

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

COMPASS BANCSHARES INC

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2006**

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

For the transition period from _____ to _____

Commission File No. **1-31272**



Compass Bancshares, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation)

63-0593897

(I.R.S. Employer Identification No.)

**15 South 20th Street
Birmingham, Alabama 35233**

(Address of principal executive offices)

(205) 297-3000

(Registrant's telephone number)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class

Outstanding at April 30, 2006

Common Stock, \$2 Par Value

129,129,199

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION**Item 1 - Financial Statements****COMPASS BANCSHARES, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(In Thousands)

(Unaudited)

	March 31, 2006	December 31, 2005
Assets		
Cash and due from banks	\$ 765,709	\$ 805,556
Federal funds sold and securities purchased under agreements to resell	99,175	46,393
Trading account assets	85,165	76,559
Investment securities available for sale	4,321,876	4,704,375
Investment securities held to maturity (fair value of \$2,165,483 and \$2,212,273 for 2006 and 2005, respectively)	2,224,138	2,245,942
Loans	23,308,114	21,372,215
Allowance for loan losses	(282,457)	(267,173)
Net loans	23,025,657	21,105,042
Premises and equipment, net	588,455	547,195
Bank owned life insurance	459,833	441,226
Goodwill	677,460	316,197
Other assets	534,711	509,747
Total assets	\$ 32,782,179	\$ 30,798,232
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	\$ 6,765,908	\$ 6,097,881
Interest bearing	15,362,601	14,286,234
Total deposits	22,128,509	20,384,115
Federal funds purchased and securities sold under agreements to repurchase	3,448,011	3,102,572
Other short-term borrowings	267,209	652,750
FHLB and other borrowings	4,010,753	4,111,462
Accrued expenses and other liabilities	369,757	311,304
Total liabilities	30,224,239	28,562,203
Shareholders' equity:		
Preferred stock (25,000,000 shares authorized; issued - none)	-	-
Common stock of \$2 par value:		
Authorized - 300,000,000 shares		
Issued - 134,429,511 shares in 2006 and 133,950,243 shares in 2005	268,859	267,900
Treasury stock, at cost (5,369,668 shares in 2006 and 10,411,684 shares in 2005)	(194,601)	(377,327)
Surplus	378,175	300,375
Retained earnings	2,180,130	2,121,310
Accumulated other comprehensive loss	(72,569)	(63,156)
Loans to finance stock purchases	(2,054)	(1,262)
Unearned restricted stock	-	(11,811)
Total shareholders' equity	2,557,940	2,236,029
Total liabilities and shareholders' equity	\$ 32,782,179	\$ 30,798,232

See accompanying Notes to Consolidated Financial Statements (Unaudited)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income
(In Thousands Except Per Share Data)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Interest income:		
Interest and fees on loans	\$372,380	\$269,283
Interest on investment securities available for sale	51,165	46,161
Interest on investment securities held to maturity	25,881	32,123
Interest on federal funds sold and securities purchased under agreements to resell	529	213
Interest on trading account assets	243	172
Total interest income	450,198	347,952
Interest expense:		
Interest on deposits	99,301	49,462
Interest on federal funds purchased and securities sold under agreements to repurchase	37,277	26,192
Interest on other short-term borrowings	4,501	532
Interest on FHLB and other borrowings	48,858	40,193
Total interest expense	189,937	116,379
Net interest income	260,261	231,573
Provision for loan losses	17,112	20,273
Net interest income after provision for loan losses	243,149	211,300
Noninterest income:		
Service charges on deposit accounts	72,168	62,649
Card and merchant processing fees	25,707	21,330
Insurance commissions	17,604	15,724
Retail investment sales	9,420	8,781
Asset management fees	7,748	7,061
Corporate and correspondent investment sales	5,229	4,120
Bank owned life insurance	4,903	4,240
Gain on prepayment of FHLB advances	14,893	-
Investment securities losses, net	(14,838)	-
Gain on sale of business	-	4,791
Trading losses and settlements on economic hedge swaps	-	(4,596)
Other	22,510	25,865
Total noninterest income	165,344	149,965
Noninterest expense:		
Salaries, benefits and commissions	136,010	121,344
Equipment	21,547	20,059
Net occupancy	17,217	16,652
Professional services	14,904	14,080
Marketing	12,264	11,885
Communications	5,622	5,476
Amortization of intangibles	1,490	1,527
Merger and integration	2,626	234
Other	32,690	30,615
Total noninterest expense	244,370	221,872
Net income before income tax expense	164,123	139,393
Income tax expense	56,214	46,409
Net income	\$107,909	\$92,984
Basic earnings per share	\$0.87	\$0.75

Basic weighted average shares outstanding	123,839	123,286
Diluted earnings per share	\$0.85	\$0.74
Diluted weighted average shares outstanding	126,793	126,388
Dividends declared per share	\$0.39	\$0.35

See accompanying Notes to Consolidated Financial Statements (Unaudited)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes In Shareholders' Equity

For the Three Months Ended March 31, 2006 and 2005

(In Thousands)

(Unaudited)

