the Career Award Program to Mr. Jordan (28,299 shares), Mr. Horsley (62,268 shares) and Mr. Upchurch (32,867 shares). The restrictions on these Career Award Program shares generally lapse on the fifth anniversary of the date of grant, upon the executive s death, disability, retirement at age 65 with the consent of Regions, or if the executive s employment is terminated without cause. If the executive s employment is terminated by Regions without cause and the executive is not otherwise entitled to a severance payment under the new change-in-control agreement, Regions will pay the executive severance in the amount of two times the executive s annual base salary. If, during the restricted stock s five-year vesting period, the executive terminates his employment because of a reduction in base salary or because the executive is required to move his principal work location by more than 35 miles, the executive s employment will be treated as a termination without cause. Mr. Horsley s agreement was subsequently amended as reflected in the section titled Merger-Related Changes below.

***Merger-Related Changes*.** In anticipation of our merger with AmSouth, both we and AmSouth made changes to our compensation programs.

Mr. Moore s 2006 Employment Agreement. On May 24, 2006, in conjunction with entering into the merger agreement with AmSouth, Mr. Moore entered into a new employment agreement with Regions (the 2006 Employment Agreement). The Board of Directors of Regions at the time the merger was approved determined to enter into the 2006 Employment Agreement in order to ensure Mr. Moore s continued services to Regions following the merger, particularly during the integration of the two companies, and in consideration of Mr. Moore s change in responsibility as a result of the merger and the rights Mr. Moore would have had under his existing 2005 Employment Agreement.

Under the terms of the 2006 Employment Agreement, Mr. Moore would serve as the Chairman of the Board of Directors of the combined company for four years. During the term, Mr. Moore would receive annual base salary, annual bonus and long-term incentive compensation of not less than 75% of those provided to Regions chief executive officer, with newly granted long-term incentive awards to vest no later than the expiration of the four-year term. In addition, Mr. Moore would participate in all benefit, perquisite and other plans (other than certain retirement plans of AmSouth) generally applicable to Regions chief executive officer and other senior executives. These minimum levels of compensation were determined appropriate in light of Mr. Moore s efforts surrounding the merger and necessary to secure his continued service.

The 2006 Employment Agreement also implemented some of the provisions of the 2005 Employment Agreement that would have been triggered on the merger with AmSouth. Accordingly, the agreement provided for a payment on March 1, 2007, of the maximum present value of his benefit under the UPC SERP, the balance of his deferred stock account and the change-in-control benefits under his existing employment agreement. The agreement also provided that, on completion of the merger with AmSouth, all of Mr. Moore s equity-based compensation awards vest and his options remain exercisable in accordance with their full terms. In addition, Regions confirmed its agreement to honor the existing terms of the trust agreement pertaining to the payment of premiums on Mr. Moore s life insurance policies.

By-law Amendment. In connection with entering into the merger, our Board approved changes to our By-laws that affect our named executive officers. In particular, the By-laws provide that, following the merger, Mr. Moore will serve as Chairman of the Board and Mr. Ritter will serve as President and Chief Executive Officer. During the period that Mr. Moore is serving as Chairman, he will preside at all meetings of the Board of Directors and stockholders and have the right to attend all meetings of committees of the Board of Directors (subject to applicable law or stock exchange rules regarding the composition and executive sessions of committees) and participate in any regular meetings of management of the combined company. In the event that, prior to the third anniversary of the completion of the merger, Mr. Moore resigns or retires from his position as Chairman of the Board and Mr. Ritter is then continuing to serve as the President and Chief Executive Officer, Mr. Ritter will then also assume the position of Chairman of the Board. Until the third anniversary of the completion of the merger (November 4, 2009), removal of Mr. Moore or Mr. Ritter from their respective offices, and any determination not to nominate either as a director of the combined company, would require the affirmative vote of not less than 75% of the full Board of Directors.

Table of Contents

Mr. Edwards 2006 Employment Agreement. In October 2006, the Board also determined to enter into an employment agreement with Mr. Edwards. The employment agreement is for an initial term expiring on October 18, 2010. Beginning on October 18, 2010, and on each anniversary thereof that occurs prior to Mr. Edwards 62nd birthday, the term automatically extends for an additional one-year period unless, prior to such anniversary, either Morgan Keegan or Mr. Edwards notifies the other of its intention not to extend the agreement. Under his employment agreement Mr. Edwards will receive an annual base salary of at least $135,000. Mr. Edwards will receive an annual cash bonus in an amount not less than 75% of the largest annual bonus paid or payable to Mr. Edwards (before reduction for any voluntary deferral of income) with respect to services performed in any of the three preceding calendar years (the guaranteed bonus). The computation of the guaranteed bonus excludes that portion of a prior year s annual bonus that Morgan Keegan demonstrates would not have been paid but for the minimum bonus provided for in the preceding sentence. In addition, Mr. Edwards shall have the opportunity to earn a greater annual bonus based on performance and generally consistent with Morgan Keegan s practices as in effect prior to October 18, 2006. Under the agreement, Mr. Edwards will also receive long-term incentive compensation awards under Morgan Keegan s and Regions long-term incentive compensation plans on terms and conditions no less favorable than those provided to the senior executive officers of Regions and with a value commensurate with Mr. Edwards duties and responsibilities.

Career Award Program and Executive Officer Change-in-Control Agreements. Although Regions merger with AmSouth did not trigger the change-in-control provisions of the Career Award Program, we determined that many of our executives and key employees would be experiencing job changes significant enough to disrupt the continuity of our business. Therefore, shortly after signing the merger agreement with AmSouth, we determined that steps should be taken to ensure the retention of some of our Company s executive officers and other key employees. As a result we amended the Career Award Program to provide the opportunity for increased benefits.

In the months leading up to and following the merger with AmSouth, it was important to secure continued employment of key executives for a specific period of time through and following the merger to facilitate the merger and integration of business units. To assist with insuring this transition, Regions agreed to provide an additional retentive payment under the Career Award Program agreements to affected executives. Under the amended Career Award Program agreements, if an executive is terminated without cause or resigns for good reason in connection with the AmSouth merger, the payment amount under his or her Career Award will be increased so that the value will approximate the change-in-control benefit the participant otherwise would have been entitled to receive upon a termination without cause or for good reason under the executive s change-in-control agreement that was in force at the time of the Union Planters merger. This special retention payment is contingent upon the participant agreeing to remain employed by the Company through a date selected at the discretion of the Company depending upon the integration plans for the affected business unit and on the participant and continuing to use his or her best efforts on behalf of the Company in reaching our business goals, including to work regular business hours through termination and agreeing to a waiver and release of claims in respect of his or her existing agreement.

For some of our executives who do not participate in the Career Awards Program, we enhanced our change-in-control agreements at the same time we amended the Career Awards Program. These changes did not affect any of our named executive officers.

Mr. Horsley s 2006 Amended and Restated Employment Agreement. In October 2006, in anticipation of Mr. Horsley s previously announced retirement from Regions effective on December 31, 2006, the Committee determined to amend Mr. Horsley s employment agreement. The Board believed that, in recognition of Mr. Horsley s right to terminate his employment for good reason under his prior employment agreement and the Career Award Program agreement, it was important to assure that Regions would have the continuing dedication of Mr. Horsley past the effective date of the merger and through December 31, 2006. In addition, the Committee sought to recognize Mr. Horsley for his long and valuable service to Regions. Many of the provisions, terms and conditions in the Amended and Restated Employment Agreement are substantially the same as the provisions, terms and conditions in Mr. Horsley s prior employment agreement. The principal

Table of Contents

changes effected by amending Mr. Horsley s Employment Agreement and Career Award Agreement are described below.

Mr. Horsley s Amended and Restated Employment Agreement provides that his medical, dental, and prescription drug benefits will be continued for three years upon termination of employment on or after December 31, 2006, or termination by Mr. Horsley for good reason or by Regions without cause prior to December 31, 2006. In the event of Mr. Horsley s death prior to December 31, 2009, Mr. Horsley s wife will have the right to continue such benefits for herself as if Mr. Horsley were still alive.

Mr. Horsley s Amended and Restated Employment Agreement also modifies and clarifies Mr. Horsley s rights with respect to certain of Regions benefit plans that he participates in as well as with respect to equity incentives previously awarded to Mr. Horsley. Mr. Horsley s benefits under the Company SERP will be determined by including in the calculation of average monthly compensation 100% of bonuses (which include any portion of a bonus that is or was deferred at the election of Mr. Horsley into a qualified 401(k) plan or non-qualified deferred compensation plan) paid or payable within the averaging period. Under his prior employment agreement, the calculation of Mr. Horsley s SERP benefit would not have reflected any bonus amounts.

All of the stock options awarded to Mr. Horsley under the 1999 Long Term Incentive Plan (vested and unvested) that were outstanding on October 18, 2006 are modified by causing each such stock option to remain exercisable for the remainder of its original term unless Mr. Horsley is terminated for cause or resigns without good reason prior to December 31, 2006, and the per share exercise price of each stock option is increased (if applicable) to the fair market value (as defined under the 2006 Long Term Incentive Plan) as of October 18, 2006. In exchange for such increase in the per share exercise price of each stock option, Regions has agreed to pay Mr. Horsley an amount equal to the increase in exercise price of each such stock option. In addition, the shares of restricted stock previously granted to Mr. Horsley (including shares granted pursuant to the Career Award agreement) will vest and the restrictions will lapse, on the earlier of December 31, 2006 or termination of his employment due to death, termination by Regions without cause or termination by Mr. Horsley for good reason. The Amended and Restated Employment Agreement also provides that, if Regions financial performance is such that Mr. Horsley would otherwise be entitled to a grant of shares under previously awarded performance restricted share units, such shares shall be issued to him as vested unrestricted shares regardless of whether he is no longer employed by Regions on the date of issuance.

Modification of Performance Period for 2005 Performance Share Units. Before the merger with AmSouth, we determined that it was desirable to shorten the performance period for performance share units that were granted in December 2005 for the performance period commencing January 1, 2006 and ending on December 31, 2007. At its October 2006 meeting, the Compensation Committee determined that because of the merger, it would be difficult to determine the extent to which the performance goals for the full 2006-2007 performance period had been met. Accordingly, in order to reward key employees for the superior performance achieved in 2006 and to further serve as retention of key talent during the transition period following the merger with AmSouth, the Compensation Committee shortened the performance period to one year, retained the one-year performance goals, and increased the one-year maximum payout to 100% of the total. Based on achievement of the performance goals for 2006, restricted stock was issued to the participants at the maximum level after the close of the fiscal year.

As a result of this modification, the performance share units were issued in January 2007 in the form of restricted stock, except for Mr. Horsley, who terminated employment with Regions as of December 31, 2006 and received unrestricted shares in accordance with his employment agreement, as follows:

Mr. Moore	25,000 shares	Mr. Horsley	18,485 shares
Mr. Jordan	12,940 shares	Mr. Edwards	9,243 shares

Table of Contents

We did not grant any restricted stock under the performance share units to Messrs. Harton, White and Upchurch. Messrs. Harton and White left Regions prior to the end of the year and Mr. Upchurch announced his retirement prior to the end of the year and subsequently retired from Regions on January 31, 2007.

The restricted stock issued generally vests in three equal installments on each of the three anniversaries of the grant. Mr. Moore s grant, however, is subject to a reduced vesting period as the result of the terms of his employment agreement. In addition, in the event of termination of employment for certain reasons, vesting of restricted shares may be further accelerated. Therefore his shares are not subject to a substantial risk of forfeiture and are accounted for under the rules of FAS 123R as vested. Finally, Mr. Horsley s employment agreement as amended in October 2006 requires that his shares under this program be issued as full unrestricted shares.

Pre-Merger Compensation Program Applicable to Mr. Ritter

Mr. Ritter s 2006 base salary, annual bonus opportunity and equity-based awards were determined by the AmSouth Human Resources Committee before the merger.

Base Salary. Mr. Ritter s 2006 base salary was set by the Human Resources Committee of the AmSouth Board of Directors at $995,000, which was the same base salary level as set by the AmSouth Human Resources Committee each year since 2003. Mr. Ritter s base salary had remained constant over several years, in part in recognition of the deductibility limits of Section 162(m) on non-performance-based pay. While maintaining Mr. Ritter s base salary at its previous level, AmSouth s Human Resources Committee did recognize and take note of Mr. Ritter s significant long-term service to AmSouth over the last 37 years, as well as his performance, experience, industry knowledge, and effectiveness of his leadership at AmSouth.

Annual Cash Incentive Compensation. AmSouth provided Mr. Ritter with the opportunity to earn an annual cash bonus each year in accordance with its stockholder-approved Executive Incentive Plan. Amounts paid under the plan were intended to qualify as performance-based compensation for purposes of Section 162(m) of the tax code. As previously noted, Section 162(m) limits a company s ability to deduct payments over $1 million that are paid to most senior executives unless it is performance-based. The AmSouth Executive Incentive Plan limited the total annual cash incentive compensation that could be paid to an eligible executive in a given year to $3 million.

In early 2006, the AmSouth Human Resources Committee approved performance goals and a target award for Mr. Ritter. The performance goals established for Mr. Ritter were based on earnings per share (weighted 45%) and return on reported equity (weighted 45%). The following summarizes the performance goals and payouts approved by the AmSouth Human Resources Committee: (i) earnings per share: <$2.07 (0% of target), $2.11 (100% target), $2.15 (150% target), $2.21 (200% of target) and (ii) return on reported equity: <17.0% (0% of target), 18.5% (100% of target), 19.25% (150% of target) and 20.0% (200% of target). In addition, 10% of the award is based on achievement of qualitative goals set by the Committee. The Committee also has the authority to lower or raise the qualitative component (from 0% to 30%). Mr. Ritter s target as a percentage of 2006 base salary was 140%. The maximum annual cash bonus opportunity was 200% of target.

Long-Term Incentive Compensation. For 2006, AmSouth used a combination of stock options, service-based restricted stock and cash performance units to provide long-term incentives. The AmSouth Human Resources Committee generally established a target grant under AmSouth s long term incentive compensation plans based on the 50^{th} percentile of grants made by a peer group. The actual grant made was then adjusted based on AmSouth s relative performance against the peer group.

2006 Awards. In the first quarter of 2006, the AmSouth Human Resources Committee approved the annual award to Mr. Ritter, as well as other executives and key employees of AmSouth, to be issued on the first business day of the following quarter based on performance in 2005. Fifty percent of the value of the award was issued as stock options, 25% of the value was issued in shares of service-based restricted stock and 25% percent

36

Table of Contents

of the value was issued as cash performance units. The stock option portion of the award consisted of 296,075 stock options (as converted into Regions stock options as part of the merger). These options were scheduled to vest in three annual installments, beginning on the first anniversary of the grant date. The time-lapsed restricted stock portion of the award consisted of 34,687 shares (as converted into Regions common stock as part of the merger) and was scheduled to vest on the third anniversary of the date of grant. The cash performance unit portion of the award had an aggregate payout range of between $0 and $1,875,000 depending on AmSouth s performance for average annual return on equity and average annual earnings per share growth rate compared to a peer group over the three-year period beginning with 2006 and ending in 2008.

The AmSouth Human Resources Committee developed this mix of long-term compensation to insure the following: (1) significant leverage in the case of stock options when the Company experiences superior performance; (2) retentive power in the case of the grant of service-based restricted stock; and (3) direct connection of the interests of executives in striving for operating goals deemed most indicative of the internal growth required to sustain superior stockholder performance.

