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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2010

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission File Number: 000-50831

Regions Financial Corporation

(Exact name of registrant as specified in its charter)

Delaware	**63-0589368**
(State or other jurisdiction of	**(IRS Employer**
incorporation or organization)	**Identification No.)**
1900 Fifth Avenue North	
Birmingham, Alabama	**35203**
(Address of principal executive offices)	**(Zip Code)**

(205) 326-5807

(Registrant s telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

The number of shares outstanding of each of the issuer s classes of common stock was 1,256,084,000 shares of common stock, par value $.01, outstanding as of October 29, 2010.

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REGIONS FINANCIAL CORPORATION

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Forward-Looking Statements

This Quarterly Report on Form 10-Q, other periodic reports filed by Regions Financial Corporation (Regions) under the Securities Exchange Act of 1934, as amended, and any other written or oral statements made by or on behalf of Regions may include forward-looking statements. The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements which are identified as such and are accompanied by the identification of important factors that could cause actual results to differ materially from the forward-looking statements. For these statements, we, together with our subsidiaries, claim the protection afforded by the safe harbor in the Act. Forward-looking statements are not based on historical information, but rather are related to future operations, strategies, financial results or other developments. Forward-looking statements are based on management s expectations as well as certain assumptions and estimates made by, and information available to, management at the time the statements are made. Those statements are based on general assumptions and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. These risks, uncertainties and other factors include, but are not limited to, those described below:

- The Dodd-Frank Wall Street Reform and Consumer Protection Act became law on July 21, 2010, and a number of legislative, regulatory and tax proposals remain pending. Additionally, the U.S. Treasury and federal banking regulators continue to implement, but are also beginning to wind down, a number of programs to address capital and liquidity in the banking system. All of the foregoing may have significant effects on Regions and the financial services industry, the exact nature and extent of which cannot be determined at this time.

- The impact of compensation and other restrictions imposed under the Troubled Asset Relief Program (TARP) until Regions repays the outstanding preferred stock and warrant issued under the TARP, including restrictions on Regions ability to attract and retain talented executives and associates.

- Possible additional loan losses, impairment of goodwill and other intangibles, and adjustment of valuation allowances on deferred tax assets and the impact on earnings and capital.

- Possible changes in interest rates may increase funding costs and reduce earning asset yields, thus reducing margins.

- Possible changes in general economic and business conditions in the United States in general and in the communities Regions serves in particular, including any prolonging or worsening of the current unfavorable economic conditions, including unemployment levels.

- Possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans.

- Possible changes in trade, monetary and fiscal policies, laws and regulations, and other activities of governments, agencies, and similar organizations, may have an adverse effect on business.

- The current stresses in the financial and real estate markets, including possible continued deterioration in property values.

- Regions ability to manage fluctuations in the value of assets and liabilities and off-balance sheet exposure so as to maintain sufficient capital and liquidity to support Regions business.

Regions ability to expand into new markets and to maintain profit margins in the face of competitive pressures.

Regions ability to develop competitive new products and services in a timely manner and the acceptance of such products and services by Regions customers and potential customers.

Regions ability to keep pace with technological changes.

Regions ability to effectively manage credit risk, interest rate risk, market risk, operational risk, legal risk, liquidity risk, and regulatory and compliance risk.

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- Regions ability to ensure adequate capitalization which is impacted by inherent uncertainties in forecasting credit losses.
- The cost and other effects of material contingencies, including litigation contingencies, and any adverse judicial, administrative, or arbitral rulings or proceedings.
- The effects of increased competition from both banks and non-banks.
- The effects of geopolitical instability and risks such as terrorist attacks.
- Possible changes in consumer and business spending and saving habits could affect Regions ability to increase assets and to attract deposits.
- The effects of weather and natural disasters such as floods, droughts and hurricanes, and the effects of the Gulf of Mexico oil spill.
- Regions ability to maintain favorable ratings from rating agencies.
- Potential dilution of holders of shares of Regions common stock resulting from the U.S. Treasury s investment in TARP.
- Possible changes in the speed of loan prepayments by Regions customers and loan origination or sales volumes.
- Possible acceleration of prepayments on mortgage-backed securities due to low interest rates, and the related acceleration of premium amortization on those securities.
- The effects of problems encountered by larger or similar financial institutions that adversely affect Regions or the banking industry generally.
- Regions ability to receive dividends from its subsidiaries.
- The effects of the failure of any component of Regions business infrastructure which is provided by a third party.
- Changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.
- The effects of any damage to Regions reputation resulting from developments related to any of the items identified above.

The words believe, expect, anticipate, project, and similar expressions often signify forward-looking statements. You should not place undu reliance on any forward-looking statements, which speak only as of the date made. We assume no obligation to update or revise any forward-looking statements that are made from time to time.