	Common Stock	Treasury Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Other	Total Shareholders' Equity	Comprehensive Income
Balance, December 31, 2004	\$265,806	\$(333,351)	\$264,400	\$1,894,546	\$ (23,376)	\$(11,680)	\$ 2,056,345	
Net income	-	-	-	92,984	-	-	92,984	\$ 92,984
Net change in unrealized losses on securities available for sale, net of tax	-	-	-	-	(36,824)	-	(36,824)	(36,824)
Net change in accumulated losses on cash- flow hedging instruments, net of tax	-	-	-	-	(268)	-	(268)	(268)
Comprehensive income								<u>\$ 55,892</u>
Common dividends declared (\$0.35 per share)	-	-	-	(43,338)	-	-	(43,338)	
Exercise of stock options and other issuances	528	-	4,657	(898)	-	-	4,287	
Cancellations of restricted stock, net of issuances	1	-	(215)	-	-	214	-	
Repayments on loans to finance stock purchases, net of advances	-	-	-	-	-	2	2	
Issuance of treasury stock for acquisitions and stock options	-	11,842	3,407	-	-	-	15,249	
Amortization of restricted stock	-	-	-	-	-	957	957	
Purchase of treasury stock	-	(1,531)	-	-	-	-	(1,531)	
Balance, March 31, 2005	<u>\$266,335</u>	<u>\$(323,040)</u>	<u>\$272,249</u>	<u>\$1,943,294</u>	<u>\$ (60,468)</u>	<u>\$(10,507)</u>	<u>\$ 2,087,863</u>	
Balance, December 31, 2005	\$267,900	\$(377,327)	\$300,375	\$2,121,310	\$ (63,156)	\$(13,073)	\$ 2,236,029	
Adoption of SFAS No. 123R	-	-	(11,811)	-	-	11,811	-	
Net income	-	-	-	107,909	-	-	107,909	\$ 107,909
Net change in unrealized losses on securities available for sale, net of tax	-	-	-	-	(8,528)	-	(8,528)	(8,528)
Net change in accumulated losses on cash- flow hedging instruments, net of tax	-	-	-	-	(885)	-	(885)	(885)
Comprehensive income								<u>\$ 98,496</u>
Common dividends declared (\$0.39 per share)	-	-	-	(48,142)	-	-	(48,142)	
Exercise of stock options and other issuances	938	-	11,214	(947)	-	-	11,205	
Issuances of restricted stock, net of cancellations	21	-	(21)	-	-	-	-	
Advances on loans to finance stock purchases, net of repayments	-	-	-	-	-	(792)	(792)	
Issuance of treasury stock for acquisitions and stock options	-	184,028	77,240	-	-	-	261,268	
Amortization of restricted stock and stock option grants	-	-	1,178	-	-	-	1,178	
Purchase of treasury stock	-	(1,302)	-	-	-	-	(1,302)	
Balance, March 31, 2006	<u>\$268,859</u>	<u>\$(194,601)</u>	<u>\$378,175</u>	<u>\$2,180,130</u>	<u>\$ (72,569)</u>	<u>\$(2,054)</u>	<u>\$ 2,557,940</u>	

See accompanying Notes to Consolidated Financial Statements (Unaudited)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In Thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2006	2005
Operating Activities:		
Net income	\$107,909	\$92,984
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	24,460	24,731
Stock-based compensation	1,178	957
Accretion of discount and loan fees	(2,798)	(3,040)
Provision for loan losses	17,112	20,273
Net change in trading account assets	(8,282)	788
Investment securities losses, net	14,838	–
Gain on prepayment of FHLB advances	(14,893)	–
Net gain on sale of business	–	(4,791)
Increase in other assets	(1,349)	(1,803)
Increase in accrued expenses and other liabilities	41,581	26,109
Net cash provided by operating activities	179,756	156,208
Investing Activities:		
Proceeds from prepayments, maturities and calls of investment securities held to maturity	88,122	130,281
Purchases of investment securities held to maturity	(2,555)	–
Proceeds from sales of investment securities available for sale	733,979	21,742
Proceeds from prepayments, maturities and calls of investment securities available for sale	259,440	158,364
Purchases of investment securities available for sale	(563,853)	(399,041)
Net (increase) decrease in federal funds sold and securities purchased under agreements to resell	(27,894)	17,107
Net increase in loan portfolio	(554,112)	(334,168)
Net cash paid in acquisitions	(190,071)	(202)
Net cash received in sale of business	–	4,726
Purchases of premises and equipment, net	(18,774)	(15,141)
Proceeds from sales of other real estate owned	2,675	4,038
Net cash used by investing activities	(273,043)	(412,294)