***Mr. Ritter s Employment Agreement**.* Mr. Ritter is a party to an employment agreement with AmSouth which was assumed by Regions. The agreement had an initial term of five years, but contains automatic renewal provisions such that the remaining term of the agreement at any given time will be five years. Under the agreement, Mr. Ritter is entitled to serve as Chief Executive Officer and Chairman of AmSouth s Board of Directors and is entitled to the following compensation: (1) an annual base salary not less than $900,000; (2) the opportunity to earn an annual bonus under AmSouth s Executive Incentive Plan; (3) a specified total retirement benefit (or, if greater, the benefit he otherwise would have received under the AmSouth Supplemental Executive Retirement Plan); (4) normal employee benefits commensurate with his position and reimbursement of reasonable expenses; and (5) supplemental life insurance coverage.

If Mr. Ritter s employment is terminated by AmSouth for reasons other than for Cause or Disability , or if he terminates his employment for Good Reason , his employment agreement provides that: (1) he is entitled to be paid a lump sum in cash equal to the greater of the severance benefits under the AmSouth executive severance agreements and the sum of: (a) unpaid base salary through date of termination, a prorated annual bonus, any previously deferred compensation and accrued vacation pay; (b) three times annual compensation; (c) a total retirement benefit as calculated under the Agreement (Retirement Benefit); and (d) accrued benefits under AmSouth s Supplemental Thrift Plan; (2) all unvested stock awards will vest; and (3) he will be paid any amounts due under other AmSouth employee benefit plans and certain other benefits. AmSouth would also reimburse Mr. Ritter for certain excise taxes that he may be obligated to pay as a result of receiving payments under the agreement.

For purposes of his employment agreement, Mr. Ritter will have Good Reason to terminate his employment upon the occurrence of any of the following: (1) a material breach by AmSouth of a material term of the agreement or (2) a reduction in the amount of coverage provided under the officer and director liability insurance or a change in the terms and conditions of such insurance where the change is a potential material detriment, or the failure by the Company to indemnify the executive for claims brought against him in his capacity as an officer of the company.

***AmSouth Retirement Plans**.* Following the merger with AmSouth, Regions assumed the AmSouth Retirement Plan, a non-contributory qualified defined benefit plan, and the AmSouth Supplemental Executive Retirement Plan (the AmSouth SERP), a nonqualified supplemental retirement plan. The AmSouth Retirement Plan and the AmSouth SERP were frozen to new employees as of the date of the merger (although current participants would continue to accrue benefits).

AmSouth Merger-Related Changes and Benefits. As a result of the merger, some of the change-in-control protections in AmSouth s programs became effective.

Table of Contents

Waiver of Good Reason. As described above, Mr. Ritter could terminate his employment for Good Reason in the event of a material breach of a material term of his employment agreement. The fact that Mr. Ritter would not be Chairman of our Board following the merger would have been a material breach of the agreement. In order to address this, on May 24, 2006, in conjunction with entering into the merger agreement with Regions, Mr. Ritter provided a letter to AmSouth waiving the right to be Chairman for so long as Mr. Moore continues to serve as Chairman. After Mr. Moore ceases to be Chairman, Mr. Ritter will be entitled serve as Chairman for the remainder of the term of his Employment Agreement.

Acceleration of Vesting. Under the AmSouth long term incentive plans, a change-in-control occurred on stockholder approval of the merger. As a result, all unvested stock options became immediately exercisable and remain exercisable throughout their term and any restrictions imposed on shares of restricted stock lapsed. These provisions applied to all participants in the AmSouth long term incentive plans, including Mr. Ritter. As a result, Mr. Ritter vested in 34,687 shares of restricted stock (as converted into Regions stock as part of the merger) that otherwise were subject to three-year cliff vesting on the third anniversary of the date of grant and 255,168 shares of restricted stock (as converted into Regions stock as part of the merger) that were granted in 2001 and that otherwise would have vested upon Mr. Ritter s retirement, and the 296,075 stock options (as converted into Regions stock as part of the merger) that had been granted in the second quarter of 2006. Mr. Ritter had proposed to waive the vesting of his equity-based awards but was advised that doing so would have adverse tax implications.

In addition, under the terms of the cash performance unit grant agreements, upon a change-in-control, Mr. Ritter was entitled to immediate payout of each of his three outstanding cash performance unit awards without pro-ration based on company performance relative to the cumulative achievement of performance goals as of the end of the year prior to the change-in-control, for the 2004 and 2005 grants, and based on target performance for the grant made in April of 2006. Upon stockholder approval of the merger in October 2006, a total of $4,624,440 was paid to Mr. Ritter upon accelerated vesting of the three-year performance unit grants made in 2004, 2005 and 2006 as follows: the 2004 grant was vested at 158% of target, the 2005 grant was vested at 174% of target and the 2006 grant was vested at 100% of target.

Vesting of Supplemental Executive Retirement Arrangements. Mr. Ritter entered into two non-equity split-dollar life insurance agreements with AmSouth, which have a coverage amount of $10,109,829, payable after both Mr. Ritter and his spouse have died. At the death of both Mr. Ritter and his spouse, all previously paid premiums will be repaid to Regions from policy proceeds. Upon the merger with AmSouth, AmSouth s obligation to pay associated premiums became irrevocable under the terms of the existing arrangements, AmSouth was obligated to transfer ownership of the policy to an irrevocable trust and AmSouth became obligated to fund the trust as necessary to pay all projected premiums.

Post-Merger Compensation Actions

2006 Annual Cash Incentive Compensation. In February 2007, our post-merger Compensation Committee determined 2006 performance and approved 2006 awards under the legacy AmSouth Bancorporation Executive Incentive Plan for Mr. Ritter and Regions Executive Bonus Plan for our other named executives.

For Mr. Ritter, the Compensation Committee evaluated AmSouth s performance against its predetermined goals based on AmSouth s stand-alone performance for the three quarters before the merger. The Compensation Committee determined that performance had substantially exceeded targets for both the earnings per share and return on equity goals with the return on equity goal in excess of maximum performance. The Compensation Committee also evaluated Mr. Ritter s performance for purposes of the qualitative component and determined that Mr. Ritter s performance under this component justified the maximum payout as contemplated by the plan. On the basis of this review, Mr. Ritter s 2006 annual incentive compensation was paid at 200% of target.

The Compensation Committee also evaluated Regions performance against the predetermined goals and determined that Regions exceeded the maximum level for all three of the corporate performance goals for 2006.

38

Mr. White and Mr. Harton were also subject to individual performance targets used to determine a portion of their 2006 annual incentive compensation. Because actual corporate performance exceeded performance maximums, payouts were at 200% of target for Mr. Moore, Mr. Jordan, Mr. Horsley and Mr. Upchurch, at 112% of target for Mr. White and at 180% of target for Mr. Harton. As described above, Mr. Edwards 2006 bonus was not determined in accordance with the goals described above, but rather, was based on the achievement of revenues and net profit objectives of the brokerage, trust and investment management operations of Regions.

Limits on Perquisites. Following the merger, the newly constituted Compensation Committee reviewed the compensation arrangements for the senior executives of both legacy companies with the goal of establishing a one-company culture under one set of guiding compensation principles going forward. As part of this process, the Compensation Committee determined to limit certain executive perquisites, but also confirmed its desire to continue to provide certain perquisites where there is a compelling business reason to do so. Commencing in 2007, Regions generally will no longer provide to Executive Council members (which includes Mr. Moore, Mr. Ritter and Mr. Jordan) any of the following perquisites: automobile allowances, Company-provided automobiles, supplemental disability insurance, or payment of country club dues. Executive officers will continue to be eligible for financial planning services, excess liability policies, company provided security coverage for private residences, enhanced coverage for annual routine physicals and, in the case of Mr. Moore and Mr. Ritter only, personal use of corporate aircraft.

We believe that good financial planning reduces the amount of time and attention that senior management must spend on that topic and maximizes the return of compensation and benefit plans for our executives. In addition, by providing one source for financial planning to all members of the senior management team, we reduce the amount of time that our Human Resource professionals must spend explaining and providing information on behalf of our executives, allowing us to provide better service to our workforce, and making us a more efficient organization. Excess liability coverage is important to ensure that executives and Regions are protected in the event of litigation.

Because of their enhanced profile in the community, we also believe it is particularly important for our executives to have adequate security services. Accordingly, Regions provides for the installation and monitoring of security systems at our executives personal residences. These services are generally provided at no incremental cost to Regions other than the installation and monitoring of the systems and the occasional maintenance and repair of those systems. Enhanced routine executive physicals are designed to monitor the health of our executive team in the most efficient and effective manner. Finally, it is our policy to require that our Chairman and Chief Executive Officer use Company-owned or other non-commercial aircraft for all business or personal travel except when travel by commercial aircraft is demonstrably more efficient and does not involve unreasonable personal risks. We have adopted this policy primarily to ensure the physical security of our Chairman and Chief Executive Officer and their families as well as to accommodate the numerous availability and efficiency concerns of the business.

Amendment of Mr. Moore s 2006 Employment Agreement. As part of its review, the Compensation Committee (in consultation with the Nominating and Corporate Governance Committee) proposed changes to Mr. Moore s 2006 Employment Agreement and, in light of the requirements of the By-laws relating to Mr. Moore s and Mr. Ritter s employment arrangements, presented its proposal to the full Board. The Board of Directors considered the proposed changes and discussed the changes with Mr. Moore. As a result of these discussions, Mr. Moore agreed to the following changes, which were unanimously approved by the Board of Directors. Effective as of January 31, 2007, the term of the 2006 Employment Agreement was shortened from four years to two years following the closing of the merger with AmSouth and provisions for special perquisites were eliminated. By virtue of shortening the term of the agreement, the maximum severance payment that would be payable to Mr. Moore upon a termination of employment was reduced.

As part of the amendment to the employment agreement, the Compensation Committee also determined to resolve Regions obligations under the equity split-dollar life insurance arrangements with Mr. Moore and his

Table of Contents

spouse. Following the adoption of the Sarbanes-Oxley Act, Regions ceased making premium payments on the insurance policies to avoid any question that the payments would be characterized as prohibited loans by Regions. As a result, the potential death benefit under the policies was substantially less than originally intended and was being further reduced over time. The amendment removed any obligation of Regions to make additional premium payments and provided for a lump sum $3.8 million payment to Mr. Moore to compensate him for lost benefits going forward. However, Mr. Moore lost substantial benefits over the past four years, which he agreed would not be compensated. The cash payment was substantially less than the anticipated premium payments, although the arrangements provide that ultimately we would have been repaid for the premiums out of the proceeds of the insurance policies.

COMPENSATION COMMITTEE REPORT

Regions Compensation Discussion and Analysis is included in this proxy statement. Regions has the primary responsibility for the Compensation Discussion and Analysis.

On behalf of the Board of Directors, the Compensation Committee oversees the development and administration of Regions compensation program for officers and key employees of senior management. As part of this responsibility, the Compensation Committee has reviewed and discussed with Regions management the contents of the Compensation Discussion and Analysis. In addition, the Compensation Committee reviewed the Compensation Discussion and Analysis with the other members of the Board of Directors who served on the Compensation Committees of Regions and AmSouth at various times during the year, in each case with respect to matters that occurred during their respective time of service.

Based on its review and discussion, and subject to the limitations on the role and responsibility of the Compensation Committee, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into Regions Annual Report on Form 10-K for the year ended December 31, 2006.

THE COMPENSATION COMMITTEE

Claude B. Nielsen (Chairman)

George W. Bryan

Earnest W. Deavenport, Jr.

Martha R. Ingram

Susan W. Matlock

Lee J. Styslinger III

Table of Contents

2006 COMPENSATION

The following tables contain information about the Chairman, Chief Executive Officer, Chief Financial Officer, the three other most highly paid executive officers at the end of 2006 and two other individuals who would have been one of the three most highly paid executive officers but for the fact that the individuals were not executive officers at the end of 2006.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Jackson W. Moore **Chairman & Former Chief Executive Officer**	2006	951,391	2,009,000	663,000	2,362,450	10,980,616	12,223,892	29,190,349
C. Dowd Ritter(6) **President & Chief Executive Officer**	2006	995,000	6,641,780	1,511,191	7,410,440	1,132,335	743,243	18,433,989
Richard D. Horsley **Head of Transaction and Integration**	2006	637,500	4,147,336	530,475	1,338,750	4,717,848	4,769,307	16,141,216
D. Bryan Jordan **Senior Executive Vice President and Chief Financial Officer**	2006	470,000	647,328	123,778	752,000	6,561	148,880	2,148,547
Samuel E. Upchurch, Jr. **Senior Executive Vice President**	2006	462,500	678,811	123,778	832,500	13,129	149,438	2,260,156
G. Douglas Edwards **President & Chief Executive Officer of Morgan Keegan**	2006	130,000	369,396	90,680	2,470,802		120,530	3,181,408
Not an Executive Officer as of December 31, 2006								
John V. White **Executive Vice President, Former Regional Chief Executive Officer**	2006	439,875	359,543	744,569	370,021	10,978	4,972,048	6,897,034
H. Lynn Harton **Executive Vice President, Former Chief Credit Officer**	2006	312,500	313,231	79,573	421,875	23,789	1,915,064	3,066,032

Table of Contents

1. These amounts represent the 2006 compensation expense for outstanding stock awards, as represented in the following table:

	Type of Grant	Compensation Expense ($)
Jackson W. Moore	Restricted Stock	1,071,000
	Performance Share Units	938,000
	Total	2,009,000
C. Dowd Ritter	Restricted Stock	6,641,780
Richard D. Horsley	Restricted Stock	3,453,779
	Performance Share Units	693,557
	Total	4,147,336
D. Bryan Jordan	Restricted Stock	525,951
	Performance Share Units	121,377
	Total	647,328
Samuel E. Upchurch, Jr.	Restricted Stock	557,434
	Performance Share Units	121,377*
	Total	678,811
G. Douglas Edwards	Restricted Stock	282,697
	Performance Share Units	86,699
	Total	369,396
John V. White	Restricted Stock	359,543
	Performance Share Units	86,699**
	Total	446,242
H. Lynn Harton	Restricted Stock	313,231
	Performance Share Units	69,356**
	Total	382,587

* Subsequently forfeited after his retirement on January 31, 2007.

** Subsequently forfeited after his retirement on December 31, 2006.

The FAS 123R assumption for determining compensation expense for restricted stock for everyone in the table with the exception of Mr. Ritter is the average of the high and low trading price of a share of Company stock on the date of grant. The FAS 123R assumption for determining compensation expense for Mr. Ritter is the closing price of a share of Company stock on the date of grant. The FAS 123R assumption for determining compensation expense for performance share units for everyone except Mr. Ritter is the average of the high and low trading price of a share of Company stock on the last day of the fiscal year.

We included in this table the 2006 compensation expense for performance share units, except for those executives who terminated from the Company prior to the issuance of shares by the Company on January 19, 2007. Mr. Harton and Mr. White forfeited the values indicated above for the performance share units as of January 1, 2007. Mr. Upchurch announced his retirement from the Company to be effective on January 31, 2007, and the performance share units indicated above were not issued. Those amounts are not included in the Summary Compensation Table.

2. In light of FAS 123R, Regions fully vested any nonqualified stock options that were outstanding as of December 31, 2005 except for those options granted in December 2005. AmSouth also vested all outstanding stock options as of December 31, 2005. The amounts represented in this column are the

42

Table of Contents

compensation expense for 2006 related to vesting of new stock option grants and those incentive stock options granted by Regions whose vesting was not accelerated on December 31, 2005 as presented in the following table:

	Options Granted	Compensation Expense ($)
Jackson W. Moore	130,000	663,000
C. Dowd Ritter	296,075	1,511,191
Richard D. Horsley	112,867	530,475
D. Bryan Jordan	79,007	123,778
Samuel E. Upchurch, Jr.	79,007	123,778
G. Douglas Edwards	2,000	2,267
	56,434	88,413
		90,680
John V. White	105,116	479,329
	56,434	265,240
		744,569
H. Lynn Harton	50,791	79,573

The FAS 123R assumptions for Mr. Ritter s options granted April 3, 2006 were: risk free rate of return (4.82%), dividend yield (3.86%), volatility (19.91%) and expected life (4.0 years). In addition, FAS 123R requires companies to establish a value for stock option grants. Upon conversion of Mr. Ritter s AmSouth stock options to Regions stock options, the FAS 123R value of his converted options was based on the fair value of converted Regions stock options on the date of the merger. The aggregate fair market value of Mr. Ritter s stock options was approximately $22 million. Regions was not required to recognize a compensation expense for these options because the modified options were subject to the same conversion features as the Regions common stock.