See also Item 1A. Risk Factors of this Form 10-Q and of Regions Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30 2010	December 31 2009	September 30 2009
	(In millions, except share data)		
Assets			
Cash and due from banks	$ 1,898	$ 2,052	$ 2,101
Interest-bearing deposits in other banks	3,852	5,580	5,902
Federal funds sold and securities purchased under agreements to resell	1,137	379	366
Trading account assets	1,580	3,039	1,388
Securities available for sale	23,555	24,069	21,030
Securities held to maturity	26	31	39
Loans held for sale (includes $1,183, $780 and $726 measured at fair value, respectively)	1,587	1,511	1,470
Loans, net of unearned income	84,420	90,674	92,754
Allowance for loan losses	(3,185)	(3,114)	(2,627)
Net loans	81,235	87,560	90,127
Other interest-earning assets	1,043	734	839
Premises and equipment, net	2,564	2,668	2,694
Interest receivable	512	468	499
Goodwill	5,561	5,557	5,557
Mortgage servicing rights	204	247	216
Other identifiable intangible assets	414	503	535
Other assets	8,330	7,920	7,223
Total assets	$ 133,498	$ 142,318	$ 139,986
Liabilities and Stockholders Equity			
Deposits:			
Non-interest-bearing	$ 25,300	$ 23,204	$ 21,226
Interest-bearing	69,678	75,476	73,654
Total deposits	94,978	98,680	94,880
Borrowed funds:			
Short-term borrowings:			
Federal funds purchased and securities sold under agreements to repurchase	2,451	1,893	2,633
Other short-term borrowings	1,210	1,775	2,653
Total short-term borrowings	3,661	3,668	5,286
Long-term borrowings	14,335	18,464	18,093
Total borrowed funds	17,996	22,132	23,379
Other liabilities	3,361	3,625	3,235
Total liabilities	116,335	124,437	121,494

Stockholders equity:			
Preferred stock, authorized 10 million shares			
Series A, cumulative perpetual participating, par value $1.00 (liquidation preference $1,000.00) per share, net of discount;			
Issued 3,500,000 shares	3,370	3,343	3,334
Series B, mandatorily convertible, cumulative perpetual participating, par value $1,000.00 (liquidation preference $1,000.00) per share;			
Issued 0; 267,665 and 287,500 shares, respectively		259	278
Common stock, par value $.01 per share:			
Authorized 3 billion shares at September 30, 2010, and 1.5 billion shares at December 31, 2009 and September 30, 2009			
Issued including treasury stock 1,298,993,365; 1,235,850,589 and 1,231,352,421 shares, respectively	13	12	12
Additional paid-in capital	19,047	18,781	18,754
Retained earnings (deficit)	(4,070)	(3,235)	(2,618)
Treasury stock, at cost 42,909,422; 43,241,020 and 43,316,136 shares, respectively	(1,405)	(1,409)	(1,411)
Accumulated other comprehensive income, net	208	130	143
Total stockholders equity	17,163	17,881	18,492
Total liabilities and stockholders equity	$ 133,498	$ 142,318	$ 139,986

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
	(In millions, except per share data)			
Interest income on:				
Loans, including fees	$ 919	$ 1,047	$ 2,794	$ 3,218
Securities:				
Taxable	214	232	680	710
Tax-exempt		6	1	18
Total securities	214	238	681	728
Loans held for sale	10	12	27	43
Federal funds sold and securities purchased under agreements to resell	1		2	2
Trading account assets	8	10	29	32
Other interest-earning assets	6	7	20	21
Total interest income	1,158	1,314	3,553	4,044
Interest expense on:				
Deposits	167	301	603	997
Short-term borrowings	3	9	8	45
Long-term borrowings	120	159	387	517
Total interest expense	290	469	998	1,559
Net interest income	868	845	2,555	2,485
Provision for loan losses	760	1,025	2,181	2,362
Net interest income (loss) after provision for loan losses	108	(180)	374	123
Non-interest income:				
Service charges on deposit accounts	294	300	884	857
Brokerage, investment banking and capital markets	257	252	747	732
Mortgage income	66	76	196	213
Trust department income	49	49	146	143
Securities gains, net	2	4	61	165
Leveraged lease termination gains		4	19	517
Other	82	87	265	410
Total non-interest income	750	772	2,318	3,037
Non-interest expense:				
Salaries and employee benefits	582	578	1,717	1,703
Net occupancy expense	110	121	340	340
Furniture and equipment expense	75	83	228	237
Other-than-temporary impairments (1)	1	3	2	75
Regulatory charge			200	
Other	395	458	1,232	1,177
Total non-interest expense	1,163	1,243	3,719	3,532

Income (loss) before income taxes	(305)	(651)	(1,027)	(372)
Income tax expense (benefit)	(150)	(274)	(399)	116
Net income (loss)	$ (155)	$ (377)	$ (628)	$ (488)
Net income (loss) available to common shareholders	$ (209)	$ (437)	$ (799)	$ (655)
Weighted-average number of shares outstanding:				
Basic	1,257	1,189	1,217	921
Diluted	1,257	1,189	1,217	921
Earnings (loss) per common share:				
Basic	$ (0.17)	$ (0.37)	$ (0.66)	$ (0.71)
Diluted	(0.17)	(0.37)	(0.66)	(0.71)
Cash dividends declared per common share	0.01	0.01	0.03	0.12

(1) Includes $3 million for the three months ended and $266 million for the nine months ended September 30, 2009, respectively, of gross charges, net of $0 for the three months ended and $191 million for the nine months ended September 30, 2009, respectively, of non-credit portion reported in other comprehensive income (loss). The corresponding 2010 amounts are immaterial.