See accompanying Notes to Consolidated Financial Statements (Unaudited)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows – Continued
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Financing Activities:		
Net increase in demand deposits, NOW accounts and savings accounts	810,454	193,556
Net (decrease) increase in time deposits	(541,027)	407,705
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	324,561	(270,638)
Net decrease in other short-term borrowings	(388,229)	(50,623)
Proceeds from FHLB advances and other borrowings	546,441	297,198
Repayment of FHLB advances and other borrowings	(660,377)	(115)
Common dividends paid	(48,689)	(78,965)
Purchase of treasury stock	(1,409)	(1,531)
Issuance of treasury stock for stock options	1,302	1,540
Repayment of loans to finance stock purchases	148	206
Proceeds from exercise of stock options	10,265	4,083
Net cash provided by financing activities	<u>53,440</u>	<u>502,416</u>
Net (decrease) increase in cash and due from banks	(39,847)	246,330
Cash and due from banks at beginning of period	805,556	585,679
Cash and due from banks at end of period	<u>\$765,709</u>	<u>\$832,009</u>
Schedule of noncash investing and financing activities:		
Transfers of loans to other real estate owned	\$2,735	\$1,899
Loans to facilitate the sale of other real estate owned	375	150
Loans to finance stock purchases	940	204
Change in unrealized loss on available for sale investment securities	(13,385)	(58,019)
Issuance of restricted stock, net of cancellations	–	(214)
Treasury stock exchanged for acquisition earnouts	6,081	5,840
Allowance transferred to other liabilities	–	12,189
Business combinations and divestitures:		
Common stock issued	253,992	7,869
Assets acquired	2,012,632	8,092
Liabilities assumed	1,568,569	21
Assets sold	–	13
Liabilities sold	–	78

See accompanying Notes to Consolidated Financial Statements (Unaudited)

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 – General

The term “Company” is used throughout this report to refer to Compass Bancshares, Inc. and its subsidiaries. The term “Parent Company” is used to refer to Compass Bancshares, Inc. wherever a distinction between Compass Bancshares, Inc. and its subsidiaries aids in the understanding of this report.

The Company has two bank subsidiaries. The Company’s principal bank subsidiary is Compass Bank, an Alabama banking corporation headquartered in Birmingham, Alabama. The Company’s other bank subsidiary is Central Bank of the South, an Alabama banking corporation headquartered in Anniston, Alabama. Central Bank of the South has limited activities. The bank subsidiaries of the Company are referred to collectively as the “Subsidiary Banks”. All significant intercompany accounts have been eliminated in consolidation.

The consolidated financial statements of the Company in this report have not been audited. In the opinion of management, all adjustments necessary for a fair statement of the financial position and the results of operations for the interim periods have been made. All such adjustments are of a normal recurring nature. The results of operations are not necessarily indicative of the results of operations for the full year or any other interim periods. For further information, refer to the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the Securities and Exchange Commission (“SEC”).

Certain reclassifications of prior years’ amounts have been made to conform to the current year presentation. Such reclassifications had no effect on net income, total assets, total liabilities, or shareholders’ equity.

Critical Accounting Policies

The accounting principles followed by the Company and the methods of applying these principles conform with generally accepted accounting principles in the United States and with general practices within the financial services industry. The Company’s critical accounting policies relate to (1) the allowance for loan losses, (2) the assessment of hedge effectiveness of derivatives and other hedging instruments, (3) the transfer of financial assets and the determination of when special purpose vehicles should be included in the Consolidated Balance Sheets and Consolidated Statements of Income, (4) income taxes and (5) goodwill calculation and impairment. These critical accounting policies require the use of estimates, assumptions and judgments, which are based on information available as of the date of the financial statements. Accordingly, as this information changes, the financial statements could reflect the use of different estimates, assumptions and judgments. Certain determinations inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported.

Allowance for Loan Losses: Management’s evaluation process to determine the adequacy of the allowance for loan losses combines four primary factors, which involve the use of estimates, assumptions and judgment: historical loss experience derived from analytical models, current trends, economic conditions and reasonably foreseeable events. Since current economic conditions can change and future events are inherently difficult to predict, the anticipated amount of estimated loan losses, and therefore the adequacy of the allowance, could change and these estimates may not reflect actual losses. Management believes the allowance for loan losses is adequate and properly recorded in the financial statements.

Derivative Instruments: In various segments of its business, the Company uses derivative financial instruments to reduce exposure to changes in interest rates and market prices for financial instruments. The application of hedge accounting requires judgment in the assessment of hedge effectiveness, identification of similar hedged item groupings and measurement of changes in the fair value of hedged items. The Company believes that its methods for addressing these judgmental areas are in accordance with generally accepted accounting principles in the United States and are in line with industry practices in assessing hedge effectiveness. However, if in the future the derivative financial instruments used by the Company no longer qualify for hedge accounting treatment and, consequently, the change in fair value of hedged items could not be recognized, the impact on the consolidated results of operations and reported earnings could be significant. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements. All of the derivative financial instruments used by the Company have active markets and indications of fair value can be readily obtained. Further discussion regarding the Company’s use of derivatives is included in Note 9, Derivatives, Hedging and Off-Balance Sheet Activities.