The FAS 123R assumptions for the Regions options granted (i) April 3, 2006 were: risk free rate of return (4.85%), dividend yield (4.0%), volatility (19.50%) and expected life (4.0 years) and (ii) January 31, 2006 were: risk free rate of return (4.48%), dividend yield (4.10%), volatility (19.50%) and expected life (4.0 years).

Mr. Harton vested in 1/3 of the 50,791 shares of stock granted to him on December 20, 2005 and Regions recorded a compensation expense of $79,573 for those shares. Following his termination of employment on December 31, 2006, he forfeited the remaining unvested options.

3. For Mr. Ritter, this amount includes his 2006 performance-based annual bonus paid in February 2007 in the amount of $2,786,000 and $4,624,440 in AmSouth performance unit awards originally granted in 2004, 2005 and 2006 that accelerated upon stockholder approval of the merger and which represent previous multi-year awards of compensation. For the other named executive officers, this amount represents 2006 performance-based annual bonus amounts paid in February 2007 under the Regions Executive Bonus Plan, except for Mr. Edwards, who received two bonuses for 2006, one paid in August 2006 in the amount of $700,000 and commissions and other performance based bonuses paid in February 2007 for the 2006 calendar year in the amount of $1,770,802.

4. These amounts include for:

Mr. Moore $9,386,455 in accruals under the Union Planter s SERP (including approximately $2.4 million in regular 2006 accruals and approximately $6.8 million in accruals as a result of the merger) and $1,594,161 which represents above market earnings under the Union

Planters Deferred Compensation Plan;

Mr. Ritter $60,924 in accruals under the AmSouth Retirement Plan and $1,071,411 in accruals under the AmSouth SERP;

Table of Contents

Mr. Horsley $4,717,848 in accruals under the Regions Retirement Plan and the Regions SERP (including approximately $4.4 million in accruals attributable to changes to Mr. Horsley s SERP benefit as a result of the merger with AmSouth);

Mr. Jordan $6,561 in accruals under the Regions Retirement Plan; and

Mr. Upchurch $13,129 in accruals under the Regions Retirement Plan.

None of Messrs. White, Edwards and Harton participates in a qualified pension plan or pension SERP. However, this amount includes $10,978 and $23,789 in above market earnings under the Union Planters Deferred Compensation Plan for Mr. White and Mr. Harton respectively.

5. For Mr. Moore, these amounts include, amounts attributable to the following perquisites: personal use of corporate aircraft, personal use of company automobile, and $18,886 in club membership dues, $1,963,020 in Company-paid premiums under non-equity split dollar life policies which will be repaid to the Company upon Mr. Moore s death, and $145,361 in Company contributions to the Union Planters Deferred Compensation Plan. These amounts also include $9,997,350 in change-in-control payments provided for under his 2006 Employment Agreement which were paid in March 2007 and $82,292 in dividends on restricted stock. In addition, in accordance with the provisions of Mr. Moore s 2006 Employment Agreement, on March 1, 2007, Mr. Moore was paid an amount equal to $25 million, which is the maximum present value of his benefit under the UPC SERP and which is not reported in the table but which includes approximately $9.4 million in pension increases reported in the Change in Pension Value column of the Summary Compensation Table. The method of calculating the value of personal usage of corporate aircraft is based on a $1,700 per hour cost, which includes the direct average operating cost of fuel, oil, brakes and tires and is based on an assumed 350 hour year for the aircraft.

For Mr. Ritter, these amounts include $39,800 in AmSouth contributions to the AmSouth Thrift and Supplemental Thrift Plans and $260,310 in restricted stock dividends. These amounts also include amounts attributable to the following perquisites: non-equity split dollar life premiums of $142,451 which will be repaid to the Company upon the death of both Mr. Ritter and his spouse, excess supplemental long-term disability premiums of $98,206, tax gross ups on perquisites, personal use of AmSouth Company aircraft and an automobile, Medjet, financial planning, club dues, supplemental disability, group liability insurance, executive physical and home security system. These amounts also include AmSouth profit sharing plan payments of $7,670. The method of calculating the value of personal usage of corporate aircraft is based on a $1,700 per hour cost, which includes the direct average operating cost of fuel, oil, brakes and tires and is based on an assumed 350 hour year for the aircraft.

For Mr. Horsley, these amounts include, $4,226,128 paid under his amended 2006 employment agreement in October of 2006, $342,829 in Company contributions to the Regions 401(k) and Supplemental 401(k) Plans and $180,864 in restricted stock dividends.

For Mr. Jordan, these amounts include $53,101 for Company contributions to the Regions 401(k) and Supplemental 401(k) Plans, an automobile allowance and $89,101 in dividends on restricted stock.

For Mr. Upchurch, these amounts include $58,676 in Company contributions to the Regions 401(k) and Supplemental 401(k) Plans as well as $90,763 in restricted stock dividends.

For Mr. Edwards, these amounts include $87,293 in earnings attributable to the 2001 fiscal year of the Company and awarded in the form of restricted cash that was released and became taxable to Mr. Edwards during 2006 under the terms of the Morgan Keegan Restricted Cash Plan as well as $33,237 in dividends on restricted stock.

For Mr. White these amounts include, $33,836 for accrued unused vacation time, $2,815,074 in change-in-control payments provided for under his employment agreement with the Company, $45,839 in Company-paid executive life insurance premiums, $2,033,360 in excise tax gross ups related to the merger with Union Planters, $20,124 in Company contributions to the Union Planters Deferred Compensation Plan as well as $16,475 in restricted stock dividends.

Table of Contents

For Mr. Harton, these amounts include, $18,750 for accrued unused vacation time, $1,839,089 in change-in-control payments provided for under his employment agreement with the Company, $34,802 in Company contributions to the Union Planters Deferred Compensation Plan as well as $14,214 in restricted stock dividends.

6. Although not required by current rules regarding executive compensation disclosure, the compensation reported for Mr. Ritter in the Summary Compensation Table includes compensation paid by both Regions as well as AmSouth, a predecessor to Regions.

Total 2006 Grants. The following table details all equity-based and non-equity plan-based awards granted to each of the officers named in the Summary Compensation Table in 2006.

Our equity grants have been issued under two long-term incentive compensation plans, the newly-adopted 2006 Long-Term Incentive Plan and the 1999 Long-Term Incentive Plan (each, an LTIP). The 2006 LTIP was approved by stockholders at the 2006 annual meeting and permits grants of awards in the form of stock options, stock appreciation rights, restricted stock, performance shares, performance units, dividend equivalents, or other stock-based awards, or any other right or interest relating to stock or cash. Under the 2006 LTIP, 20 million shares and share equivalents of our common stock were authorized for issuance. Awards under the 2006 LTIP may vest over time or upon the achievement of pre-established performance goals. In addition, awards generally vest on termination of an award holder s employment within 24 months after a change-in-control of Regions (as defined in the 2006 LTIP to exclude certain merger-of-equals transactions). These extra change-in-control protections under the 2006 LTIP were not triggered by the merger with AmSouth.

The 1999 LTIP is currently frozen, and no new awards may be granted under that plan. Under the terms of the 1999 LTIP, grants of awards in the form of stock options, stock appreciation rights, restricted stock, performance shares, performance units, dividend equivalents, or other stock-based awards, or any other right or interest relating to stock or cash were authorized. Awards under the 1999 LTIP may vest over time or upon the achievement of pre-established performance goals. In addition, awards vest upon a change-in-control of Regions (as defined in the 1999 LTIP to exclude certain merger-of-equals transactions). While these extra change-in-control protections were not triggered by the merger with AmSouth, the vesting of some awards under the 1999 LTIP was accelerated before the merger with AmSouth in anticipation of the effect of the effective date of FAS 123R. In addition, in connection with the AmSouth merger, certain shares granted under Regions Career Awards program may be subject to accelerated vesting in the event of certain types of termination of employment (see discussion of Career Awards above under Compensation Discussion and Analysis Employment Agreements, Change-in-Control Protections, Career Awards and Post-Termination Pay).

Regions also maintains the AmSouth 1996 Long-Term Incentive Compensation Plan and the 2006 Long-Term Incentive Compensation Plan, which were assumed by Regions upon the merger. Under the AmSouth plans, equity-based awards generally vest on a change-in-control of AmSouth. AmSouth s merger with Regions triggered the change-in-control provisions of the plans and all awards under the plans vested upon stockholder approval of the merger in October 2006.

Table of Contents

2006 GRANTS OF PLAN-BASED AWARDS

Name and Principal Position	Grant Date	Multi-Year Opportunity Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(1) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Option Awards: Number of Shares of Stock or Units (#)	Exercise or Base Price of Option Awards ($/sh)(3)	Grant Date Fair Value of Stock and Option Awards ($) (4)
Jackson W. Moore	4/3/2006								130,000	35.38	663,000
	5/18/2006							30,000			1,071,000
Chairman & Former Chief Executive Officer	12/20/2005				6,250	12,500	25,000				938,000
C. Dowd Ritter(6)	4/3/2006	375,000	750,000	1,875,000							
	4/3/2006							34,687			1,195,383
President & Chief Executive Officer	4/3/2006								296,075	34.46	1,511,191
Richard D. Horsley	1/18/2006							62,268			2,145,755
Head of Transaction and Integration	12/20/2005				4,621	9,243	18,485				693,557
D. Bryan Jordan	1/18/2006							28,299			975,184
Senior Executive Vice President and Chief Financial Officer	12/20/2005				3,235	6,470	12,940				485,509
Samuel E. Upchurch, Jr.	1/18/2006							32,867			1,132,597
Senior Executive Vice President	12/20/2005				3,235	6,470	12,940				485,509
G. Douglas Edwards	4/3/2006								2,000	35.38	10,200
President & Chief Executive Officer of Morgan Keegan	12/20/2005				2,311	4,622	9,243				346,797
John V. White	1/31/2006								105,116	33.35	479,329
Executive Vice President, Former Regional Chief Executive Officer	12/20/2005				2,311	4,622	9,243				346,797
H. Lynn Harton	12/20/2005				1,849	3,697	7,394				277,423
Executive Vice President, Former Chief Credit Officer											

1. The December 20, 2005 grants of performance share units were also disclosed in Regions 2006 Proxy Statement.

2. With the exception of Mr. Ritter, company restricted stock grants were awarded to generally vest in equal annual installments on each of the first three anniversaries of the date of grant, except for Career Awards, which generally vest on the fifth anniversary of the date of

grant. Grants of restricted stock to Mr. Ritter were awarded to generally vest in one lump sum on the third anniversary of the date of the grant. However, due to the terms of the plan, vesting of these restricted stock grants was accelerated on the date AmSouth stockholders approved the merger of AmSouth with Regions.

Mr. Ritter s 2006 equity-based awards were made under the AmSouth 1996 LTIP. With respect to all other named executive officers, all 2006 equity-based awards were made under the Regions 1999 LTIP.

3. For Company stock options granted under the Regions 1999 and 2006 LTIPs, the exercise price is the average of the high and low market prices for the date of grant. The exercise price for Mr. Ritter s 2006 stock option grant was the closing market price on the date of grant.

4. The FAS 123R assumptions for Mr. Ritter s options granted April 3, 2006 were: risk free rate of return (4.82%), dividend yield (3.86%), volatility (19.91%) and expected life (4.0 years). The FAS 123R assumptions for the Regions options granted (i) April 3, 2006 were: risk free rate of return (4.85%), dividend yield (4.0%), volatility (19.50%) and expected life (4.0 years) and (ii) January 31, 2006 were: risk free rate of return (4.48%), dividend yield (4.10%), volatility (19.50%) and expected life (4.0 years).

Table of Contents

Year-End Holdings. The following table sets forth outstanding equity-based awards held by each of the officers named in the Summary Compensation Table in 2006 as of December 31, 2006.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2006

	Option Awards(1)					Stock Awards(2)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Jackson W.	158,621			32.64	10/10/11			25,000(3)	935,000(3)
Moore	21,389			32.64	07/05/11				
Chairman &	7,215			32.64	01/04/11				
Former Chief	124,310			32.64	12/20/10				
Executive Officer	24,736			32.64	07/08/12				
	19,635			32.33	01/08/13				
	3,077			32.33	10/08/12				
	24,489			32.33	07/08/13				
	412,500			33.48	10/14/13				
	19,466			33.00	12/20/10				
	273,408			33.00	10/08/12				
	19,623			33.00	01/07/12				
	12,551			33.00	12/20/10				
	10,382			33.00	01/27/14				
	143,930			33.00	12/20/10				
	139,106			33.00	10/08/12				
	251,786			33.00	10/10/11				
	17,512			32.57	02/11/15				
	121,522			35.38	12/20/12				
	8,478			35.38	12/20/12				
C. Dowd Ritter	318,960			30.96	10/4/09				
President & Chief	151,247			20.14	2/11/10				
Executive Officer	493,690			21.34	2/1/11				
	511,700			25.41	1/29/12				
	476,144			25.70	2/10/13				
	464,405			30.55	2/4/14				
	423,260			32.02	2/8/15				
	296,075			34.46	4/3/16				
Richard D.	5,679			38.31	10/09/07				
Horsley	3,185			38.31	10/09/07				
Head of	2,985			38.31	04/09/08				
Transaction and	29,423			38.31	04/09/08				
Integration	28,946			38.31	08/30/09				
	3,462			38.31	08/30/09				
	8,847			38.31	01/16/11				
	3,995			38.31	01/22/12				
	88,697			38.31	02/19/10				
	3,898			38.31	02/19/10				
	119,911			38.31	04/21/11				

3,549	38.31	04/21/11
150,940	38.31	10/15/11
109,982	38.31	12/20/12
2,885	38.31	12/20/12

Table of Contents

	Option Awards(1)					Stock Awards(2)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
D. Bryan Jordan	11,421			22.60	01/16/11	4,116	153,938	12,940	483,956
Senior Executive	13,271			22.60	01/16/11	2,334	87,292		
Vice President and	3,995			25.02	01/22/12	3,111	116,351		
Chief Financial	26,870			25.02	01/22/12	5,144	192,386		
Officer	45,486			25.66	02/19/10	4,115	153,901		
	3,898			25.66	02/19/10	2,500	93,500		
	58,181			28.17	04/21/11	6,899	258,023		
	90,000			33.82	10/15/11	28,299	1,058,383		
		3,549		28.17	04/21/11				
	26,336	49,786		34.66	12/20/12				
		2,885		34.66	12/20/12				
Samuel E.		3,549		28.17	04/21/11	734	27,452	12,940	483,956
Upchurch, Jr.	26,336	49,786		34.66	12/20/12	2,334	87,292		
Senior Executive		2,885		34.66	12/20/12	3,111	116,351		
Vice President						5,144	192,386		
						4,115	153,901		
						2,500	93,500		
						6,899	258,023		
						32,867	1,229,226		
G. Douglas Edwards	141,469			23.34	03/30/11	4,167	155,846	9,243	345,688
President & Chief	21,072			27.62	03/08/12	2,315	86,581		
Executive Officer of	20,794			25.66	02/19/10	4,115	153,901		
Morgan Keegan	2,469			25.66	02/19/10	2,500	93,500		
	58,181			28.17	04/21/11	4,928	184,307		
	2,469			28.17	04/21/11				
	90,000			33.82	10/15/11				
	2,469			32.60	03/01/12				
	18,812			34.66	12/20/12				
		3,549		28.17	04/21/11				
		34,737		34.66	12/20/12				
		2,885		34.66	12/20/12				
		1,333		35.38	04/03/13				
		667		35.38	04/03/13				
John V. White	1,263			33.34	05/01/10				
Executive Vice	363			33.34	05/01/12				
President, Former	93,750			33.48	10/14/13				
Regional Chief	99,555			34.31	10/08/12				
Executive Officer	2,231			33.35	11/01/12				
	447			33.35	11/01/12				
	2,245			33.35	05/01/10				
	428			33.35	05/01/13				
	6,341			33.35	05/01/10				
	47,779			34.66	12/31/09				
	8,655			34.66	12/31/09				

Table of Contents

	Option Awards(1)					Stock Awards(2)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
H. Lynn Harton	25,000			32.55	06/06/13				
Executive Vice President,	70,000			33.48	10/14/13				
Former Chief	14,046			34.66	03/31/07				
Credit Officer	2,885			34.66	03/31/07				

1. Mr. Ritter s stock options were originally granted to generally vest in equal annual installments on each of the first three anniversaries of the date of grant. However, all of the options granted prior to December 31, 2005 were subject to accelerated vesting because of actions the AmSouth Human Resources Committee took in December of 2005 in anticipation of the adoption of new accounting rules under FAS 123R. In addition, the vesting of the 296,075 options that expire on April 3, 2016, was accelerated as of October 3, 2006 due to the approval of the merger with Regions by AmSouth stockholders at a meeting on that date.