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock, At Cost	Accumulated Other Comprehensive Income (Loss)	Total
				(In millions, except share and per share data)					
BALANCE AT JANUARY 1, 2009	4	$ 3,307	691	$ 7	$ 16,815	$ (1,869)	$ (1,425)	$ (22)	$ 16,813
Comprehensive income:									
Net income (loss)						(488)			(488)
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment, excluding non-credit portion of other-than temporary impairments*								389	389
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income, net of tax*								(124)	(124)
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment*								(120)	(120)
Net change from defined benefit pension plans, net of tax*								20	20
Comprehensive income (loss)									(323)
Cash dividends declared - $0.12 per share						(94)			(94)
Preferred dividends						(140)			(140)
Preferred stock transactions:									
Net proceeds from issuance of 287,500 shares of mandatorily convertible preferred stock		278							278
Discount accretion		27				(27)			
Common stock transactions:									
Net proceeds from issuance of 460 million shares of common stock			460	5	1,764				1,769
Issuance of 33 million shares of common stock in connection with early extinguishment of debt			33		135				135
Impact of stock transactions under compensation plans, net			4		40		14		54
BALANCE AT SEPTEMBER 30, 2009	4	$ 3,612	1,188	$ 12	$ 18,754	$ (2,618)	$ (1,411)	$ 143	$ 18,492
BALANCE AT JANUARY 1, 2010	4	$ 3,602	1,193	$ 12	$ 18,781	$ (3,235)	$ (1,409)	$ 130	$ 17,881
Comprehensive income:									
Net income (loss)						(628)			(628)
Net change in unrealized gains and losses on securities available for sale, net of tax and reclassification adjustment*								144	144
Net change in unrealized gains and losses on derivative instruments, net of tax and reclassification adjustment*								(83)	(83)
Net change from defined benefit pension plans, net of tax*								17	17
Comprehensive income (loss)									(550)
Cash dividends declared - $0.03 per share						(36)			(36)
Preferred dividends					3	(144)			(141)
Preferred stock transactions:									
Conversion of mandatorily convertible preferred stock into 63 million shares of common stock		(259)	63	1	258				
Discount accretion		27				(27)			
Common stock transactions:									

Impact of stock transactions under compensation plans, net					5		4		9
BALANCE AT SEPTEMBER 30, 2010	4	$ 3,370	1,256	$ 13	$ 19,047	$ (4,070)	$ (1,405)	$ 208	$ 17,163

See notes to consolidated financial statements.

* See disclosure of reclassification adjustment amount and tax effect, as applicable, in Note 3 to the consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30	
	2010	2009
	(In millions)	
Operating activities:		
Net income (loss)	$ (628)	$ (488)
Adjustments to reconcile net cash provided by operating activities:		
Provision for loan losses	2,181	2,362
Depreciation and amortization of premises and equipment	216	212
Provision for losses on other real estate, net	121	90
Net amortization (accretion) of securities	151	(9)
Net amortization of loans and other assets	167	192
Net accretion of deposits and borrowings	(4)	(13)
Net securities gains	(61)	(165)
Loss (gain) on early extinguishment of debt	53	(61)
Other-than-temporary impairments, net	2	75
Deferred income tax benefit	(216)	(471)
Originations and purchases of loans held for sale	(3,744)	(6,179)
Proceeds from sales of loans held for sale	4,167	6,358
Gain on sale of loans, net	(59)	(79)
Decrease (increase) in trading account assets	1,459	(338)
(Increase) decrease in other interest-earning assets	(309)	58
Increase in interest receivable	(44)	(41)
Decrease in other assets	51	1,368
Decrease in other liabilities	(244)	(223)
Other	75	(11)
Net cash from operating activities	3,334	2,637
Investing activities:		
Proceeds from sales of securities available for sale	1,610	3,657
Proceeds from maturities of:		
Securities available for sale	5,617	4,002
Securities held to maturity	4	7
Purchases of:		
Securities available for sale	(6,572)	(9,312)
Proceeds from sales of loans	966	350
Net decrease in loans	2,168	1,786
Net purchases of premises and equipment	(118)	(120)
Net cash received from deposits assumed		279
Net cash from investing activities	3,675	649
Financing activities:		
Net (decrease) increase in deposits	(3,702)	3,700
Net decrease in short-term borrowings	(7)	(10,536)
Proceeds from long-term borrowings	743	1,602
Payments on long-term borrowings	(4,990)	(2,482)
Net proceeds from issuance of mandatorily convertible preferred stock		278
Net proceeds from issuance of common stock		1,769
Cash dividends on common stock	(36)	(94)

Cash dividends on preferred stock	(141)	(140)
Proceeds from stock transactions under compensation plans		13
Net cash from financing activities	(8,133)	(5,890)
Decrease in cash and cash equivalents	(1,124)	(2,604)
Cash and cash equivalents at beginning of year	8,011	10,973
Cash and cash equivalents at end of period	$ 6,887	$ 8,369

See notes to consolidated financial statements.

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REGIONS FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Three and Nine Months Ended September 30, 2010 and 2009

NOTE 1 Basis of Presentation

Regions Financial Corporation (Regions or the Company) provides a full range of banking and bank-related services to individual and corporate customers through its subsidiaries and branch offices located primarily in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas and Virginia. The Company is subject to competition from other financial institutions, is subject to the regulations of certain government agencies and undergoes periodic examinations by those regulatory authorities.