Consolidation: The Company utilizes certain financing arrangements to meet its balance sheet management, funding, liquidity and market or credit risk management needs. The majority of these activities are basic term or revolving securitization vehicles. Because these financing arrangements are made with separate legal entities, which qualify for special accounting treatment, they are not consolidated in the Company’s Consolidated Balance Sheets. The Company

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

evaluates whether these entities should be consolidated by applying various generally accepted accounting principles and interpretations. In determining whether the financing entity should be consolidated, the Company considers whether the entity is a Qualifying Special Purpose Entity ("QSPE") as defined in the Statement of Financial Accounting Standards ("SFAS") No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. For nonconsolidation, SFAS No. 140 requires the financing entity to be legally isolated, bankruptcy remote and beyond the control of the seller. Management believes these financing entities which qualify as QSPE's fulfill the nonconsolidation requirements specified in SFAS No. 140.

Income Taxes: The calculation of the Company's income tax provision is complex and requires the use of estimates and judgments in its determination. As part of the Company's evaluation and implementation of business strategies, consideration is given to the regulations and tax laws that apply to the specific facts and circumstances for any transaction under evaluation. This analysis includes the amount and timing of the realization of income tax liabilities or benefits. Management closely monitors tax developments on both the state and federal level in order to evaluate the effect they may have on the Company's overall tax position. Management believes the income tax provision is adequate and properly recorded in the financial statements.

Goodwill Calculation and Impairment: Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. The Company tests goodwill on an annual basis or more frequently if events or circumstances indicate that there may have been impairment. The goodwill impairment test estimates the fair value of each reporting unit through the use of a discounted cash flows model and compares this fair value to the reporting unit's carrying value. The goodwill impairment test requires management to make judgments in determining the assumptions used in the calculations. Management believes goodwill is not impaired and is properly recorded in the financial statements.

Stock-Based Compensation

The Company historically accounted for its long-term incentive compensation plans in accordance with the requirements specified in SFAS 123, *Accounting for Stock-Based Compensation*. As permitted under SFAS 123, the Company elected to apply Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, intrinsic value method in accounting for share-based compensation plans. Accordingly, prior to January 1, 2006, no employee compensation cost related to share-based awards was recognized in net income of the Company for these plans. However, on January 1, 2006, the Company prospectively adopted the provisions of SFAS 123R, *Share-Based Payments*, which requires all share-based awards to employees be recognized in the income statement based on their fair values. As a result, beginning on January 1, 2006, the expense associated with these share-based awards is included in the Company's Consolidated Statements of Income. For the first quarter of 2006, the adoption of SFAS 123R resulted in the recognition of approximately \$607,000 of compensation expense related to stock options.

The following table discloses, for the three months ended March 31, 2005, the amount of share-based award expense the Company would have recognized had it adopted SFAS 123R retroactively (in thousands, except per share data, restated):

	Three Months Ended March 31, <u>2005</u>
Net income:	
As reported	\$ 92,984
Deduct: Total share-based employee compensation expense determined under fair value based method for all awards, net of tax	1,918
Pro forma net income	<u>\$ 91,066</u>
Basic earnings per share:	
As reported	\$ 0.75
Pro forma	0.74
Diluted earnings per share:	
As reported	\$ 0.74
Pro forma	0.72

The fair value of each share-based award is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for awards granted in 2005: dividend yield of 3.75

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

percent; expected volatility of 0.272; risk-free interest rate of 3.65 percent and an expected life of 5 years. The Company's share-based awards granted in 2005 originally vested either entirely at the end of the third year after grant or 50 percent at the end of the first year and 25 percent at the end of each of the next two years. However, in the fourth quarter of 2005, the Company accelerated the vesting provisions of the outstanding stock options of the Company, excluding options issued to senior management and certain options issued in connection with initial employment. The compensation expense related to the non-accelerated options will be recognized as compensation expense over the remaining vesting period. Options expire ten years after the date of grant.

For further discussion of share-based awards see Note 13, Stock-Based Compensation.

Website Availability of Reports Filed with the SEC

The Company maintains an Internet website located at www.compassbank.com on which, among other things, the Company makes available, free of charge, various reports that it files with, or furnishes to, the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports. These reports are made available as soon as reasonably practicable after these reports are filed with, or furnished to, the SEC.

NOTE 2 – Business Combinations and Divestitures

TexasBank Acquisition

On March 24, 2006, the Company completed the acquisition of TexasBanc Holding Co., the parent company of TexasBank. TexasBank, a Fort Worth-based bank with approximately \$1.7 billion in assets, was the largest independent commercial bank headquartered in Fort Worth with 22 banking centers. The TexasBank acquisition further enhances the Company's geographic position and expands the Company's operations within its existing Texas footprint.

TexasBank's results of operations were included in the Company's consolidated financial results beginning March 25, 2006. Total consideration for the transaction was \$486 million, consisting of 4.9 million shares of the Company's common stock and \$232 million in cash. The value of the common stock exchanged was determined based on the average market price of the Company's common stock over a 10-day period ended March 23, 2006.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed. The following table summarizes the amounts assigned to each major asset and liability caption at the acquisition date (in thousands). The final allocation of the purchase price will be adjusted as the integration process continues and additional information becomes available.