The stock options granted by Regions to the other named executive officers generally vest in equal annual installments on each of the first three anniversaries of the date of grant. However, all of the non-qualified options granted prior to December 20, 2005 were subject to accelerated vesting because of actions the Regions Compensation Committee took in December of 2005 in anticipation of the adoption of new accounting rules under FAS 123R. The following table sets forth the vesting schedule, by grant date, of the unvested options held by named executive officers:

Grant Date	Vesting Schedule
April 21, 2004	Vest 1/3 on each of the first 3 anniversaries of grant date
October 15, 2004	Vest 1/3 on each of the first 3 anniversaries of grant date
December 20, 2005	Vest 1/3 on each of the first 3 anniversaries of grant date
January 18, 2006	Vest 1/3 on each of the first 3 anniversaries of grant date
January 31, 2006	Vest 1/3 on each of the first 3 anniversaries of grant date
April 3, 2006	Vest 1/3 on each of the first 3 anniversaries of grant date

2. With the exception of the January 18, 2006 grant under our special Career Shares Program, the restrictions on restricted stock granted by Regions to the named executive officers generally lapse in equal annual installments on each of the first three anniversaries of the date of grant. The following table sets forth by grant date the date on which restrictions lapse.

Grant Date	Vesting Schedule
December 20, 2005	Vest 1/3 on each of the first 3 anniversaries of grant date
January 18, 2006	Vest on 5th anniversary of grant date
May 18, 2006	Vest 1/3 on each of the first 3 anniversaries of grant date

3.

The table includes for Mr. Moore 25,000 shares of stock with a value of $935,000 as of December 31, 2006. Although these shares are subject to restriction and may not be sold, assigned or transferred by Mr. Moore, they are not subject to a substantial risk of forfeiture under FAS 123R and were therefore fully expensed by the Company for the 2006 year. The fair market value of these shares is therefore also included in the Stock Awards column of the Summary Compensation Table.

Table of Contents

Option Exercises and Stock Vested During 2006. The following table sets forth the amounts realized by each of the officers named in the Summary Compensation Table in 2006 as a result of the exercise of options and vesting of stock awards in 2006.

2006 OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(1)**
Jackson W. Moore **Chairman & Former Chief Executive Officer**			30,000	1,125,000
C. Dowd Ritter **President & Chief Executive Officer**	11,199	154,706	289,855	10,650,548
Richard D. Horsley **Head of Transaction and Integration**	252,627	3,507,003	159,351	5,942,583
D. Bryan Jordan **Senior Executive Vice President and Chief Financial Officer**	49,384	1,035,094	13,152	482,562
Samuel E. Upchurch, Jr. **Senior Executive Vice President**	353,679	2,474,546	13,152	482,562
G. Douglas Edwards **President & Chief Executive Officer of Morgan Keegan**	20,374	230,293	10,469	384,780
John V. White **Executive Vice President, Former Regional Chief Executive Officer**	387,143	2,203,898	4,965	187,965
H. Lynn Harton **Executive Vice President, Former Chief Credit Officer**	62,000	257,783	4,218	159,492

(1) A portion of the amount reflected in this table equal to the value attributable to the compensation expense actually recognized by Regions during fiscal year 2006 is also reflected in the stock awards column of the Summary Compensation Table.

Pension Benefits.

Regions Retirement plans. Regions sponsors two primary pension plans: (1) the Regions Financial Corporation Retirement Plan, which is a tax-qualified plan, was frozen to new participants beginning January 1, 2001 (though participants who were in the plan as of that date continue to accrue benefits), and (2) the Regions Financial Corporation Supplemental Retirement Plan (the Company SERP), which is designed to supplement the Retirement Plan by providing benefits by reference to salary earned by participants in excess of the limits permitted by the tax-qualified limits.

Benefits under the Regions Retirement Plan and the Company SERP are determined based on the participant s number of years of credited service with Regions, the year the participant entered the plan, age at retirement, and final average compensation. Average compensation is limited to base salary and is calculated over the five years before retirement for purposes of the Retirement Plan and the three years before retirement for purposes of the Company SERP.

Union Planters Retirement Plans. In our merger with Union Planters Corporation, we assumed two nonqualified executive retirements plans: (1) the Union Planters Corporation Supplemental Retirement Plan (the UPC SERP) and (2) the Union Planters Deferred Compensation Plan for Executives (the UPC Deferred

Compensation Plan). Participation in both plans has been frozen, but we agreed as part of that merger that management employees of Union Planters, who were participating in the plans as of the effective date of the merger, including Mr. Moore, would be eligible to continue their participation.

The UPC SERP provides a retirement income benefit at age 62 equal to 65% of the sum of the executive s highest base salary and highest annual bonus during any year of employment. As we discuss under the heading Compensation Discussion and Analysis Merger-Related Changes , Mr. Moore ceased participating in the UPC SERP in 2007 and under the terms of his 2006 Employment Agreement, his benefit under the UPC SERP was accelerated and paid to him on March 1, 2007.

AmSouth Qualified and Nonqualified Plans. Following the merger with AmSouth, Regions assumed the AmSouth Retirement Plan, a non-contributory qualified defined benefit plan, and the AmSouth Supplemental Executive Retirement Plan (the AmSouth SERP), a nonqualified supplemental retirement plan. The AmSouth Retirement Plan and the AmSouth SERP were frozen to new employees as of the date of the merger. All benefits earned under the AmSouth Retirement Plan are based on years of credited service up to 30 and the annual average of the highest five consecutive years of base salary earned out of the last ten years worked.

The AmSouth SERP provides benefits that would otherwise be denied participants under the qualified AmSouth Retirement Plan because of tax code limitations on qualified plan benefits, as well as additional benefits that serve to attract and retain high quality senior executive talent for the organization. There are two types of retirement benefits in the AmSouth SERP: a regular benefit and a targeted benefit. The annual average covered compensation for both benefits is based on the highest three consecutive years of base salary plus bonus out of the last ten years worked. The amount of the regular AmSouth SERP benefit is determined by the length of the retiree s credited service up to 35 years and the annual average covered compensation utilizing the AmSouth Retirement Plan formula. Participants vest in the AmSouth SERP benefit after five years of service or attainment of age 55. The regular AmSouth SERP benefit is available to all eligible SERP participants. The targeted AmSouth SERP retirement benefit is available only to a select group of senior officers, including Mr. Ritter. This targeted AmSouth SERP benefit provides a percentage of annual average covered compensation based on years of credited service ranging from 40% at 10 years up to a maximum of 65% at 35 years. These targeted AmSouth SERP benefits are offset by the qualified plan benefit, the Social Security benefit, and any non-contributory retirement benefit earned from a prior employer. Participants vest in this benefit only after 10 years of service and the attainment of age 60, except in the case of death, disability or change-in-control. If a participant retires prior to meeting these vesting requirements, he or she will receive a regular SERP benefit. Regions merger with AmSouth was a change-in-control for purposes of the AmSouth SERP. Upon retirement from Regions within two years of the change-in-control, executives who are vested in both the regular and targeted benefit will receive the higher of the two benefits**.**

Table of Contents

The table below sets forth the actuarial present value of each named executive officer s accumulated benefit under the Regions qualified and nonqualified pension plans, but which do not include the Regions 401(k) plans. As described above, Regions maintains Company plans, Union Planters plans and AmSouth plans.

2006 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit ($)(2)	Payments During Last Fiscal Year ($)(3)
Jackson W. Moore		N/A	24,405,138	
Chairman & Former Chief Executive Officer	Union Planters SERP			
C. Dowd Ritter	AmSouth Retirement Plan	30.000	1,164,451	
Chief Executive Officer	AmSouth SERP	34.500	21,422,473	
Richard D. Horsley		34.417	1,307,788	
Head of Transaction and Integration	Regions Retirement Plan			
	Amended Company SERP	30.000	7,296,554	
D. Bryan Jordan	Regions Retirement Plan	6.000	51,805	
Senior Executive Vice President and Chief Financial Officer				
Samuel E. Upchurch, Jr.	Regions Retirement Plan	12.000	189,764	
Senior Executive Vice President				
G. Douglas Edwards	N/A	N/A	N/A	N/A
President & Chief Executive Officer of Morgan Keegan				
John V. White	N/A	N/A	N/A	N/A
Executive Vice President, Former Regional Chief Executive Officer				
H. Lynn Harton	N/A	N/A	N/A	N/A
Executive Vice President, Former Chief Credit Officer				

1. For Mr. Ritter, the AmSouth Retirement Plan (a qualified pension plan) capped the number of years of participant service for purposes of benefit accrual under the plan at 30 years. The AmSouth Supplemental Retirement Plan (a nonqualified plan) caps participant service at 35 years.

The Regions Retirement Plan (a qualified plan) caps the number of years of service for benefit accrual under the Plan at 40 years. The Company SERP caps participant service at 30.

2. The present value of the accumulated benefits in respect of the Regions and Union Planters plans reflect the present value as of September 30, 2006 and were determined using a 5.95% discount rate, 3.00% Pension Benefit Guaranty Corporation rate and the RP 2000 mortality table projected to 2006 with scale AA. For purposes of the present value calculation, no pre-retirement mortality was assumed and the payment date was assumed to be the earliest unreduced retirement date under the plan. For the Regions Retirement Plan benefit, the payment age of 65 was assumed for each of Messrs. Jordan and Upchurch and current age for Mr. Horsley. For the Company SERP, the payment age for Mr. Horsley was assumed to be his current age. The present value of the accumulated benefits in respect of the AmSouth Retirement Plan and the AmSouth SERP reflect the present value as of September 30, 2006 and were determined using a 5.95% discount rate and the RP 2000 mortality table projected to 2005 male/female 75% white collar (for Retirement Plan) and male/female 100% white collar (for SERP and employment agreement). For the AmSouth Retirement Plan benefit, the payment age of 62 (life only) was assumed for Mr. Ritter. For the AmSouth SERP, the payment age for Mr. Ritter was assumed to be 60/62 (life only). For purposes of Mr. Ritter s employment agreement, the payment age for Mr. Ritter was assumed to be 62 (joint & 50% survivor annuity).

3. In accordance with the provisions of Mr. Moore s 2006 Employment Agreement, on March 1, 2007, Mr. Moore was paid $25 million, in full satisfaction of the Company s obligation under the UPC SERP. This amount has been fully expensed in 2006 and prior years and does not represent additional expense to the Company.

Table of Contents

Nonqualified Deferred Compensation.

Regions maintains five nonqualified deferred compensation plans for officers who are eligible participants, the Regions Amended and Restated 1996 Deferred Compensation Plan for Executives of Former Union Planters Corporation, the AmSouth Bancorporation Deferred Compensation Plan, the Morgan Keegan & Company, Inc. Deferred Compensation Plan, the Regions Supplemental 401(k) Plan and the AmSouth Supplemental Thrift Plan.

Regions Amended and Restated 1996 Deferred Compensation Plan for Executives of former Union Planters Corporation . This deferred compensation plan allows certain former employees of Union Planters to defer a portion of their cash compensation into a nonqualified savings plan. Regions matches up to 25% of the amounts deferred based on various salary levels. The plan limits the Regions matching contribution on amounts deferred under the plan by Mr. Moore to the first 25% of his deferrable compensation. Deferrable compensation under the plan consists of base salary and bonus. A bookkeeping account has been established for each participant under the plan to track both notional interest computed at the higher of 120% of the mid-term applicable federal rate (as established by the Internal Revenue Service) and hypothetical total investment return on phantom stock units calculated to mirror performance of Regions common stock. Upon termination of employment or earlier if otherwise elected by the participant, the plan returns the compensation deferred plus a return equal to the higher of the interest calculation or the phantom stock calculation. Messrs. Moore, White and Harton participated in this plan in 2006.

AmSouth Bancorporation Deferred Compensation Plan. AmSouth had adopted the AmSouth Bancorporation Deferred Compensation Plan, which was amended and restated as of January 1, 2005. Under the plan, a select group of members of management and highly compensated employees are eligible to participate. Eligible participants may elect to defer a portion (from 25% to 100%) of his or her annual bonus into AmSouth deferred stock or other investments. The deferral election specified the payment date, which could not be sooner than the third anniversary of the first day of the plan year to which the deferral relates. For contributions made on or prior to December 31, 2004, the cash amount of the bonus being deferred was deemed exchanged for an equivalent number of shares of AmSouth common stock based on the fair market value of such stock and dividend equivalents were deemed to be reinvested in AmSouth stock. For contributions made after December 31, 2004, the deferrals under the plan are deemed invested in accordance with the participant s investment elections under the AmSouth Thrift Plan. For balances on December 31, 2004 deemed invested in AmSouth stock, that number of shares of AmSouth common stock will be distributed to the participant on the selected payment date. The participant may elect to have payments distributed in a lump sum or in installments, but must make the election in advance of the deferral. All deferred amounts are fully vested and are not subject to forfeiture. Amounts deferred under the plan after January 1, 2005 will be distributed in cash. None of the named executive officers including Mr. Ritter participates in this plan.

Morgan Keegan & Company, Inc. Deferred Compensation Plan. This deferred compensation plan allows certain employees of Morgan Keegan whose annual compensation exceeds the annual tax code limit on compensation that can be taken into account for purposes of contributions to a tax-qualified retirement plan to defer a portion of their cash compensation into the plan and to receive a matching contribution in the form of an option to purchase Regions stock that vests over a three-year period. For each $5,000 a participant defers under the plan, the participant receives an option to purchase 100 shares of Regions stock (not to exceed 2,000 shares). Mr. Edwards participated in this plan in 2006.

Regions Supplemental 401(k) Plan and the AmSouth Supplemental Thrift Plan. Regions sponsors two excess contribution plans under which executives who are 401(k) plan participants and whose compensation exceeds the annual tax code limit on compensation that can be taken into account for purposes of contributions to the 401(k) plan may continue to make contributions on a nonqualified basis. Regions matches contributions under the Regions Supplemental 401(k) Plan on a dollar-for-dollar basis up to 6% of salary and incentive compensation and matches contributions under the AmSouth Supplemental Thrift Plan on a dollar-for-dollar basis up to 4% of salary. Messrs. Horsley, Jordan and Upchurch participated in the Regions Supplemental Thrift Plan in 2006. Mr. Ritter participated in the AmSouth Supplemental Thrift Plan in 2006.

54

Table of Contents

The following table sets forth the executive contributions, Regions contributions and the aggregate earnings, withdrawals and balances during 2006 under the nonqualified deferred compensation plans maintained by Regions, including the Union Planters , Morgan Keegan, and AmSouth nonqualified deferred compensation plans described above.