The accounting and reporting policies of Regions and the methods of applying those policies that materially affect the consolidated financial statements conform with accounting principles generally accepted in the United States (GAAP) and with general financial services industry practices. The accompanying interim financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair presentation of the consolidated financial statements have been included. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in Regions Form 10-K for the year ended December 31, 2009.

Regions has evaluated all subsequent events for potential recognition and disclosure through the filing date of this Form 10-Q.

Certain amounts in prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications are immaterial and have no effect on net income, total assets or stockholders equity.

NOTE 2 Earnings (Loss) per Common Share

The following table sets forth the computation of basic earnings (loss) per common share and diluted earnings (loss) per common share:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
	(In millions, except per share amounts)			
Numerator:				
Net income (loss)	$ (155)	$ (377)	$ (628)	$ (488)
Preferred stock dividends and accretion	(54)	(60)	(171)	(167)
Net income (loss) available to common shareholders	$ (209)	$ (437)	$ (799)	$ (655)
Denominator:				
Weighted-average common shares outstanding basic and dilulted	1,257	1,189	1,217	921
Earnings (loss) per common share:				
Basic	$ (0.17)	$ (0.37)	$ (0.66)	$ (0.71)
Diluted	(0.17)	(0.37)	(0.66)	(0.71)

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Basic and diluted weighted-average common shares outstanding are the same due to the net losses for all periods presented.

As discussed in Note 3 to the consolidated financial statements, approximately 63 million common shares were issued in June of 2010 in connection with the conversion of the remaining Series B mandatorily convertible preferred shares, which were originally issued in May 2009. Under applicable accounting literature, such shares should be included in the denominator in arriving at diluted earnings per share as if they were issued at the beginning of the reporting period or as of the date issued, if later. Prior to conversion, these shares were not included in the computation above as such amounts would have had an antidilutive effect on earnings (loss) per common share.

NOTE 3 Stockholders Equity and Comprehensive Income (Loss)

On November 14, 2008, Regions completed the sale of 3.5 million shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A, par value $1.00 and liquidation preference $1,000.00 per share (and $3.5 billion liquidation preference in the aggregate) to the U.S. Treasury as part of the Capital Purchase Program (CPP). Regions will pay the U.S. Treasury on a quarterly basis a 5 percent dividend, or $175 million annually, for each of the first five years of the investment, and 9 percent thereafter unless Regions redeems the shares. Regions performed a discounted cash flow analysis to value the preferred stock at the date of issuance. For purposes of this analysis, Regions assumed that the preferred stock would most likely be redeemed five years from the valuation date based on optimal financial budgeting considerations. Regions used the Bloomberg USD US Bank BBB index to derive the market yield curve as of the valuation date to discount future expected cash flows to the valuation date. The discount rate used to value the preferred stock was 7.46 percent, based on this yield curve at a 5-year maturity. Dividends were assumed to be accrued until redemption. While the discounting was required based on a 5-year redemption, Regions did not have a 5-year security or similarly termed security available. As a result, it was necessary to use a benchmark yield curve to calculate the 5-year value. To determine the appropriate yield curve that was applicable to Regions, the yield to maturity on the outstanding debt instrument with the longest dated maturity (8.875% junior subordinated notes due June 2048) was compared to the longest point on the USD US Bank BBB index as of November 14, 2008. Regions concluded that the yield to maturity as of the valuation date of the debt, which was 11.03 percent, was consistent with the indicative yield of the curve noted above. The longest available point on this curve was 10.55 percent at 30 years.

As part of its purchase of the preferred securities, the U.S. Treasury also received a warrant to purchase 48.3 million shares of Regions common stock at an exercise price of $10.88 per share, subject to anti-dilution and other adjustments. The warrant expires ten years from the issuance date. Regions used the Cox-Ross-Rubinstein Binomial Option Pricing Model (CRR Model) to value the warrant at the date of issuance. The CRR Model is a standard option pricing model which incorporates optimal early exercise in order to receive the benefit of future dividend payments. Based on the transferability of the warrant, the CRR Model approach that was applied assumes that the warrant holder will not sub-optimally exercise its warrant. The following assumptions were used in the CRR Model:

Stock price (a)	$ 9.67
Exercise price (b)	$ 10.88
Expected volatility (c)	45.22%
Risk-free rate (d)	4.25%
Dividend yield (e)	3.88%
Warrant term (in years) (b)	10

(a) Closing stock price of Regions as of the valuation date (November 14, 2008).
(b) As outlined in the Warrant to Purchase Agreement, dated November 14, 2008.
(c) Expected volatility based on Regions historical volatility, as of November 14, 2008, over a look-back period of 10 years, commensurate with the terms of the warrant.

(d) The risk-free rate represents the yield on 10-year U.S. Treasury Strips as of November 14, 2008.
(e) The dividend yield assumption was calculated based on a weighting of 30% on management s dividend yield expectations for the next 3 years and a weighting of 70% on Regions average dividend yield over the 10 years prior to the valuation date.

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The fair value allocation of the $3.5 billion between the preferred shares and the warrant resulted in $3.304 billion allocated to the preferred shares and $196 million allocated to the warrant. Accrued dividends on the preferred shares reduced retained earnings by $131 million during the first nine months of both 2010 and 2009. The unamortized discount on the preferred shares was $130 million at September 30, 2010, $157 million at December 31, 2009 and $166 million at September 30, 2009. Discount accretion on the preferred shares reduced retained earnings by $27 million during the first nine months of both 2010 and 2009, respectively. Both the preferred securities and the warrant are accounted for as components of Regions regulatory Tier 1 Capital.