Assets:	
Cash and cash equivalents	\$41,918
Federal funds sold and securities purchased under agreements to resell	24,888
Investment securities available for sale	77,526
Investment securities held to maturity	63,397
Net loans	1,387,248
Premises and equipment, net	38,002
Intangible assets	385,071
Other assets	36,500
Total assets	<u>\$2,054,550</u>
Liabilities:	
Deposits	\$1,475,862
Fed funds purchased and securities sold under agreements to repurchase	20,878
Other short-term borrowings	2,688
FHLB and other borrowings	51,722
Other liabilities	17,419
Total liabilities	<u>1,568,569</u>
Net assets acquired	<u>\$485,981</u>

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The following unaudited pro forma condensed statements of income assume that the Company and TexasBank were combined at the beginning of the earliest period presented.

	Three Months Ended March 31,	
	2006	2005
Interest income	\$477,622	\$369,747
Interest expense	198,362	120,784
Net interest income	279,260	248,963
Provision for loan losses	17,628	21,012
Net interest income after provision for loan losses	261,632	227,951
Noninterest income	170,384	155,697
Noninterest expense	283,784	236,419
Net income before taxes	148,232	147,229
Income tax	51,846	49,154
Net income	<u>\$96,386</u>	<u>\$98,075</u>
Basic EPS	<u>\$0.75</u>	<u>\$0.76</u>
Diluted EPS	<u>\$0.73</u>	<u>\$0.75</u>

Other Business Combinations

On January 7, 2005, the Company completed the acquisition of Stavis, Margolis Advisory Services, Inc. (“SMA”), a Houston, Texas based investment advisory firm with approximately \$500 million in assets under management. SMA specializes in providing independent financial planning advisory services including investment, estate, retirement and business succession planning for high net worth individuals, corporate executives, business owners and professionals.

On January 5, 2005, the Company completed the acquisition of Warren Benefits Group, LP (“Warren Benefits”), a Houston, Texas based insurance brokerage firm, which specializes in providing broad-based group health and welfare plans as well as health and life insurance products.

Several of the acquisition agreements include contingent consideration provisions. These provisions are generally based upon future revenue or earnings goals for a period of typically three years. At March 31, 2006, the maximum potential amount of future undiscounted payments the Company could be required to make under outstanding contingent payment provisions is approximately \$10 million, primarily in the form of the Company’s common stock.

Divestitures

During the first quarter of 2005, the Company completed the sale of a non-core business unit that specialized in the brokerage of oil and gas properties. A gain of \$4.8 million was recognized on the sale and is included in noninterest income in the Consolidated Statements of Income for the three-month period ended March 31, 2005.

NOTE 3 – Capital Securities and Preferred Stock

Capital Securities

The Company currently has three subsidiary business trusts (Compass Trust I, Compass Trust III and TexasBanc Capital Trust I) which have issued mandatorily redeemable preferred capital securities (“Trust Preferred Securities”). As guarantor, the Company unconditionally guarantees payment of: accrued and unpaid distributions required to be paid on the Trust Preferred Securities; the redemption price when the Trust Preferred Securities are called for redemption; and amounts due if a trust is liquidated or terminated.

The Company owns all of the outstanding common stock of each of the three trusts. The trusts used the proceeds from the issuance of their Trust Preferred Securities and common securities to buy debentures issued by the Parent Company (“Capital Securities”). These Capital Securities are the trusts’ only assets and the interest payments the subsidiary business trusts receive from the Capital Securities are used to finance the distributions paid on the Trust Preferred Securities. In 2003, the Company adopted the provisions of FASB Interpretation No. 46R (“FIN 46R”), *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*. The adoption of FIN 46R required the Company to deconsolidate the subsidiary business trust’s Trust Preferred Securities. The Capital Securities are included as FHLB and other borrowings in the Consolidated Balance Sheets as of March 31, 2006 and December 31, 2005.

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The Trust Preferred Securities must be redeemed when the related Capital Securities mature, or earlier, if provided in the governing indenture. Each issue of Trust Preferred Securities carries an interest rate identical to that of the related Capital Securities. The Trust Preferred Securities qualify as Tier 1 Capital, subject to regulatory limitations, under guidelines established by the Board of Governors of the Federal Reserve System (“Federal Reserve”).

The subsidiary business trusts have the right to redeem their Trust Preferred Securities: (i) in whole or in part, on or after January 15, 2007 (for debentures owned by Compass Trust I), March 22, 2007 (for debentures owned by Compass Trust III) and July 23, 2009 (for debentures owned by TexasBanc Capital Trust I); and (ii) in whole at any time within 90 days following the occurrence and during the continuation of a tax event or a capital treatment event (as defined in the offering circulars). If the Trust Preferred Securities issued by Compass Trust I, Compass Trust III or TexasBanc Capital Trust I are redeemed before they mature, the redemption price will be the principal amount, plus any premium, plus any accrued but unpaid interest.