NONQUALIFIED DEFERRED COMPENSATION FOR 2006

Name	Executive Contributions at December 31, 2006 ($)(1)	Registrant Contributions at December 31, 2006 ($)(2)	Aggregate Earnings at December 31, 2006 ($)(3)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2006 ($)(4)
Jackson W. Moore **Chairman & Former Chief Executive Officer**	2,168,910	135,557	2,676,107	0	23,105,218
C. Dowd Ritter **President & Chief Executive Officer**	54,670	31,019	222,606	0	1,441,875
Richard D. Horsley **Head of Transaction and Integration**	342,830	329,630	82,280	0	1,640,051
D. Bryan Jordan **Senior Executive Vice President and Chief Financial Officer**	163,806	39,902	47,051	0	648,761
Samuel E. Upchurch, Jr. **Senior Executive Vice President**	45,476	45,476	84,677	0	714,584
G. Douglas Edwards **President & Chief Executive Officer of Morgan Keegan**	700,000	0	81,463	603,986	1,185,636
John V. White **Executive Vice President, Former Regional Chief Executive Officer**	27,696	6,924	18,021	0	166,722
H. Lynn Harton **Executive Vice President, Former Chief Credit Officer**	144,015	21,602	38,621	0	330,803

1. Amounts in this column represent amounts deferred from the applicable executive s base salary and annual bonus and that are reported in the Salary and Non-Equity Incentive Plan Compensation columns of the Summary Compensation Table.

2.

Amounts in this column represent Company matching contributions under: (1) the Union Planters Deferred Compensation Plan for Mr. Moore, Mr. White and Mr. Harton; (2) the Regions Supplemental 401(k) Plan for Mr. Horsley, Mr. Jordan and Mr. Upchurch; and (3) the AmSouth Supplemental Thrift Plan for Mr. Ritter. These amounts are also reflected in the All Other Compensation column of the Summary Compensation Table.

3. This amount includes above-market earnings for 2006 on the UPC Deferred Compensation Plan for the following individuals in the following amounts: For Mr. Moore $1,594,161, Mr. White $10,978 and for Mr. Harton $23,789. The above-market earnings amounts are also reported in the Change in Pension Value column of the Summary Compensation Table.

4. The aggregate balance at December 31, 2006 for Mr. Moore represents a balance of $21,462,592 under the UPC Deferred Compensation Plan plus $1,642,626 which is the December 31, 2006 fair market value of 43,780 shares of stock previously deferred after the exercise of stock options under the Company s LTIP. These shares were subsequently distributed to Mr. Moore on March 1, 2007.

55

Table of Contents

Potential Payments By Regions Upon Termination or Change-in-Control.

Regions maintains a variety of agreements, plans and programs under which our named executive officers would be eligible to receive severance payments and other benefits upon termination of employment or a change-in-control of Regions. These arrangements are discussed in the Compensation Discussion and Analysis above.

Employment Agreements. Each of Messrs. Moore, Ritter, Horsley, Edwards, White and Harton are parties to employment agreements that would provide each of them specified payments and benefits upon certain terminations of employment.

Mr. Moore s 2006 Employment Agreement. Under the terms of his 2006 Employment Agreement as amended in January 2007, if Mr. Moore s employment is terminated by Regions without cause or by Mr. Moore for good reason :

- Mr. Moore would receive a lump sum cash payment equal to the sum of (1) a pro rata bonus for the year of termination and any accrued but unpaid salary and vacation (Moore Accrued Benefits) and (2) his annual base salary and average annual bonus as Chairman for the remainder of the scheduled term,

- all outstanding equity compensation awards would vest and remain exercisable for their full term (Moore Equity Benefits),

- Mr. Moore and his spouse would continue to receive medical and dental benefits for each of their lives on a basis that is no less favorable than those benefits that were provided to them immediately prior to termination (Moore Medical Benefits),

- Regions would continue to cover Mr. Moore under its officer and director liability insurance, and

- Mr. Moore would receive any accrued benefits under Regions employee benefit plans, including pension and deferred compensation plans (Moore Other Benefits).

If Mr. Moore s employment is terminated due to his death or disability, he (or his estate or beneficiary) would receive the Moore Accrued Benefits, the Moore Equity Benefits, the Moore Medical Benefits, and the Moore Other Benefits. In the event of a disability termination, Mr. Moore would also be entitled to receive disability benefits generally provided to other senior executives of Regions.

In the event Mr. Moore s employment is terminated by Regions for cause or by Mr. Moore other than for good reason , Mr. Moore would only be entitled to receive the Moore Medical Benefits and the Moore Other Benefits described above.

In addition, if Mr. Moore is subject to the golden parachute excise tax following a change-in-control of Regions, Regions would also pay Mr. Moore an additional payment covering the excise tax, any income tax on the excise tax payment and any penalty and interest. However, if the payments and benefits provided to Mr. Moore following a change-in-control do not exceed 110% of the greatest amount that could be paid to him without triggering the excise tax, then those payments and benefits will be reduced to that amount.

Mr. Ritter s Employment Agreement. Under the terms of his employment agreement with AmSouth, which Regions assumed upon the merger, if Mr. Ritter s employment is terminated by Regions without cause or by Mr. Ritter for good reason :

Mr. Ritter would receive a lump sum cash payment equal to the sum of (1) unpaid base salary through date of termination, a prorated annual bonus, any previously deferred compensation and accrued vacation pay (Ritter Accrued Benefits) and (2) three times the sum of his annual base salary, his highest annual bonus for any of the three years prior to termination, and the value of a long-term incentive award determined by an executive compensation consulting firm with a national reputation to be a competitive annual long-term incentive grant (which is a size-adjusted, 50th percentile grant as of the date of determination as compared to Regions peer group), a total retirement benefit as calculated under his employment agreement or, if greater, the benefit Mr. Ritter would receive under the AmSouth SERP (Ritter Retirement Benefit) and his accrued benefits under AmSouth s Supplemental Thrift Plan,

any unvested stock awards would vest (Ritter Equity Benefits),

Mr. Ritter would be paid any amounts due under other AmSouth employee benefit plans (Ritter Other Benefits), and

Mr. Ritter would be paid three years of club dues, up to three years of outplacement service and transfer of the title to a company-provided car, plus an amount to offset the tax consequences to him for that transfer. In December of 2006, the Compensation Committee voted to discontinue providing Mr. Ritter a company-provided car and Mr. Ritter agreed and subsequently purchased the car from the Company. In addition, the Committee also agreed with Mr. Ritter to discontinue reimbursement of club dues.

If Mr. Ritter s employment is terminated due to his death or disability, he (or his estate or beneficiary) would receive the Ritter Accrued Benefits, the Ritter Equity Benefits (only in the event of a disability termination), and the Ritter Other Benefits. In the event of a disability termination, Mr. Ritter would also be entitled to receive disability benefits generally provided to other senior executives of Regions.

If Mr. Ritter s employment is terminated by Regions for cause or by Mr. Ritter other than for good reason, Mr. Ritter would only be entitled to receive the Ritter Other Benefits described above.

In addition, if Mr. Ritter is subject to the golden parachute excise tax following a change-in-control of Regions, Regions would also pay Mr. Ritter an additional payment covering the excise tax, any income tax on the excise tax payment and any penalty and interest.

Mr. Horsley s Employment Agreement. In October 2006, Regions entered into an amended and restated employment agreement with Mr. Horsley. The Board believed that, in recognition of Mr. Horsley s right to terminate his employment for good reason under his prior employment agreement and the Career Award Program agreement, it was important to assure that Regions would have the continuing dedication of Mr. Horsley past the effective date of the merger and through December 31, 2006. Mr. Horsley retired from Regions effective as of that date. Mr. Horsley s Amended and Restated Employment Agreement provided that his medical, dental, and prescription drug benefits will be continued for three years upon termination of employment on or after December 31, 2006. In addition, he was paid any compensation previously deferred under Regions deferred compensation plans, unless he had elected a different payout date in a prior deferral election. Regions also paid or provided him with any other amounts or benefits required to be paid or provided or which he is eligible to receive under any Regions employee benefit plan.

Mr. Horsley s Amended and Restated Employment Agreement also modified and clarified his rights with respect to certain of Regions benefit plans that he participated in, as well as with respect to equity incentives previously awarded to Mr. Horsley. Mr. Horsley s benefit under the Company SERP was determined by including in the calculation of average monthly compensation 100% of bonuses (which include any portion of a bonus deferred at the election of Mr. Horsley into a qualified 401(k) plan or non-qualified deferred compensation plan) paid or payable to him during the applicable period. Under his prior employment agreement, the calculation of Mr. Horsley s SERP benefit would not have reflected any bonus amounts.

Mr. Edwards Employment Agreement. Under the terms of his employment agreement with Regions, if Mr. Edwards employment is terminated by Regions or Morgan Keegan without cause or by Mr. Edwards for good reason :

Mr. Edwards would receive a lump sum cash payment equal to the sum of (1) his annual base salary through the date of termination, his annual bonus for the calendar year prior to the calendar year in which the date of termination occurs and a pro-rated guaranteed bonus for the calendar year in which the date of termination occurs, in each case to the extent not previously paid or deferred (Edwards Accrued Benefits) and (2) a severance payment equal to three times the sum of his annual base salary and largest annual bonus for any of the three calendar years immediately preceding the year in which the date of termination occurs, all stock options, long-term incentive awards, restricted stock, other equity awards and deferred compensation would immediately vest as of the date of termination and all stock options and similar equity awards will generally remain exercisable for the remainder of their term (Edwards Equity Benefits), and

Mr. Edwards may elect COBRA continuation of medical and dental benefits for himself, his spouse and his dependents for three years following the date of termination (Edwards Medical Benefits).

If Mr. Edwards employment is terminated due to his death or disability, he (or his estate or beneficiary) would receive the Edwards Accrued Benefits, Edwards Equity Benefits and Edwards Medical Benefits.

If Mr. Edwards employment is terminated for cause or Mr. Edwards terminates his employment without good reason , then the employment agreement will terminate without further obligation on the part of Morgan Keegan other than the obligation to pay to Mr. Edwards (1) his annual base salary through the date of termination; (2) his annual bonus for the year prior to the calendar year in which the date of termination occurs to the extent not previously paid; and (3) any other amounts or benefits required to be paid or provided to Mr. Edwards under any plan, program, policy or contract of Morgan Keegan through the date of termination, in each case to the extent not previously paid or deferred at his election.

In addition, if Mr. Edwards is subject to the golden parachute excise tax following a change-in-control of Regions, Regions would also pay Mr. Edwards an additional payment covering the excise tax, any income tax on the excise tax payment and any penalty and interest.

Mr. White s Employment Agreement. Under the terms of his employment agreement with Union Planters, which was assumed by Regions upon the merger with Union Planters, if Mr. White s employment is terminated without cause or for good reason within three years following the July 2004 completion of Regions merger with Union Planters, Mr. White would receive a lump sum cash payment equal to three times the sum of his base salary and the highest annual bonus received by him during the three calendar years immediately preceding the completion of the merger. In the event of such a termination, Mr. White would also be entitled to a tax gross-up in the event any amount he receives is subject to an excise tax under Section 4999 of the tax code.

If Mr. White s employment is terminated due to his death or disability, he (or his estate or beneficiary) would receive accrued base salary through the date of termination, his annual bonus for the fiscal year ended on or before termination and any other benefits he is entitled to receive under the Regions employee benefit plans, in each case to the extent not already paid.

If Mr. White s employment is terminated for cause , he would receive only accrued but unpaid base salary through the date of termination and any other benefits he is entitled to receive under the Regions employee benefit plans, in each case to the extent not already paid.

Mr. Harton s Employment Agreement. Under the terms of Mr. Harton s employment letter agreement with Regions, dated June 15, 2006, Mr. Harton may elect to terminate his employment within two years following the closing of the merger with AmSouth and receive the payment of benefits he would have been entitled to receive under his prior employment agreement, which Regions and Mr. Harton agree is an amount equal to $1,764,000. In addition, upon his elective termination, Mr. Harton would also receive accrued but unpaid base salary through the date of termination and a pro-rated annual bonus for the year of termination (based on an annual bonus of at least $288,000).

Change-in-Control Agreements and Career Awards Programs. As described above in the Compensation Discussion and Analysis, each of Messrs. Jordan, Horsley and Upchurch has entered into a change-in-control agreement and a Career Award Program agreement although Mr. Horsely s agreement was superseded by his Employment Agreement in October 2006.

Change-in-Control Agreements. Regions entered into change-in-control agreements in December 2005. The new change-in-control agreements replaced any prior change-in-control agreements and employment agreements. Under the agreements, during the two-year period following a change of control, Regions may terminate the employment of the executive officer with or without cause or the executive officer may terminate employment with or without good reason .

If Regions terminates the executive officer s employment other than for cause , or if the officer resigns for good reason , the executive would be entitled to receive accrued compensation and benefits, plus an amount equal to two times his base salary and highest annual bonus during the three years prior to the year in which the change-in-control occurred. If the executive officer s employment is terminated by Regions for cause , or by reason of the officer s death, disability, or resignation other than for good reason , Regions liability is limited to accrued but unpaid compensation and benefits. If any payment under the agreement causes the executive officer to become subject to the excise tax imposed under Section 4999 of the tax code, then amounts under the agreement will be reduced to the extent necessary to avoid the excise tax.

Career Award Program. At the time the preceding change-in-control agreements were entered into, Regions granted each of Messrs. Jordan, Horsley and Upchurch awards of restricted stock under the Career Award Program. As described in the Compensation Discussion and Analysis , Regions has amended the Career Award Program agreements (other than Mr. Horsley s), to provide the opportunity for increased benefits, as follows: if Mr. Jordan or Mr. Upchurch s employment is terminated without cause or he resigns for good reason within two years of the AmSouth merger, the payment amount under his Career Award will be increased so that the value will approximate the change-in-control benefit the executive otherwise would have been entitled to receive upon a termination without cause or for good reason under the executive s change-in-control agreement that was in force at the time of the Union Planters merger. This increase is contingent upon the participant continuing to work regular business hours through termination and agreeing to a waiver and release of claims in respect of his or her existing agreement. Mr. Horsley did not enter into an amendment to his Career Award Program agreement because he entered into his amended and restated employment agreement instead.

Equity-Based Award Plans. Regions grants equity-based awards under a number of equity-based award plans. Equity-based awards granted under the 1999 LTIP generally vest on a change-in-control of Regions. Under the 2006 LTIP, equity-based awards generally vest if an award holder s employment is terminated within two years after a change-in-control of Regions. For purposes of the 1999 and 2006 LTIPs, change-in-control is generally defined as an acquisition of 50% or more of the voting power of Regions voting securities, a change in a majority of the members of the Board (other than incumbent Board members), the consummation of a merger (other than a merger-of-equals or where Regions stockholders represent more than a majority of ownership following the merger), a complete liquidation or dissolution of Regions or a sale of all or substantially all of the assets of Regions.

Under the terms of the AmSouth 1996 and 2006 Long-Term Incentive Compensation Plans, which were assumed by Regions upon the merger, equity-based awards generally vested on a change-in-control of AmSouth. AmSouth s merger with Regions triggered the change-in-control provisions of the 1996 and 2006 AmSouth Long-Term Incentive Compensation Plans.