On May 20, 2009 the Company issued 287,500 shares of mandatorily convertible preferred stock, Series B (Series B shares), generating net proceeds of approximately $278 million. Accrued dividends on the Series B shares reduced retained earnings by $12 million and $9 million for the first nine months of 2010 and 2009, respectively. In November 2009, a single investor converted approximately 20,000 Series B shares to common shares as allowed under the original transaction documents. On June 18, 2010, as allowed by the terms of the Series B shares, Regions initiated an early conversion of all of the remaining outstanding Series B shares. Dividends accrued and unpaid at the conversion date were settled through issuance of common shares in accordance with the original document. No Series B shares were outstanding at September 30, 2010. Approximately 63 million common shares were issued in the conversion and dividend settlement.

On May 20, 2009, the Company announced a public equity offering and issued 460 million shares of common stock at $4 per share, generating proceeds of $1.8 billion, net of issuance costs.

In addition to the offerings mentioned above, in the second quarter of 2009, the Company also exchanged approximately 33 million common shares for $202 million of outstanding 6.625% trust preferred securities issued by Regions Financing Trust II (the Trust). The trust preferred securities were exchanged for junior subordinated notes issued by the Company to the Trust. The Company recognized a pre-tax gain of approximately $61 million on the extinguishment of the junior subordinated notes. The increase in shareholders equity related to the debt for common share exchange was approximately $135 million, net of issuance costs.

At September 30, 2010, Regions had 23.1 million common shares available for repurchase through open market transactions under an existing share repurchase authorization. There were no treasury stock purchases through open market transactions during the first nine months of 2010. The Company s ability to repurchase its common stock is limited by the terms of the CPP mentioned above.

The Board of Directors declared a $0.01 cash dividend for the third quarters of both 2010 and 2009. Regions does not expect to increase its quarterly dividend above $0.01 for the foreseeable future. Cash dividends declared for the first nine months of 2010 and 2009 were $0.03 and $0.12, respectively.

Comprehensive income (loss) is the total of net income (loss) and all other non-owner changes in equity. Items are recognized as components of comprehensive income (loss) and are displayed in the consolidated statements of changes in stockholders equity. In the calculation of comprehensive income (loss), certain reclassification adjustments are made to avoid double-counting items that are displayed as part of net income (loss) for a period that also had been displayed as part of other comprehensive income (loss) in that period or earlier periods.

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The following disclosure reflects the components of comprehensive income (loss) and any associated reclassification amounts:

	Three Months Ended September 30, 2010		
	Before Tax	Tax Effect (In millions)	Net of Tax
Net income (loss)	$ (305)	$ 150	$ (155)
Net unrealized holding gains and losses on securities available for sale arising during the period	(144)	56	(88)
Less: reclassification adjustments for net securities gains realized in net income (loss)	2		2
Net change in unrealized gains and losses on securities available for sale	(146)	56	(90)
Net unrealized holding gains and losses on derivatives arising during the period	34	(13)	21
Less: reclassification adjustments for net gains realized in net income (loss)	60	(23)	37
Net change in unrealized gains and losses on derivative instruments	(26)	10	(16)
Net actuarial gains and losses arising during the period	23	(8)	15
Less: amortization of actuarial loss and prior service credit realized in net income (loss)	11	(4)	7
Net change from defined benefit plans	12	(4)	8
Comprehensive income (loss)	$ (465)	$ 212	$ (253)

	Three Months Ended September 30, 2009		
	Before Tax	Tax Effect (In millions)	Net of Tax
Net income (loss)	$ (651)	$ 274	$ (377)
Net unrealized holding gains and losses on securities available for sale arising during the period	352	(131)	221
Less: non-credit portion of other-than-temporary impairments recognized in other comprehensive income (loss)			
Less: reclassification adjustments for net securities gains realized in net income (loss)	4	(2)	2
Net change in unrealized gains and losses on securities available for sale	348	(129)	219
Net unrealized holding gains and losses on derivatives arising during the period	37	(14)	23
Less: reclassification adjustments for net gains realized in net income (loss)	105	(40)	65
Net change in unrealized gains and losses on derivative instruments	(68)	26	(42)
Net actuarial gains and losses arising during the period	18	(9)	9
Less: amortization of actuarial loss and prior service credit realized in net income (loss)	11	(4)	7
Net change from defined benefit plans	7	(5)	2
Comprehensive income (loss)	$ (364)	$ 166	$ (198)

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	Nine Months Ended September 30, 2010		
	Before Tax	Tax Effect (In millions)	Net of Tax
Net income (loss)	$ (1,027)	$ 399	$ (628)
Net unrealized holding gains and losses on securities available for sale arising during the period	293	(109)	184
Less: reclassification adjustments for net securities gains realized in net income (loss)	61	(21)	40
Net change in unrealized gains and losses on securities available for sale	232	(88)	144
Net unrealized holding gains and losses on derivatives arising during the period	52	(20)	32
Less: reclassification adjustments for net gains realized in net income (loss)	186	(71)	115
Net change in unrealized gains and losses on derivative instruments	(134)	51	(83)
Net actuarial gains and losses arising during the period	62	(24)	38
Less: amortization of actuarial loss and prior service credit realized in net income (loss)	33	(12)	21
Net change from defined benefit plans	29	(12)	17
Comprehensive income (loss)	$ (900)	$ 350	$ (550)