Class B Preferred Stock

In December 2000, a subsidiary of the Parent Company issued \$21 million of Class B Preferred Stock (“Preferred Stock”). The Preferred Stock, net of discount, was approximately \$18 million at both March 31, 2006 and December 31, 2005. The Preferred Stock qualifies as Tier I Capital under Federal Reserve guidelines. The Preferred Stock dividends are preferential, non-cumulative and payable semi-annually in arrears on June 15 and December 15 of each year, at a rate per annum equal to 9.875 percent of the liquidation preference of \$1,000 per share when, and if declared by the board of directors of the subsidiary, in its sole discretion, out of funds legally available for such payment.

The Preferred Stock is redeemable for cash, at the option of the subsidiary, in whole or in part, at any time on or after June 15, 2021. Prior to June 15, 2021, the Preferred Stock is not redeemable, except that prior to such date, the Preferred Stock may be redeemed for cash, at the option of the subsidiary, in whole but not in part, only upon the occurrence of certain tax or regulatory events. Any such redemption is subject to the prior approval of the Board of Governors of the Federal Reserve. The Preferred Stock is not redeemable at the option of the holders thereof at any time. The Preferred Stock is included as FHLB and other borrowings in the Consolidated Balance Sheets as of March 31, 2006 and December 31, 2005.

The Company’s Capital Securities and Preferred Stock are summarized below.

	<u>Maturity Dates</u>	<u>March 31, 2006</u> (in Thousands)	<u>December 31, 2005</u>
Capital Securities:			
8.23% debentures payable to Compass Trust I *	2027	\$103,093	\$ 103,093
7.35% debentures payable to Compass Trust III *	2032	309,279	309,279
LIBOR plus 2.60% floating rate debentures payable to TexasBanc Capital Trust I *	2034	25,774	–
Fair value of and unamortized fees on hedged capital securities	2027, 2032	(4,436)	(1,969)
Class B Preferred Stock		18,090	18,077
Total Capital Securities and Preferred Stock		<u>\$451,800</u>	<u>\$ 428,480</u>

* - Majority of amounts qualify for Tier I Capital

Subordinated Debentures

On March 16, 2006, Compass Bank, the lead bank subsidiary of Compass Bancshares, Inc., issued \$275 million in aggregate principal amount of 5.90% Subordinated Bank Notes. The Subordinated Bank notes are included in FHLB and other borrowings in the Consolidated Balance Sheets as of March 31, 2006.

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NOTE 4 - Earnings Per Share

	Three Months Ended	
	March 31,	
	<u>2006</u>	<u>2005</u>
(In Thousands, Except Per Share Data)		
BASIC EARNINGS PER SHARE:		
Net income	<u>\$ 107,909</u>	<u>\$ 92,984</u>
Weighted average shares outstanding	<u>123,839</u>	<u>123,286</u>
Basic earnings per share	<u>\$ 0.87</u>	<u>\$ 0.75</u>
DILUTED EARNINGS PER SHARE:		
Net income	<u>\$ 107,909</u>	<u>\$ 92,984</u>
Weighted average basic shares outstanding	<u>123,839</u>	<u>123,286</u>
Net effect of nonvested restricted stock and the assumed exercise of stock options – based on the treasury stock method using average market price for the period	<u>2,954</u>	<u>3,102</u>
Weighted average diluted shares outstanding	<u>126,793</u>	<u>126,388</u>
Diluted earnings per share	<u>\$ 0.85</u>	<u>\$ 0.74</u>

NOTE 5 - Segment Information

The Company's segment information is presented by line of business. Each line of business is a strategic unit that serves a particular group of customers with certain common characteristics, by offering various products and services. The segment results include certain overhead allocations and intercompany transactions. All intercompany transactions have been eliminated to determine the consolidated balances. The Company's reportable operating segments are Corporate Banking, Retail Banking, Wealth Management and Treasury.

The Corporate Banking segment is responsible for providing a full array of banking and investment services to business banking, commercial banking and other institutional clients in each of the Company's major metropolitan markets. The Corporate Banking segment also includes a National Industries unit that is responsible for serving larger national accounts, principally in targeted industries. In addition to traditional credit and deposit products, the Corporate Banking segment also supports its customers with capabilities in treasury management, leasing, accounts receivable purchasing, asset-based lending, international services, insurance and interest rate protection and investment products.

The Retail Banking segment serves the Company's consumer customers through its 409 full-service banking centers and through the use of alternative delivery channels such as personal computer and telephone banking. The Retail Banking segment provides individuals with comprehensive products and services, including home mortgages, credit cards, deposit accounts, insurance products, mutual funds, and brokerage services. In addition, Retail Banking serves the Company's small business customers and the Company's indirect automobile portfolio.

The Wealth Management segment provides specialized investment portfolio management, traditional credit products, traditional trust and estate services, financial counseling and customized services to the Company's private clients and foundations, as well as investment management and retirement services to companies and their employees.

The Treasury segment's primary function is to manage the investment securities portfolio, public entity deposits, the interest rate sensitivity of the Company's Consolidated Balance Sheets and the liquidity and funding positions of the Company.

Activities that are not directly attributable to the reportable operating segments, for example, the activities of the Parent Company and support functions, including accounting, loan review and the elimination of intercompany transactions, are presented under Corporate Support and Other.