Pension and Deferred Compensation Plans. As described above in the Compensation Discussion and Analysis and under the Pension Benefits and Nonqualified Deferred Compensation sections, Regions maintains a number of qualified and nonqualified retirement and deferred compensation plans under which certain employees, including certain of the named executive officers may receive benefits upon retirement or other terminations of employment. Upon termination of employment for any reason, each named executive officer would be entitled to receive the amounts set forth above under:

- the Present Value of Accumulated Benefit column of the 2006 Pension Benefits table, and

- the Aggregate Balance at December 31, 2006 column of the Nonqualified Deferred Compensation for 2006 table, which for Messrs. Moore, White and Harton, represents their respective balances under the UPC Amended and Restated Deferred Compensation Plan for

Executives; for Mr. Ritter, represents his

Table of Contents

balance under the AmSouth Supplemental Thrift Plan; for Messrs. Horsley, Upchurch and Jordan, represents their respective balances under the Regions Supplemental 401(k) Plan; and for Mr. Edwards, represents his balance under the Morgan Keegan Deferred Compensation Plan.

Welfare and Other Insurance Benefits. Regions sponsors a number of broad-based health, life, and disability benefit programs for its employees, in which named executive officers also participate, such as short- and long-term disability coverage and group term life insurance coverage. Regions also maintains other executive life insurance and split-dollar life insurance policies and arrangements (insured through third-party insurers) for certain of its named executive officers. In addition to the group term life insurance benefits described above, the estates or beneficiaries of certain of the named executive officers would receive life insurance benefits upon death, as follows:

Upon Mr. Moore s death, his beneficiaries would receive death benefits of $450,000 under a legacy Union Planters executive life insurance policy, and an additional $29,924,534 under split-dollar insurance policies on his life. In addition, upon the death of both Mr. Moore and his spouse, their beneficiaries would receive current death benefits equal to $74,675,970 payable under split-dollar life insurance policies on their lives,

Upon the death of both Mr. Ritter and his spouse, their beneficiaries would receive death benefits equal to $10,109,829, payable under split-dollar life insurance policies on their lives,

Upon Mr. Horsley s death, his beneficiaries would receive death benefits equal to $3,799,000 under a split-dollar life insurance policy on his life,

Upon Mr. White s death, his beneficiaries would receive death benefits equal to $450,000 under a legacy Union Planters executive life insurance policy, and

Upon Mr. Harton s death, his beneficiaries would receive death benefits equal to $250,000 under a legacy Union Planters executive life insurance policy.

The following table quantifies certain amounts, such as cash severance, that would be payable to named executive officers and that are described above. The table also quantifies certain additional payments and benefits not described above that are payable on certain terminations of employment. The amounts reflected in the table assume a December 31, 2006 termination of employment.

POTENTIAL PAYMENTS BY REGIONS UPON TERMINATION OR CHANGE-IN-CONTROL

Name	Payments and Benefits Upon Termination	Voluntary Termination ($) (6)	Without Cause/ for Good Reason Termination ($) (7)	Without Cause/ for Good Reason Termination following Change-in-control ($) (7)	Death ($)	Disability ($)
Jackson W. Moore,	**Compensation:**					
	Cash Severance (2)		16,106,841	16,106,841		
Chairman & Former	**Long Term Incentives**					
	Restricted Stock unvested and accelerated (3)		938,000	938,000	938,000	938,000

Chief Executive Officer (1)						
	Benefits and Perquisites:					
	Value of Continued Welfare Benefits		193,123	193,123	100,280	193,123
	Total:		**17,237,964**	**17,237,964**	**1,038,280**	**1,131,123**
C. Dowd Ritter,	**Compensation:**					
	Cash Severance		19,286,010	19,286,010		
President & Chief	**Benefits and Perquisites:**					
	Financial Planning (4)	15,100			15,100	15,100
	Outplacement		20,000	20,000		
Executive Officer (1)	Tax Gross-Up (4) (5)	10,472		7,393,787	10,472	10,472
	Value of continued welfare benefits	103,454	103,454	103,454	51,727	103,454
	Total:	**129,026**	**19,409,464**	**26,803,251**	**77,299**	**129,026**

Table of Contents

Name	Payments and Benefits Upon Termination	Voluntary Termination ($) (6)	Without Cause/ for Good Reason Termination ($) (7)	Without Cause/ for Good Reason Termination following Change-in-control ($) (7)	Death ($)	Disability ($)
Richard D. Horsley	**Compensation**					
	Cash Severance		1,338,750	1,338,750		
Head of Transaction and						
Integration (1)	**Total:**		**1,338,750**	**1,338,750**		
D. Bryan Jordan,	**Compensation:**					
	Cash Severance		1,679,899	1,679,899		
Senior Executive Vice	**Long Term Incentives**					
President and Chief						
Financial Officer (1)	Restricted Stock unvested and accelerated (3)		2,120,555	2,120,555	2,120,555	2,120,555
	Benefits and Perquisites:					
	Tax Gross-Up (5)			1,151,979		
	Total:		**3,800,454**	**4,952,433**	**2,120,555**	**2,120,555**
Samuel E. Upchurch, Jr.	**Compensation:**					
	Cash Severance		1,763,683	1,763,683		
Senior Executive Vice	**Long Term Incentives**					
President	Restricted Stock unvested and accelerated (3)		2,165,054	2,165,054	2,165,054	2,165,054
	Benefits and Perquisites:					
	Tax Gross-Up (5)			1,169,524		
	Total:		**3,928,737**	**5,098,261**	**2,165,054**	**2,165,054**
G. Douglas Edwards	**Compensation:**					
	Cash Severance		7,659,000	7,659,000		
President & Chief	**Long Term Incentives**					
Executive Officer of						
Morgan Keegan (1)	Restricted Stock unvested and accelerated (3)		676,298	676,298	676,298	676,298
	Benefits and Perquisites:					
	Tax Gross-Up (5)			2,697,754		
	Total:		**8,335,298**	**11,033,052**	**676,298**	**676,298**
John V. White	**Compensation:**					
	Cash Severance		2,815,074	2,815,074		
Executive Vice President,	**Long Term Incentives**					
Former Regional Chief Executive Officer (1)	Restricted Stock unvested and accelerated (3)		278,699	278,699	278,699	278,699
	Total:		**3,093,773**	**3,093,773**	**278,699**	**278,699**
H. Lynn Harton	**Compensation:**					
	Cash Severance		1,839,089	1,839,089		
Executive Vice President,	**Long Term Incentives**					
Former Chief Credit Officer (1)	Restricted Stock unvested and accelerated (3)		241,441	241,441	241,441	241,441
	Perquisites:					
	Tax Gross-Up (5)			734,040		
	Total:		**2,080,530**	**2,814,570**	**241,441**	**241,441**

---

(1) Upon every termination of employment other than a voluntary termination or a for cause termination, each named executive officer would also have been entitled to receive his 2006 annual incentive compensation set forth above under the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) In the event of Mr. Moore s termination without cause, for good reason, or in the event of a change-in-control, Mr. Moore would receive cash compensation through the end of the term of his Employment Agreement as amended in early 2007. In addition, the amount reflected in the table also includes an amount equal to $9,997,350 that was subsequently paid to Mr. Moore on March 1, 2007 as a result of the completion of the Regions and AmSouth merger and which has already been reflected in the All Other Compensation column of the Summary Compensation Table and does not represent additional compensation to Mr. Moore.

(3) Assumes a fair market value of Regions common stock at $37.52 per share on December 31, 2006. For Mr. Moore, this represents the value of performance share units with a value of $938,000 that was also included in the Stock Awards column of the Summary Compensation Table.

(4) Mr. Ritter does not receive the financial planning and tax gross-up benefits upon a for cause termination.

(5) Tax Gross-Up perquisites represents the amount of the excise tax gross-up for excise taxes levied under section 4999 of the tax code on payments following and benefits following a change-in-control that are excess parachute payments under Section 280G of the tax code.

Table of Contents

(6) For purposes of the Voluntary Termination column above, executives who were eligible for early retirement on December 31, 2006, were assumed to have taken early retirement. Mr. Ritter and Mr. Horsley were each eligible for early retirement as of that date.

(7) The following chart summarizes the meanings of cause , good reason/without cause and change-in-control under certain agreements:

Name of Agreement	cause	good reason / without cause	change-in-control
Moore 2006 Employment Agreement	(i) the continued failure to substantially perform duties after a written demand is delivered by the Board, (ii) willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to Regions, or (iii) conviction of a felony or guilty or no contest plea with respect to (ii) above.	(i) a material breach of a material term of the agreement, after notice thereof and a reasonable opportunity to cure such breach, (ii) executive s good faith determination that the circumstances at Regions are such that the executive can no longer perform his duties or responsibilities, or (iii) reduction in the amount of coverage provided by Regions officer and director liability insurance or a change in the terms and conditions of such insurance where such change is a potential material detriment or the failure by Regions to indemnify the executive to the maximum extent permitted by law (including but not limited to failure to advance or pay litigation expenses).	N/A
Ritter Employment Agreement	(i) the continued failure to substantially perform duties after a written demand is delivered by the Board, (ii) willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to Regions, or (iii) conviction of a felony or guilty or no contest plea with respect to (ii) above.	(i) a material breach by Regions of a material term of the agreement or (ii) a reduction in the amount of coverage provided under the officer and director liability insurance or a change in the terms and conditions of such insurance where the change is a potential material detriment, or the failure by Regions to indemnify the executive for claims brought against him in his capacity as an officer of the company.	N/A

Table of Contents

Name of Agreement	cause	good reason / without cause	change-in-control
Edwards Employment Agreement	(i) the continued failure to substantially perform duties after a written demand is delivered by the Board, (ii) willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to Regions, (iii) conviction of a felony or guilty or no contest plea with respect to (ii) above, which, in the case of a crime of moral turpitude, is materially and demonstrably injurious to the Company; or (iv) a material breach of the restrictive covenants of the agreement.	(i) the assignment to the Executive of any duties materially inconsistent in an adverse respect with the Executive s position, or any other action by Morgan Keegan which results in a material diminution therein, (ii) any failure to comply with any of the compensation provisions of the agreement, (iii) requiring the executive to be based at any office or location other than that specified in the agreement, (iv) any termination of the executive s employment otherwise than as permitted by the agreement, (v) any failure to cause a successor to assume this agreement, (vi) the executive s good faith determination that, due to any act or omission by Morgan Keegan or Regions, the executive can no longer perform his duties or responsibilities, or (vii) any other material breach by Morgan Keegan or Regions of a material term of the agreement.	N/A
Horsley Amended and Restated Employment Agreement	(i) the continued failure to substantially perform duties after a written demand is delivered by the Board, or (ii) the willful engaging by Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to Regions.	(i) a reduction of annual base salary or bonus, or (ii) a required relocation of the Executive s principal employment location to a location more than thirty-five (35) miles from Executive s principal employment location.	N/A
White Employment Agreement	engaging in theft, fraud, or embezzlement causing significant damage to the company.	(i) material reduction in base salary or incentive opportunities, (ii) material reduction in benefits, (iii) material reduction in responsibilities or title, or (iv) relocation outside Memphis.	N/A

Table of Contents

Name of Agreement	cause	good reason / without cause	change-in-control
Change-in-Control Agreement	(i) willfully failing to perform reasonably assigned duties, (ii) breach of fiduciary duty, (iii) commission of a felony or a crime involving fraud or moral turpitude, or (iv) material breach of the agreement or engaging in illegal conduct or gross misconduct that materially injures Regions.	(i) a reduction of the executive s compensation, benefits or responsibilities, (ii) requiring the executive to move his principal place of work by more than 35 miles, (iii) failure to pay amounts due under the agreement, or (iv) failure to require an acquiror to assume the agreement upon a change-in-control.	(i) an acquisition of 50% of more of the voting power of Regions voting securities, (ii) a change in a majority of the members of the Board (other than incumbent Board members), (iii) the consummation of a merger (other than a merger-of-equals) or a sale of all or substantially all of the assets of Regions, or (iv) stockholder approval of a complete liquidation or dissolution of Regions.
Career Awards Agreement	N/A	An executive s employment will be deemed to have been terminated without cause if the executive terminates his employment because of (i) a reduction in base salary or (ii) the executive is required to move his principal work location by more than 35 miles.	N/A
The 1996 and 2006 AmSouth Long-Term Incentive Compensation Plans			change-in-control was generally defined as an acquisition of 20% of more of the voting power of AmSouth s voting securities, a change in two-thirds of the members of the AmSouth Board of Directors in any two year period (other than incumbent Board members), or stockholder approval of a merger (unless voting securities of AmSouth outstanding immediately prior to the merger continued to represent at least sixty percent (60%) of the combined voting power of the voting securities of the surviving company outstanding immediately after such merger).

64

Director Compensation.

Fees. Directors who are not employees of Regions or its subsidiaries were paid an annual Directors Board retainer of $32,000, or $40,000 if deferred under Regions Directors Deferred Stock Investment Plan described below, plus an additional meeting attendance fee of $1,500, or $1,875 if deferred, for each Board or Committee meeting attended, and an additional annual chairman s retainer of $6,000, or $7,500 if deferred, for each Committee chair (or $10,000, or $12,500 if deferred, in the case of the Audit Committee chair). Also, an annual phantom stock grant of 1,350 shares of Regions common stock will be deferred into the Regions Directors Deferred Stock Investment Plan. Directors who are employees of Regions or its subsidiaries receive no fees for their services as Directors.

Directors Deferred Stock Investment Plan. Non-employee Directors of Regions participate in Regions Directors Deferred Stock Investment Plan, under which the common stock component of Directors compensation described above is automatically deferred, and a Director may elect to defer receipt of some or all of the participant s cash compensation. Regions contributes 25% of the amount of cash deferred by each participating Director. Deferred amounts and company contributions are credited to a bookkeeping account for the Director, which is designated in notional shares of Regions common stock. Dividend equivalents, if any, are converted to additional notional shares of common stock in the participant s account. At the end of the deferral period, the participant s account is settled in actual shares of common stock, plus cash for any fractional share. Receipt and taxability of benefits are deferred until the later of the close of the year in which the participant reaches age 65 or close of the year in which the participant terminates as a Director. During the deferral period, the participants deferrals and Regions contributions are invested in Regions common stock, which is maintained in a rabbi trust. Most of the Directors of Regions elected to defer receipt of some or all of the retainer and meeting fees they were paid for service on the Board of Directors and to invest those fees in the plan.

AmSouth Fees. Non-employee Directors of AmSouth were paid a fee of $10,000 per calendar quarter ($14,000 for the Audit Committee Chairman and $12,000 for other Committee chairmen) during which the Director served. In addition, each such Director was paid a fee of $1,500 for each meeting of the Board and $1,500 for each Committee meeting in which the Director participated. Pursuant to the Deferred Compensation Plan for Directors of AmSouth Bancorporation, individual Directors could, at their option, elect to defer the receipt of Directors fees, and the deferred amounts were deemed notionally invested in AmSouth common stock. Dividend equivalents, if any, are converted to additional notional shares of common stock. Most of the Directors of AmSouth elected to defer receipt of some or all of the retainer and meeting fees they were paid for service on the Board of Directors and to invest those fees in Deferred Stock of AmSouth.

AmSouth Stock Option Plan for Outside Directors. Each non-employee director of AmSouth was eligible to be granted stock options under the AmSouth Stock Option Plan for Outside Directors. The Plan provided that options would have an exercise price equal to the fair market value of AmSouth common stock on the date the options were granted. In April 2006, each non-employee Director was granted options to purchase 9,000 shares of AmSouth common stock which equates to 7,177 shares of Regions common stock. The options vest over the three-year period following the date of grant and remain exercisable until the tenth anniversary of the date of grant. Upon the merger, these director options were converted to options to purchase Regions common stock, but otherwise remain subject to the same terms and conditions.

Table of Contents

The following table contains information about the fees and other compensation paid to the members of the Regions Board of Directors in 2006 (and includes amounts paid by AmSouth to former members of the AmSouth Board of Directors who became members of the Regions Board of Directors).