	Nine Months Ended September 30, 2009		
	Before Tax	Tax Effect (In millions)	Net of Tax
Net income (loss)	$ (372)	$ (116)	$ (488)
Net unrealized holding gains and losses on securities available for sale arising during the period	783	(287)	496
Less: non-credit portion of other-than-temporary impairments recognized in other comprehensive income (loss)	191	(67)	124
Less: reclassification adjustments for net securities gains realized in net income (loss)	165	(58)	107
Net change in unrealized gains and losses on securities available for sale	427	(162)	265
Net unrealized holding gains and losses on derivatives arising during the period	110	(42)	68
Less: reclassification adjustments for net gains realized in net income (loss)	303	(115)	188
Net change in unrealized gains and losses on derivative instruments	(193)	73	(120)
Net actuarial gains and losses arising during the period	66	(25)	41
Less: amortization of actuarial loss and prior service credit realized in net income (loss)	33	(12)	21
Net change from defined benefit plans	33	(13)	20
Comprehensive income (loss)	$ (105)	$ (218)	$ (323)

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NOTE 4 Pension and Other Postretirement Benefits

Net periodic pension and other postretirement benefits cost included the following components:

	For The Three Months Ended September 30			
	Pension		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Service cost	$ 8	$	$	$
Interest cost	23	22		
Expected return on plan assets	(28)	(22)		
Amortization of actuarial loss	12	11		
Settlement charge		1		
	$ 15	$ 12	$	$

	For The Nine Months Ended September 30			
	Pension		Other Postretirement Benefits	
	2010	2009	2010	2009
	(In millions)			
Service cost	$ 27	$ 2	$	$
Interest cost	69	65	2	1
Expected return on plan assets	(78)	(66)		
Amortization of prior service cost (credit)	1	1	(1)	(1)
Amortization of actuarial loss	33	33		
Settlement charge		1		
	$ 52	$ 36	$ 1	$

During 2009, participant accruals of service in the Regions Financial Corporation Retirement Plan (the pension plan) and the Company s current active non-qualified supplemental retirement plan (the SERP) were temporarily suspended resulting in a reduction in service cost. Effective January 1, 2010, the benefit accruals were reinstated for pension plan and SERP participants.

Matching contributions in the 401(k) plan were temporarily suspended beginning in the second quarter of 2009. Effective January 1, 2010, Regions restored matching contributions to the 401(k) plan to pre-existing levels.

NOTE 5 Share-Based Payments

Regions has long-term incentive compensation plans that permit the granting of incentive awards in the form of stock options, restricted stock awards and units, and/or stock appreciation rights. The terms of all awards issued under these plans are determined by the Compensation Committee of the Board of Directors; however, no awards may be granted after the tenth anniversary from the date the plans were initially approved by shareholders. Options and restricted stock usually vest based on employee service, generally within three years from the date of the grant. The contractual lives of options granted under these plans range from seven to ten years from the date of grant.

On May 13, 2010, the shareholders of the Company approved the Regions Financial Corporation 2010 Long-Term Incentive Plan (2010 LTIP), which permits the Company to grant to employees and directors various forms of incentive compensation. These forms of incentive compensation are similar to the types of compensation approved in prior plans. The 2010 LTIP authorizes 100 million common share equivalents available for grant, where grants of options count as one share equivalent and grants of full value awards (e.g., shares of restricted stock and restricted stock units) count as 2.25 share equivalents. Unless otherwise determined

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by the Compensation Committee of the Board of Directors, grants of restricted stock and restricted stock units accrue dividends as they are declared by the Board of Directors, and the dividends are paid upon vesting of the award. The 2010 LTIP closed all prior long-term incentive plans to new grants, and accordingly, prospective grants must be made under the 2010 LTIP or a successor plan. All existing grants under prior long-term incentive plans were unaffected by this amendment. The number of remaining share equivalents available for future issuance under the active long-term compensation plan was approximately 91 million at September 30, 2010.

In the second quarter of 2010, Regions made stock option grants that vest based upon a service condition. The fair value of these stock options was estimated on the date of the grant using a Black-Scholes option pricing model and related assumptions. The stock options vest ratably over a 3-year term. During the first quarter of 2009, Regions made stock option grants from prior long-term incentive plans that vest based upon a service condition and a market condition in addition to awards that were similar to prior grants. The fair value of these stock options was estimated on the date of the grant using a Monte-Carlo simulation method. The simulation generates a defined number of stock price paths in order to develop a reasonable estimate of the range of future expected stock prices and minimize standard error.

The following table summarizes the weighted-average assumptions used and the estimated fair values related to stock options granted during the nine months ended September 30:

	September 30	
	2010	**2009**
Expected option life	5.8 yrs.	6.8 yrs.
Expected volatility	74.04%	67.15%
Expected dividend yield	2.22%	1.85%
Risk-free interest rate	2.24%	2.80%
Fair value	$ 3.86	$ 1.78

The second quarter 2010 awards of stock options were granted to a broader pool of employees than the 2009 awards. The expected exercise behavior of the broader base of employees receiving awards resulted in a lower expected option life when comparing 2010 to 2009. The expected volatility increased based upon increases in the historical volatility of Regions stock price, offset slightly by reductions in the implied volatility measurements from traded options on the Company s stock. The expected dividend yield increased based upon the Company s expectation of increased dividends over the long term.