The financial information presented was derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. This information is based on internal management accounting policies, which have been developed to reflect the underlying economics of the businesses. The policies address the methodologies applied in connection with funds transfer pricing. Funds transfer pricing was used in

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
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the determination of net interest income by assigning a standard cost (credit) for funds used (provided) to assets and liabilities based on their maturity, prepayment, and/or repricing characteristics.

The development and application of these methodologies is a dynamic process. Accordingly, financial results have been revised to reflect management accounting enhancements and changes in the Company's organizational structure. The segment information for 2005 has been revised to conform to the 2006 presentation. In addition, unlike financial accounting, there is no authoritative literature for management accounting similar to generally accepted accounting principles in the United States. Consequently, reported results are not necessarily comparable with those presented by other financial institutions.

The following table presents information for the Company's segments as of and for the three months ended March 31, 2006 and 2005.

For the Three Months Ended March 31, 2006
(in Thousands)

	Corporate Banking	Retail Banking	Wealth Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	\$104,625	\$116,398	\$ 14,869	\$8,788	\$ 15,581	\$ 260,261
Noninterest income	37,196	110,886	10,143	7,635	(516)	165,344
Noninterest expense	57,052	119,363	13,858	5,519	48,578	244,370
Segment income (loss)	<u>\$84,769</u>	<u>\$107,921</u>	<u>\$ 11,154</u>	<u>\$10,904</u>	<u>\$ (33,513)</u>	<u>181,235</u>
Provision for loan losses						17,112
Net income before income tax expense						164,123
Income tax expense						56,214
Net income						<u>\$ 107,909</u>
Balance Sheet						
Average assets	\$11,697,457	\$8,880,833	\$ 1,487,845	\$7,360,543	\$ 1,489,334	\$ 30,916,012
Average loans	11,654,596	8,687,806	1,487,706	-	(79,005)	21,751,103
Average deposits	4,889,681	11,365,962	1,246,262	2,836,545	38,826	20,377,276
Period-end assets	\$12,099,617	\$8,935,254	\$ 1,531,503	\$7,180,272	\$ 3,035,533	\$ 32,782,179
Period-end loans	11,897,326	8,665,332	1,519,703	-	1,225,753	23,308,114
Period-end deposits	5,150,190	11,909,188	1,312,758	2,333,694	1,422,679	22,128,509

For the Three Months Ended March 31, 2005
(in Thousands)

	Corporate Banking	Retail Banking	Wealth Management	Treasury	Corporate Support and Other	Consolidated
Income Statement						
Net interest income	\$91,141	\$105,563	\$ 13,439	\$7,601	\$ 13,829	\$ 231,573
Noninterest income	43,556	99,228	9,407	2,422	(4,648)	149,965
Noninterest expense	50,049	106,490	11,980	4,690	48,663	221,872
Segment income (loss)	<u>\$84,648</u>	<u>\$98,301</u>	<u>\$ 10,866</u>	<u>\$5,333</u>	<u>\$ (39,482)</u>	<u>159,666</u>
Provision for loan losses						20,273
Net income before income tax expense						139,393
Income tax expense						46,409
Net income						<u>\$ 92,984</u>
Balance Sheet						
Average assets	\$10,149,207	\$8,046,098	\$ 1,295,333	\$7,698,996	\$ 1,330,446	\$ 28,520,080

Average loans	10,150,121	7,865,726	1,297,114	-	(299,191)	19,013,770
Average deposits	4,747,689	9,687,541	1,207,383	1,937,672	(38,247)	17,542,038
Period-end assets	\$10,320,661	\$8,264,583	\$ 1,304,118	\$7,634,394	\$ 1,274,924	\$ 28,798,680
Period-end loans	10,171,455	7,987,988	1,294,466	-	(286,882)	19,167,027
Period-end deposits	4,894,181	9,881,934	1,223,191	1,679,272	(34,439)	17,644,139

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COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

NOTE 6 - Loans and Allowance for Loan Losses

The following presents the composition of the loan portfolio at March 31, 2006 and December 31, 2005.

	March 31, 2006	December 31, 2005
(in Thousands)		
Commercial loans:		
Commercial, financial and agricultural	\$4,245,120	\$ 3,896,207
Real estate – construction	5,143,502	4,233,148
Commercial real estate – mortgage	4,482,017	4,080,164
Total commercial loans	13,870,639	12,209,519
Consumer loans:		
Residential real estate – mortgage	2,137,392	1,916,951
Equity lines of credit	1,651,350	1,614,608
Equity loans	1,238,842	1,160,481
Credit card	518,691	523,148
Consumer – direct	517,965	423,278
Consumer – indirect	3,373,235	3,524,230
Total consumer loans	9,437,475	9,162,696
Total	\$23,308,114	\$ 21,372,215

A summary of the activity in the allowance for loan losses for the three months ended March 31, 2006 and 2005 follows:

	Three Months Ended March 31, 2006	2005
(in Thousands)		
Balance at beginning of period	\$267,173	\$258,339
Add: Provision charged to income	17,112	20,273
Allowance for loans acquired	15,258	–
Deduct: Allowance transferred to other liabilities	–	12,189
Net charge-offs (recoveries):		
Commercial, financial and agricultural	1,628	726
Real estate – construction	89	(50)
Commercial real estate – mortgage	1,099	164
Residential real estate – mortgage	180	459
Equity lines of credit	461	612
Equity loans	248	520
Credit card	4,827	7,911
Consumer – direct	878	2,257
Consumer – indirect	7,676	7,259
Total net charge-offs	17,086	19,858
Balance at end of period	\$282,457	\$246,565

Nonperforming assets at March 31, 2006 and December 31, 2005 are detailed in the following table.