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Samuel W. Bartholomew, Jr.	51,500	46,915				20,319	118,734
George W. Bryan	68,000	46,915				3,743	118,658
David J. Cooper, Sr.	62,666		13,078				75,744
Earnest W. Deavenport, Jr.	76,333		13,078			22,318	111,729
Don DeFosset	64,166		13,078			3,376	80,620
James S. M. French	31,000					41,218	72,218
Margaret H. Greene	54,500	46,915				28,452	129,867
James E. Harwood	26,500					13,577	40,077
Martha R. Ingram	67,166		13,078			6,446	86,690
Ronald L. Kuehn, Jr.	70,833		13,078			27,812	111,723
Parnell S. Lewis, Jr.	26,500					13,577	40,077
James R. Malone	73,833		13,078			14,201	101,112
Susan W. Matlock	63,625	46,915				32,276	142,816
Charles D. McCrary	79,000		13,078			15,968	108,046
Claude B. Nielsen	74,833		13,078			20,233	108,144
Jorge M. Perez	51,500	46,915				19,945	118,360
Malcolm Portera	60,500	46,915				27,949	135,364
John R. Roberts	65,000	46,915				24,514	136,429
Michael S. Starnes	36,500	46,915				16,525	99,940
W. Woodrow Stewart	25,500					32,447	57,947
Lee J. Styslinger III	71,000	46,915				31,342	149,257
Richard A. Trippeer, Jr.	25,000					2,793	27,793
Robert R. Waller	60,500	46,915				3,743	111,158
John H. Watson	27,750					31,768	59,518
Spence L. Wilson	53,000	46,915				20,904	120,819
Harry W. Witt	69,000	46,915				35,587	151,502

1. Individuals who were Regions directors as of May 26, 2006 received an allocation of 1,350 shares of Regions phantom stock, under the Directors Deferred Stock Investment Plan. The per share price of the Regions stock acquired by the rabbi trust under the Deferred Stock Investment Plan was $34.7519. The aggregate grant date fair value of the award to each director was $46,915.

Table of Contents

2. The grant date fair value of stock options granted to AmSouth Directors on April 20, 2006 was $3.60 per share, for a total grant date fair value of $25,837.20. The FAS 123R assumptions for those options were: risk free rate of return (4.92%), dividend yield (3.69%), volatility (17.16%) and weighted average life (3.33 years). Upon conversion of the AmSouth stock options held by directors of AmSouth to Regions stock options, the FAS 123R value of the converted options was based on the fair value of converted Regions stock options on the date of the merger which was $6.56 per share. This per share value is used in calculating the compensation values of the Option Awards column of the table. The aggregate fair market value of the vested stock options held by AmSouth directors who became Regions directors are as follows: Ms. Ingram and Mr. Deavenport ($248,401); Messrs. Kuehn, Nielsen and Malone ($257,224); Mr. McCrary ($189,361); and Messrs. Cooper and DeFosset ($0). Regions was not required to recognize a compensation expense for these options because the modified options were subject to the same conversion features as the Regions common stock. The following table sets forth those non-employee current and former Directors who had stock options outstanding as of December 31, 2006, and the number of stock options outstanding as of that date:

Name	Outstanding Stock Options (#)
Samuel W. Bartholomew, Jr.	70,285
George W. Bryan	22,400
David J. Cooper, Sr.	7,177
Earnest W. Deavenport, Jr.	45,043
Don DeFosset	7,177
James E. Harwood	22,400
Martha R. Ingram	45,043
Ronald L. Kuehn, Jr.	46,388
Parnell S. Lewis, Jr.	18,989
James R. Malone	46,388
Charles D. McCrary	36,043
Claude B. Nielsen	46,388
Jorge M. Perez	6,200
John R. Roberts	52,400
Michael S. Starnes	60,854
Richard A. Trippeer, Jr.	22,240
Robert R. Waller	52,400
Spence L. Wilson	85,620

3. The amounts represent the Regions 25% match on amounts deferred by Directors under the Directors Deferred Stock Investment Plan as well as phantom dividends credited during 2006 on notional stock investments under the plan. For Directors who participated in the Deferred Compensation Plan for Directors of AmSouth Bancorporation, these amounts represent the amount of phantom dividends paid during 2006 on notional stock investments under the plan.

Table of Contents

PROPOSAL 2 RATIFICATION OF SELECTION OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The Audit Committee has selected Ernst & Young LLP as Regions independent auditors for the 2007 fiscal year. The Board of Directors recommends that the stockholders ratify the selection of Ernst & Young. Ernst & Young (or its predecessor) has served as Regions independent auditors since 1971. In the event the selection is not ratified by a majority of votes represented at the annual meeting in person or by proxy, it is anticipated that no change in auditors would be made for the current year because of the difficulty and expense of making any change in the middle of the current year, but the vote would be considered in connection with the engagement of independent auditors for 2008.

Ernst & Young LLP has been engaged to provide auditing services and also to provide tax services and general accounting advice. In making this selection, the Audit Committee considered whether the engagement by Regions of Ernst & Young for services other than audit services is compatible with Ernst & Young s independence.

Ernst & Young LLP served as Regions independent auditors for the year ended December 31, 2006, and a representative of the firm will be present at the stockholders meeting to make a statement if he or she so desires and to respond to appropriate questions from stockholders.

Fees

The aggregate fees paid to Ernst & Young LLP by Regions during 2006 and 2005 are set forth in the following table:

	2006	2005
Audit fees(1)	$ 3,720,250	$ 2,440,000
Audit related fees(2)	1,054,500	789,000
Tax fees(3)	903,950	1,099,000
All other fees(4)	136,000	396,000
Total fees	$ 5,814,700	$ 4,724,000

(1) Audit fees included fees associated with the annual audit of Regions consolidated financial statements and internal control over financial reporting, reviews of Regions quarterly reports on Form 10-Q, SEC regulatory filings, and statutory audits of certain of Regions subsidiaries.

(2) Audit related fees primarily included accounting consultation, assistance with securitizations or other accounting transactions, SAS 70 internal control reports, and audits of employee benefit plans and funds.

(3) Tax fees included tax compliance services and tax advice and planning assistance.

(4) All other fees included primarily assistance with cash management services and human resources services. No financial information systems implementation and design services were rendered by Ernst & Young during 2006 or 2005.

In accordance with the Audit Committee Charter, the Audit Committee must preapprove any engagement of Ernst & Young LLP for audit or nonaudit services. The Audit Committee has delegated to its chairperson the authority to preapprove permissible nonaudit services, provided the anticipated fee for such service does not exceed $50,000. Any such approval of nonaudit services pursuant to this delegation of the full Audit Committee s authority must be presented to the Audit Committee at its next regular meeting.

The Board recommends you vote FOR proposal number 2. Proxies solicited by the Board will be voted FOR this proposal unless otherwise instructed on the proxy card.

PROPOSAL 3 AMEND REGIONS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS

The Board of Directors recommends approval of an amendment to Regions Amended and Restated Certificate of Incorporation (the Certificate of Incorporation) that would provide for the phased elimination of Regions classified Board of Directors (the Declassification Amendment). Currently, Directors of Regions are elected for staggered terms of three years. If the Declassification Amendment is approved, commencing with the Board s Class I Directors standing for election at the 2008 annual meeting, Directors will stand for election for one year terms, expiring at the next succeeding annual meeting of stockholders. The Board s Class II Directors and the Class III Directors (who are standing for election at this year s annual meeting) will continue to hold office until the end of the terms for which they are elected and will stand for election for one year terms thereafter. Accordingly, Class II Directors will continue to serve for the term expiring at the annual meeting of stockholders in 2009 and Class III Directors, upon election, will serve for the term expiring at the annual meeting of stockholders to be held in 2010. Commencing in 2010, all Directors will be elected on an annual basis. In all cases, each Director will hold office until his or her successor has been elected and qualified or until the Director s earlier resignation or removal.

Background

Regions current classified board structure, in which Directors are divided into three classes serving staggered three-year terms, was included in the Certificate of Incorporation approved by stockholders in connection with the combination of Regions and Union Planters in 2004. The classified board structure was again approved by stockholders in connection with Regions merger with AmSouth Bancorporation in 2006. At the 2006 annual meeting of stockholders, a stockholder of Regions, Gerald R. Armstrong, submitted a stockholder proposal requesting the Board take steps to declassify the election of Directors, provided that such declassification is phased in so that it does not affect the unexpired terms of the previously elected Directors (the Armstrong Proposal). The Armstrong Proposal received support from a majority of the votes cast at the 2006 annual meeting.

In light of stockholder support for the Armstrong Proposal and current investor expectations regarding corporate governance, the Board and its Nominating and Corporate Governance Committee have reconsidered the merits of retaining a classified board. In conducting its evaluation, the Board considered that the general purposes of the classified board are to promote stability and continuity in the work of the Board and provide the Board with a greater opportunity to protect the interests of stockholders in the event of an unsolicited takeover offer. The Board also considered the corporate governance trend towards annual election of directors, as well as the view of many corporate governance experts and institutional stockholders that a classified board has the effect of insulating directors from a corporation s stockholders. The Board of Directors, after careful consideration, and upon the recommendation of the Nominating and Corporate Governance Committee, has determined that it is appropriate to propose declassifying the Board over a phase in period, commencing with the 2008 annual meeting.

The Declassification Amendment and Ancillary Changes

If the Declassification Amendment is approved, Regions Certificate of Incorporation will be amended to eliminate the classification of the Board in the manner noted above and to make certain ancillary changes to the Certificate of Incorporation, as well as the By-laws, to reflect the absence of a classified Board, as follows:

The present Certificate of Incorporation contains supermajority stockholder voting requirements providing that the affirmative vote of at least 75% of the outstanding shares entitled to vote generally in the election of directors is required to amend the provisions of the Certificate of Incorporation establishing the classified board

Table of Contents

structure. The Declassification Amendment would remove the supermajority voting requirements applicable to the classification of the Board in order that, if stockholders in the future wish to reestablish a classified Board, such reestablishment would need the affirmative vote of only a majority of the outstanding shares. The Board would adopt corresponding amendments to Regions By-laws and Corporate Governance Principles.

Currently, Regions Certificate of Incorporation permits the removal of Directors only for cause (as contemplated by Delaware law for corporations with classified boards) and generally requires the affirmative vote of at least 75% of the outstanding shares entitled to vote generally in the election of directors to effect such removal. Upon adoption of the Declassification Amendment, these requirements would continue to apply to all Directors serving terms to which they were elected at or prior to the 2007 annual meeting until the completion of their current terms and, consistent with Delaware law for corporations without classified boards, Directors elected at the annual meeting of stockholders in 2008 and thereafter will be removable with or without cause upon the affirmative vote of a majority of the outstanding shares entitled to vote generally in the election of directors.

Appendix C shows the proposed changes to the relevant sections of Article Seventh and Article Twelfth of the Certificate of Incorporation resulting from the proposed amendments, with deletions indicated by strike-outs and additions indicated by underlining.

Vote Required

For the Declassification Amendment to become effective, it must receive the affirmative vote of at least 75% of the outstanding shares entitled to vote generally in the election of directors. The Board has already provisionally approved the corresponding amendments to Regions By-laws and Corporate Governance Principles discussed above, subject to stockholder approval of the Declassification Amendment.

If the Declassification Amendment is not approved by Regions stockholders, the present classification of the Board of Directors will continue, and the Class I Directors standing for election at the 2008 annual meeting will be elected to three-year terms expiring at the annual meeting of stockholders in 2011.

The Board recommends you vote FOR proposal number 3. Proxies solicited by the Board will be voted FOR this proposal unless otherwise instructed on the proxy card.

PROPOSALS OF STOCKHOLDERS

Proposals by stockholders intended to be presented at Regions 2008 annual meeting of stockholders must be received by Regions not later than November 20, 2007, for consideration for possible inclusion in the proxy statement relating to that meeting.

The By-laws of Regions include provisions requiring advance notice of a stockholder s nomination of members of the Board of Directors. To be timely such notice must be received by Regions not less than 120 days before the date of the previous year s proxy statement, or November 20, 2007, in the case of the 2008 annual meeting of stockholders. If no annual meeting was held the previous year and in any year in which the date of the annual meeting is moved by more than 30 days from the date of the previous year s annual meeting, the notice will be considered timely if received not less than 120 days before the date of the annual meeting or by the 10th day following the day on which public disclosure of the annual meeting date was made. The Board of Directors of Regions is not required to nominate in the annual proxy statement any person so proposed.

The procedure for submitting a stockholder proposal is generally the same as for submitting stockholder nominations.

70

Table of Contents

OTHER BUSINESS

Regions does not know of any business to be presented for action at the meeting other than those items listed in the notice of the meeting and referred to herein. If any other matters properly come before the meeting or any adjournment thereof, it is intended that the proxies will be voted in respect thereof in accordance with the recommendations of the Board of Directors.

By Order of the Board of Directors

John D. Buchanan
Corporate Secretary

Dated March 19, 2007

Table of Contents

APPENDIX A

REGIONS FINANCIAL CORPORATION

CATEGORICAL STANDARDS OF DIRECTOR INDEPENDENCE

In accordance with New York Stock Exchange (NYSE) listing standards, Regions will assure that a majority of its directors are independent. In assessing and disclosing director independence, Regions uses the concepts of independence embodied in the NYSE listing standards. The Board of Directors bears the ultimate responsibility for determining whether each member of Regions Board is independent. For a Director to be deemed independent, the Board must determine that the director has no direct or indirect material relationship with Regions apart from service as a director.

The Board has established categorical standards to assist it in making the determination whether a Director is independent and in assessing the materiality of the Director s relationships with Regions. These standards will be periodically reviewed and may be amended from time to time. The current categorical standards are set forth as follows. For purposes of the categorical standards and with respect to the look-back aspects of the standards, Regions refers to Regions Financial Corporation, its predecessor companies former Regions Financial Corporation, Union Planters Corporation, and AmSouth Bancorporation, and their respective subsidiaries.

Group I Relationships that preclude a director s independence

Section 303A.02 (b) of the NYSE Listed Company Manual specifies circumstances that, if existing with respect to a director, preclude that director s independence. These independence standards are as follows:

The director is, or has been within the last three years, an employee of Regions, or an immediate family member is, or has been within the last three years, an executive officer, of Regions.

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from Regions, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

The director or an immediate family member is a current partner of a firm that is the company s internal or external auditor; or the director is a current employee of such a firm; or the director has an immediate family member who is a current employee of such a firm and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; or the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Regions audit within that time.

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Regions present executive officers at the same time serves or served on that company s compensation committee.

The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Regions for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

If any of the foregoing circumstances exists with respect to a director, the director is not independent. The foregoing criteria will be interpreted and applied in accordance with existing and any future commentary and guidance provided by NYSE in connection with section 303A of the Listed Company Manual.

Table of Contents

Group II Relationships deemed not material for purposes of director independence

The relationships described as follows are considered not to be material so as to impair a director s independence:

The relationship is that of a customer of Regions in the ordinary course of business, on terms and conditions not more favorable than those afforded to other similarly situated customers. If such customer relationship is that of borrower from Regions Bank, the loan must comply with Regulation O promulgated by the Federal Reserve Board, that is, the loan must be made by the bank on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and must not involve more than the normal risk of collectibility or present other unfavorable features.

The relationship is that of doing business with Regions and the annual payments to or from Regions in any year do not exceed the greater of $500,000 or 1% of the annual revenue of the other company for its most recently completed fiscal year. Payments of principal and interest on any loan that is subject to and complies with Regulation O, and payments made to a public utility at rates or charges fixed in conformity with law or governmental authority are not considered to create a material relationship and will not be included in calculating such materiality threshold.

The relationship is that of partner, member, officer such as a managing director occupying a comparable position, or executive officer of a services firm that provides accounting, consulting, legal, investment banking or financial advisory services to Regions and the annual payments to such firm from Regions do not exceed the greater of $500,000 or 1% of the annual revenue of the firm for its most recently completed fiscal year.