The following table details the activity during the first nine months of 2010 and 2009 related to stock options:

	For the Nine Months Ended September 30			
	2010		**2009**	
	Number of Options	**Wtd. Avg. Exercise Price**	**Number of Options**	**Wtd. Avg. Exercise Price**
Outstanding at beginning of period	52,968,560	$ 26.34	52,955,298	$ 28.22
Granted	7,173,667	7.00	4,063,209	3.29
Exercised	(137,736)	3.29		
Forfeited or cancelled	(3,610,699)	20.07	(2,335,717)	30.38
Outstanding at end of period	56,393,792	$ 24.34	54,682,790	$ 26.29
Exercisable at end of period	45,537,603	$ 27.85	43,875,821	$ 28.76

In the second quarter of 2010, Regions granted 800 thousand restricted shares that vest based upon a service condition. Dividend payments during the vesting period are deferred to the end of the vesting term. The fair value of these restricted shares was estimated based upon the fair value of the underlying shares on the date of the grant. The valuation was not adjusted for the deferral of dividends.

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In the first quarter of 2009, Regions granted 2.9 million restricted shares from prior long-term incentive plans that vest based upon a service condition and a market condition in addition to awards that were similar to prior grants. The fair value of these restricted shares was estimated on the date of the grant using a Monte-Carlo simulation method. The assumptions related to this grant included expected volatility of 84.81 percent, expected dividend yield of 1.00 percent, and an expected term of 4.0 years based on the vesting term of the market condition. The risk-free rate is consistent with the assumption used to value stock options. For all other grants that vest solely upon a service condition, the fair value of the awards is estimated based upon the fair value of the underlying shares on the date of the grant.

The following table details the activity during the first nine months of 2010 and 2009 related to restricted share awards and units:

	For the Nine Months Ended September 30			
	2010		2009	
	Number of Shares	Wtd. Avg. Grant Date Fair Value	Number of Shares	Wtd. Avg. Grant Date Fair Value
Non-vested at beginning of period	5,964,594	$ 17.15	4,123,911	$ 27.67
Granted	1,151,968	6.96	3,100,415	2.87
Vested	(873,383)	34.35	(787,349)	16.02
Forfeited	(1,049,924)	16.57	(281,524)	21.69
Non-vested at end of period	5,193,255	$ 12.39	6,155,453	$ 16.94

NOTE 6 Securities

The amortized cost, gross unrealized gains and losses, and estimated fair value of securities available for sale and securities held to maturity are as follows:

September 30, 2010	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In millions)		
Securities available for sale:				
U.S. Treasury securities	$ 85	$ 7	$	$ 92
Federal agency securities	40	1		41
Obligations of states and political subdivisions	32	6		38
Mortgage-backed securities:				
Residential agency	21,586	642	(4)	22,224
Residential non-agency	20	3		23
Commercial agency	56	3		59
Other debt securities	29		(3)	26
Equity securities	1,044	8		1,052
	$ 22,892	$ 670	$ (7)	$ 23,555
Securities held to maturity:				
U.S. Treasury securities	$ 6	$ 1	$	$ 7
Federal agency securities	5			5
Mortgage-backed securities:				
Residential agency	13	1		14
Other debt securities	2			2

	$	26	$	2	$		$	28

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December 31, 2009	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)			
Securities available for sale:				
U.S. Treasury securities	$ 46	$ 4	$	$ 50
Federal agency securities	44	1		45
Obligations of states and political subdivisions	70			70
Mortgage-backed securities:				
Residential agency	22,271	474	(61)	22,684
Residential non-agency	33	3		36
Commercial agency	20	1		21
Other debt securities	22		(3)	19
Equity securities	1,132	12		1,144
	$ 23,638	$ 495	$ (64)	$ 24,069
Securities held to maturity:				
U.S. Treasury securities	$ 7	$	$	$ 7
Federal agency securities	6			6
Mortgage-backed securities:				
Residential agency	16			16
Other debt securities	2			2
	$ 31	$	$	$ 31

The Company reviews its securities portfolio on a regular basis to determine if there are any conditions indicating that a security has other-than-temporary impairment. Factors considered in this determination include the length of time and the extent to which the market value has been below cost, the credit standing of the issuer, Regions intent to sell and whether it is more likely than not that the Company will have to sell the security before its market value recovers. For debt securities, activity related to the credit loss component of other-than-temporary impairment is recognized in earnings, and the portion of other-than-temporary impairment related to all other factors is recognized in other comprehensive income (loss). For the three and nine months ended September 30, 2010, Regions recorded a credit related impairment charge related to debt securities of approximately $0 and $1 million, respectively. For the three and nine months ended September 30, 2009, Regions recorded a credit related impairment charge related to debt securities of approximately $3 million and $63 million, respectively. There were no non-credit related impairment charges related to debt securities recorded during the three and nine months ended September 30, 2010. For the three and nine months ended September 30, 2009, $0 and $191 million non-credit portion of other-than-temporary impairment charges related to debt securities were recorded in other comprehensive income (loss).