The relationship is that of executive officer, director, or trustee of a tax-exempt organization and Regions charitable contributions to the organization, if any, did not exceed the greater of $1 million or 2% of the organization s consolidated gross revenues in any of the preceding three fiscal years. Contributions made to any such organization pursuant to a matching gift program maintained by Regions are not considered to be a material relationship and will not be included in calculating such materiality threshold.

A director whose independence is not precluded by the Group I standards is deemed to be independent if any and every relationship of the director with Regions satisfies the above criteria in Group II. In addition, any relationship that involves Regions and a member of the director s immediate family, or any entity with which the director is affiliated, and that satisfies the above Group II criteria is deemed not to be material so as to impair the director s independence.

Other relationships

The board will separately consider the materiality of any direct or indirect relationship of a director with Regions that is not within the categories described in Group I and Group II. A director that has such a relationship will be considered independent only if the board affirmatively determines, on the basis of the particular facts and circumstances, that the relationship will not impair the director s exercise of independent judgment or compromise the oversight role that an independent director of Regions is expected to perform.

Audit committee member independence

Members of the Audit Committee of the Board are subject to heightened standards of independence, as provided for in the Securities Exchange Act of 1934, the rules promulgated by the SEC thereunder, the Sarbanes-Oxley Act of 2002, and the audit committee charter.

Table of Contents

APPENDIX B

REGIONS FINANCIAL CORPORATION

AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (the Committee) is appointed by the Board of Directors (the Board) of Regions Financial Corporation (the Company) to assist and advise the Board in monitoring (a) the integrity of the Company s financial statements and the financial reporting process, including matters relating to internal accounting and financial controls, (b) the independent auditor s qualifications and independence, (c) the performance of the Company s internal audit function and independent auditors, and (d) the Company s compliance with legal and regulatory requirements. The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the SEC) to be included in the Company s annual proxy statement.

Committee Membership

1. The Committee shall consist of a minimum of three (3) outside members of the Board. Each Committee member shall (a) meet the independence requirements of the SEC, the New York Stock Exchange (NYSE), the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) and other applicable laws, rules and regulations governing independence, as determined by the Board in its business judgment; (b) qualify as non-employee directors within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act); (c) satisfy the requirements as an outside director for the purposes of Section 162(m) of the Internal Revenue Code; and (d) otherwise satisfy requirements as the Board determines appropriate. Determinations of independence shall be made by the Board as the Board interprets such qualifications in its business judgment and in accordance with applicable laws and regulations and SEC and NYSE rules and standards. Each member shall also be financially literate, as such qualification is interpreted by the Board in its business judgment. At least one member of the Committee shall be an audit committee financial expert as defined by the SEC. Committee members may not simultaneously serve on the audit committees of more than two other public companies.

2. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Audit Committee members may be replaced by the Board.

3. The Board shall designate a Chairperson for the Committee. In the absence of the Chairperson at any meeting of the Committee, the members of the Committee may designate an acting chairperson by majority vote.

Committee Meetings and Structure

1. The Committee shall meet at least quarterly or more frequently if the Committee deems necessary. The Committee shall meet, at least quarterly, separately with management, the senior internal auditing executive and the independent auditor, and have such other

direct and independent interaction with such persons (or such other persons) from time to time as the members of the Committee or any of such identified persons deem appropriate. The Committee may request any officer or employee of the Company or the Company s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

2. To the extent permitted under applicable law and regulation, the Committee may form and delegate to one or more subcommittees all or a portion of the Committee s authority, duties and responsibilities. The Committee also may establish such rules as it determines necessary or appropriate for its business.

Table of Contents

Committee Authority and Responsibilities

In furtherance of its purpose set forth above, the Committee shall have the following responsibilities:

1. The Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The independent auditor shall report directly to the Committee. The Committee shall be responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

2. The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit. The Chairperson may grant pre-approvals of audit and permitted non-audit services, provided that decisions of the Chairperson to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

3. The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, and for payment of ordinary administrative expenses of the Committee.

4. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall report regularly to the Board and review any issues that arise with respect to the quality or integrity of the Company s financial statements, the Company s compliance with legal or regulatory requirements, effectiveness of internal controls, the performance and independence of the Company s independent auditor, or the performance of the internal audit function. The Committee shall annually review the Committee s own performance.

5. Notwithstanding the Board s allocation of oversight responsibilities of risks and risk management to the Risk Committee, the Audit Committee shall discuss in general the guidelines and policies by which risk assessment and risk management is undertaken with respect to the Company s major financial risk exposures.

6. Review and discuss financial statement and disclosure matters, including:

    a. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management s discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company s Form 10-K.

    b. Review and discuss with management and the independent auditor the Company s quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor s review of the quarterly financial statements and disclosures made in management s discussion and analysis.

    c. Discuss with management, the internal auditors and the independent auditor (1) significant financial reporting issues and judgments made in connection with the preparation of the Company s financial statements, including any significant changes in the Company s selection or application of accounting principles and (2) any major issues as to the adequacy of the Company s internal controls and any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

d. Review and discuss with management, the senior internal auditing executive and the independent auditor the Company s internal controls report and the independent auditor s attestation of the report prior to the filing of the Company s Form 10-K. Such reports include those required by Section 112 of FDICIA.

7. Review and discuss quarterly reports from the independent auditors, including:

a. All critical accounting policies and practices to be used.

b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.

c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

8. Discuss with management the Company s earnings press releases, including the use of pro forma or adjusted non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. This may be done generally, and the Committee does not have to discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

9. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company s financial statements.

10. Discuss with management the Company s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company s risk assessment and risk management policies.

11. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, as amended by SAS 90, relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work, management s response to such problems or difficulties, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

12. Review disclosures made to the Committee by the Company s CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company s internal controls.

13. Oversight of the Company s relationship with the Independent Auditor, including:

a. Review and evaluate annually the qualifications, performance and independence of the lead partner of the independent auditor team.

b. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor s internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities (such as the Public Company Accounting Oversight Board) within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, (d) any material issues on which the national office of the independent auditor was consulted by the Company s audit team and (e) all relationships between the independent auditor and the Company, including the matters set forth in the letter provided by the independent auditor pursuant to Independence

Standards Board Standard No. 1, to enable the Committee to assess the independent auditor s independence. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor s quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor s independence, and taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.

c. Ensure the rotation of the lead audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

d. Monitor compliance with the hiring policy with regard to the independent auditors. The policy is that the Company will not hire any employee or former employee of the independent auditors if such hiring would cause the independent auditors to cease being independent under applicable laws and regulations and SEC, FDICIA and NYSE rules and standards.

e. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

f. Ensure that the Company s independent auditors share with the Committee all material written communications between the independent auditors and management.

14. Oversight of the Company s Internal Audit function, including:

a. Review and approve management s appointment and replacement of the senior internal auditing executive. Discuss with management the performance and compensation of the senior internal auditing executive on an annual basis.

b. Review the significant reports to management prepared by the internal auditing division and management s responses.

c. Review the general scope of planned internal audit activities and changes therein and periodically determine that the planned activities are (i) in accordance with professional standards, (ii) sufficiently broad in scope and responsive to the Company s internal control needs, and (iii) executed in a timely manner.

d. Review the internal audit division s responsibilities, independence, budget, and staffing.

15. Compliance Oversight responsibilities, including:

a. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

b. Discuss with management, the Company s process for ensuring compliance with applicable laws, regulations, the Company s Code of Business Conduct and Ethics and the Code of Conduct for Senior Financial Officers. Discuss with management and the senior internal auditing executive whether there have been any violations of such laws, regulations and codes of conduct that could materially impact the Company s financial statements. Review controls over reports and disclosures of insider and affiliated party transactions.

c. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

d. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company s financial statements or accounting policies.

e. Discuss with the Company s General Counsel legal matters that may have a material impact on the financial statements or the Company s compliance policies.

Table of Contents

Oversight Role of the Committee

Although the Committee has the duties and responsibilities set forth herein, the function of the Committee is oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company s financial statements and for the effectiveness of internal controls over financial reporting. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies, as well as internal controls and procedures designed to provide reasonable assurance of compliance with accounting standards and related laws and regulations. The internal audit division is responsible for providing reliable and timely information to the Committee and senior management concerning the quality and effectiveness of, and the level of adherence to, the Company s control and compliance procedures and risk management systems. The independent auditor is responsible for planning and carrying out an audit in accordance with generally accepted auditing standards, reviewing the Company s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and attesting to management s assertion of the effectiveness of internal control over financial reporting.

In fulfilling their duties and responsibilities set forth herein, it is recognized that members of the Committee are not employees of the Company and can devote only a limited portion of their time to Committee duties, and even though one or more may be designated as an audit committee financial expert as defined in rules of the SEC, members of the Committee are not, and do not represent themselves to be, performing the functions of accountants or auditors, or providing expert or special assurance as to the Company s financial statements. Moreover, it is not the duty or responsibility of the Committee or its members to plan or conduct audits, to conduct field work or other types of auditing or accounting reviews and procedures, to determine that the Company s financial statements are complete and accurate and in accordance with generally accepted accounting principles, or to set auditor independence standards.

Table of Contents

APPENDIX C

PROPOSED AMENDMENTS TO REGIONS   AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION REGARDING DECLASSIFICATION OF THE BOARD DIRECTORS

Article Seventh paragraph (5) of the Certificate of Incorporation is hereby amended, to read in its entirety as set forth below:

(5) To fix the number of Directors which shall constitute the whole Board, subject to the following:

(a) The number of Directors constituting the entire Board shall be fixed from time to time by vote of a majority of the entire Board except as may be otherwise provided in the By-Laws of the corporation, provided, however, that the number of Directors shall not be reduced so as to shorten the term of any Director at the time in office.

(b) At the annual meeting of stockholders that is held in calendar year 2007, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the annual meeting of stockholders that is held in calendar year 2010 and until such directors   successors shall have been elected and qualified. Commencing at the annual meeting of stockholders that is held in calendar year 2008, directors shall be elected annually for terms of one year, except that any director in office at the 2008 annual meeting whose term expires at the annual meeting of directors held in calendar year 2009 or 2010 (a   Continuing Classified Director   ) shall continue to hold office until the end of the term for which such director was elected and until such director   s successor shall have been elected and qualified. At each annual meeting of stockholders thereafter, all directors shall be elected for terms expiring at the next annual meeting of stockholders and until such directors   successors shall have been elected and qualified. ~~The Board of Directors shall be divided into three classes, as nearly equal in numbers as the then total number of Directors constituting the entire Board permits with the term of office of one class expiring each year. Directors of the first class shall hold office for a term expiring at the 2005 annual meeting. Directors of the second class shall hold office for a term expiring at the 2006 annual meeting and Directors of the third class shall hold office for a term expiring at the 2007 annual meeting.~~ Except as otherwise provided in the By-Laws of the corporation, any vacancies in the Board of Directors for any reason, and any created directorships resulting from any increase in the number of Directors may be filled by the Board of Directors, acting by a majority of Directors then in office, although less than a quorum. Any directors so chosen shall hold office until the end of the term to which such directors   predecessors were elected ~~next succeeding election of the class for which such Directors shall have been chosen~~ and until their successors shall be elected and qualified. No decrease in the number of Directors shall shorten the term of any incumbent Director. ~~Subject to the foregoing, at each annual meeting of stockholders the successors to the class of Directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting~~.

(c) Notwithstanding any other provisions of this certificate of incorporation or the By-Laws of the corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this certificate of incorporation or the By-Laws of the corporation), any Director or the entire Board of Directors of the corporation may be removed at any time, with or without cause but ~~only for cause and~~ only by the affirmative vote of the holders of a majority ~~75% or more~~ of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose; *provided* however, that Continuing Classified Directors may be removed at any time, but only for cause and only by the affirmative vote of the holders of 75% or more of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) In the event that the holders of any class or series of stock of the corporation shall be entitled, voting separately as a class, to elect any directors of the corporation, then the number of directors that may be elected by such holders shall be in addition to the number fixed pursuant to the By-Laws and, except as otherwise expressly provided in the terms of such class or series, the terms of the directors elected by such holders shall expire at the annual meeting of stockholders next succeeding their election ~~without regard to the classification of the remaining directors~~.

Article Twelfth of the Certificate of Incorporation is hereby amended, to read in its entirety as set forth below:

The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

As provided in Article Seventh, paragraph (1), the Board of Directors is expressly authorized to make, alter or repeal By-Laws of the corporation by a vote of a majority of the entire Board except as otherwise provided in the By-Laws; and the stockholders may make, alter or repeal any By-Laws whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal by the stockholders may be adopted only by the affirmative vote of the holders of 75% or more of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of Directors (considered for this purpose as one class) at a meeting of stockholders called for such purpose.

Notwithstanding any other provision of this certificate of incorporation or the By-Laws of the corporation (and in addition to any other vote that may be required by law, this certificate of incorporation or the By-Laws) the affirmative vote of the holders of at least 75% of the outstanding shares of the capital stock of the corporation entitled to vote generally in the election of Directors (considered for this purpose as one class) shall be required to amend, alter or repeal or adopt any provision inconsistent with ~~Article Seventh paragraph (5),~~ Article Seventh paragraph (5)(a), Article Seventh paragraph (5)(d), Article Seventh paragraph (6), Article Ninth, Article Tenth or Article Twelfth of the certificate of incorporation.

Table of Contents

PROXY - REGIONS FINANCIAL CORPORATION

P.O. BOX 11007

BIRMINGHAM, AL 35288

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER

COMMUNICATIONS

If you would like to reduce the costs incurred by Regions Financial Corporation in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Regions Financial Corporation, c/o ADP, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

RFCOR1 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

REGIONS FINANCIAL CORPORATION

The Board of Directors recommends a vote FOR Proposals 1, 2, and 3.

DIRECTORS RECOMMEND A VOTE FOR

Election of Directors ↓

Proposal 1. Nominees:	**For**	**Against**	**Abstain**
1a. Samuel W. Bartholomew, Jr.	¨	¨	¨
1b. Susan W. Matlock	¨	¨	¨
1c. Jackson W. Moore	¨	¨	¨
1d. Allen B. Morgan, Jr.	¨	¨	¨
1e. John R. Roberts	¨	¨	¨

DIRECTORS RECOMMEND A VOTE FOR ↓

	For	**Against**	**Abstain**
1f. Lee J. Styslinger III	¨	¨	¨

BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ↓

		For	**Against**	**Abstain**
Proposal 2.	Ratification of Selection of Independent Registered Public Accounting Firm	¨	¨	¨
Proposal 3.	Declassification Amendment	¨	¨	¨

For address changes and/or comments, please check this box and write them on the back where indicated. ¨

	Yes	**No**
Please indicate if you plan to attend this meeting.	¨	¨

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Table of Contents

REGIONS FINANCIAL CORPORATION

Annual Meeting of Stockholders

April 19, 2007

11:00 A.M. Central Time

Birmingham, Alabama

PROXY CARD

REGIONS FINANCIAL CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints John D. Buchanan and Carl L. Gorday, and each of them, proxies with full power of substitution, to vote all of the shares of common stock of Regions Financial Corporation held of record by the undersigned at the Annual Meeting of Stockholders to be held on Thursday, April 19, 2007, and at any adjournments thereof. This card also provides voting instructions for shares held in the Regions Financial Corporation or the AmSouth Bancorporation 401(K) Plans, The Computer Share Investment Plan for Regions Financial Corporation and/or the Directors Stock Investment Plan and held of record by the trustees or agents of such plans. **If no directions are given, the proxies will vote for the election of all nominees and for Proposals 2 and 3. The proxies, in their discretion, are further authorized to vote (i) for the election of a person to the Board of Directors, if any nominee named herein becomes unable or unwilling to serve, and (ii) on any other matter that may properly come before the meeting.**

Please sign exactly as name or names appear(s) on this proxy. When signing as attorney, administrator, trustee, custodian, guardian or corporate officer, give full title. If more than one trustee, all should sign.

Address Changes/Comments: ____

____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(continued, and to be signed, on other side)