In addition to the other-than-temporary impairment charge recognized during the nine months ended September 30, 2010 related to debt securities, the Company recognized a write-down of approximately $1 million during both the three and nine months ended September 30, 2010 and $0 and $12 million for the three and nine months ended September 30, 2009, representing other-than-temporary-impairments of equity securities classified as available for sale. The Company recognizes impairment of available for sale equity securities when the current market value is below the highest traded price within the past six months. The cost basis of the securities is adjusted to current fair value with the entire offset recorded in the statement of operations.

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The following tables present unrealized loss and estimated fair value of securities available for sale at September 30, 2010 and December 31, 2009. These securities are segregated between investments that have been in a continuous unrealized loss position for less than twelve months and twelve months or more.

September 30, 2010	Less Than Twelve Months Estimated Fair Value	Less Than Twelve Months Gross Unrealized Losses	Twelve Months or More Estimated Fair Value	Twelve Months or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
	(In millions)					
Mortgage-backed securities:						
Residential agency	$ 1,272	$ (4)	$	$	$ 1,272	$ (4)
Other debt securities			6	(3)	6	(3)
	$ 1,272	$ (4)	$ 6	$ (3)	$ 1,278	$ (7)

December 31, 2009	Less Than Twelve Months Estimated Fair Value	Less Than Twelve Months Gross Unrealized Losses	Twelve Months or More Estimated Fair Value	Twelve Months or More Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
	(In millions)					
Mortgage-backed securities:						
Residential agency	$ 6,686	$ (61)	$	$	$ 6,686	$ (61)
Other debt securities			8	(3)	8	(3)
	$ 6,686	$ (61)	$ 8	$ (3)	$ 6,694	$ (64)

For securities included in the tables above, management does not believe that any of the 83 securities and 151 securities at September 30, 2010 and December 31, 2009, respectively, in an individual loss position represented an other-than-temporary impairment as of those dates.

The gross unrealized loss on debt securities held to maturity was less than $1 million at September 30, 2010 and December 31, 2009.

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The cost and estimated fair value of securities available for sale and securities held to maturity at September 30, 2010, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
	(In millions)	
Securities available for sale:		
Due in one year or less	$ 41	$ 41
Due after one year through five years	89	96
Due after five years through ten years	14	14
Due after ten years	42	46
Mortgage-backed securities:		
Residential agency	21,586	22,224
Residential non-agency	20	23
Commercial agency	56	59
Equity securities	1,044	1,052
	$ 22,892	$ 23,555
Securities held to maturity:		
Due in one year or less	$ 4	$ 4
Due after one year through five years	6	7
Due after five years through ten years	3	3
Due after ten years		
Mortgage-backed securities:		
Residential agency	13	14
	$ 26	$ 28

Proceeds from sales of securities available for sale in the three and nine months of 2010 were $150 million and $1.6 billion, respectively. Gross realized gains and losses were $2 million and $0 million for the three months ended September 30, 2010, and $84 million and $23 million, respectively, for the nine months ended September 30, 2010. Proceeds from sales of securities available for sale in the three and nine months of 2009 were $1.3 billion and $3.7 billion, respectively. Gross realized gains and losses were $8 million and $4 million, respectively, for the three months ended September 30, 2009, and $169 million and $4 million, respectively, for the nine months ended September 30, 2009.

Equity securities included $477 million and $437 million, respectively, of amortized cost related to Federal Reserve Bank stock and Federal Home Loan Bank (FHLB) stock as of September 30, 2010 and $492 million and $533 million, respectively, of amortized cost related to Federal Reserve Bank stock and FHLB stock as of December 31, 2009. The estimated fair value of both Federal Reserve Bank and FHLB stock approximates their carrying amounts.

Securities with carrying values of $14.4 billion and $12.4 billion at September 30, 2010 and December 31, 2009, respectively, were pledged to secure public funds, trust deposits and certain borrowing arrangements.

Trading account net gains totaled $18 million and $27 million for the three and nine months ended September 30, 2010, respectively, (including $6 million and $10 million of net unrealized gains for the three months and nine months ended September 30, 2010, respectively). Trading account net gains totaled $27 million and $50 million for the three and nine months ended September 30, 2009, respectively, (including $24 million and $12 million of net unrealized gains for the three months and nine months ended September 30, 2009, respectively). The unrealized gains primarily represent market valuation changes in securities related to deferred compensation plans, and are offset by increases in salaries and employee benefits expense.

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NOTE 7 Business Segment Information

Regions segment information is presented based on Regions key segments of business. Each segment is a strategic business unit that serves specific needs of Regions customers. The Company s primary segment is Banking/Treasury, which represents the Company s branch network, including consumer and commercial banking functions, and has separate management that is responsible for the operation of that business unit. This segment also includes the Company s Treasury function, including the Company s securities portfolio and other wholesale funding activities.

In addition to Banking/Treasury, Regions has designated as distinct reportable segments the activity of its Investment Banking/Brokerage/Trust and Insurance divisions. Investment Banking/Brokerage/Trust includes trust activities and all brokerage and investment activities associated with Morgan Keegan. Insurance includes all business associated with commercial insurance and credit life products sold to consumer customers.

During the third quarter of 2010, minor reclassifications were made from the Banking/Treasury segment to the Insurance segment to more appropriately present management s current view of the segments. The 2009 amounts presented below have been adjusted to conform to the 2010 presentation.

The following tables present financial information for each reportable segment for the period indicated.

	Banking/ Treasury	Investment Banking/ Brokerage/ Trust