	March 31, 2006	December 31, 2005
(in Thousands)		
Nonaccrual loans	\$55,716	\$ 47,578
Renegotiated loans	3,286	698
Total nonperforming loans	59,002	48,276
Other real estate	11,155	11,510
Total nonperforming assets	\$70,157	\$ 59,786

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NOTE 7 - Securitized Assets

The Company enters into securitization transactions involving its residential loan portfolio, including home equity loans, and participations in the guaranteed portion of its Small Business Administration loans. The sale of the participations in the guaranteed portion of Small Business Administration loans are to external investors. Generally, the residential loan portfolio securitization activities are not sold to external investors, but rather are securitized and reclassified from loans to investment securities. These assets, which the Company continues to manage and service, approximated \$1.2 billion at both March 31, 2006 and December 31, 2005.

Nonaccrual loans and accruing loans 90 days or more past due totaling \$12 million were included in securitized assets at both March 31, 2006 and December 31, 2005. Also included in securitized assets were \$2 million and \$3 million in foreclosed assets at March 31, 2006 and December 31, 2005, respectively.

NOTE 8 - Investments

The following tables summarize the Company's investment securities available for sale that are in a loss position at March 31, 2006 and December 31, 2005. The tables below disclose the market value and the gross unrealized losses of the Company's available for sale securities in a loss position at both March 31, 2006 and December 31, 2005 and aggregates this information by investment category and length of time the individual securities have been in an unrealized loss position.

Those investment securities available for sale which have an unrealized loss position at March 31, 2006 and December 31, 2005, are detailed below:

	Securities in a loss position for less than 12 months		March 31, 2006 Securities in a loss position for 12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in Thousands)					
Investment securities available for sale:						
Debt securities:						
U.S. Treasury and other U.S. Government agencies and corporations	\$9,882	\$13	\$9,771	\$164	\$19,653	\$177
Mortgage-backed pass-through securities	180,614	2,573	326,686	16,269	507,300	18,842
Collateralized mortgage obligations	867,268	17,694	2,298,905	74,629	3,166,173	92,323
States and political subdivisions	40,887	1,286	-	-	40,887	1,286
Total	\$1,098,651	\$21,566	\$2,635,362	\$91,062	\$3,734,013	\$112,628

	Securities in a loss position for less than 12 months		December 31, 2005 Securities in a loss position for 12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in Thousands)					
Investment securities available for sale:						
Debt securities:						
U.S. Treasury and other U.S. Government agencies and corporations	\$44,845	\$138	\$55	\$1	\$44,900	\$139
Mortgage-backed pass-through securities	150,147	2,312	276,093	10,136	426,240	12,448
Collateralized mortgage obligations	902,859	13,080	2,644,937	65,567	3,547,796	78,647

States and political subdivisions	<u>35,369</u>	<u>758</u>	<u>-</u>	<u>-</u>	<u>35,369</u>	<u>758</u>
Total	<u>\$1,133,220</u>	<u>\$16,288</u>	<u>\$2,921,085</u>	<u>\$75,704</u>	<u>\$4,054,305</u>	<u>\$91,992</u>

Management does not believe that any individual unrealized loss in the Company's investment securities available for sale portfolio at March 31, 2006, represents an other-than-temporary impairment. The unrealized losses reported for collateralized mortgage obligations and mortgage-backed securities relate primarily to securities issued by FNMA, FHLMC and GNMA. These unrealized losses are primarily attributable to changes in interest rates and were individually not significant relative to their respective amortized cost. Additionally, the Company has the ability and intent to hold these securities for a time necessary to recover the amortized cost or until maturity when full repayment would be received.

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Additionally, at March 31, 2006, the Company had approximately \$63.6 million in unrealized losses on investment securities held to maturity. Management does not believe any individual unrealized loss in the Company's investment securities held to maturity portfolio as of March 31, 2006, represents an other-than-temporary impairment. The majority of these losses relate to securities issued by FNMA, FHLMC and GNMA. These unrealized losses are primarily attributable to changes in interest rates and were individually not significant relative to their respective amortized cost. Additionally, the Company has the ability and intent to hold these securities until maturity when full repayment would be received.

NOTE 9 - Derivatives, Hedging and Off-Balance Sheet Activities

Accounting for Derivative Instruments and Hedging Activities

The Company is a party to derivative instruments in the normal course of business for trading purposes and for purposes other than trading to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. The following table summarizes the contractual or notional amount of all derivative instruments as of March 31, 2006 and December 31, 2005.

	March 31, 2006		December 31, 2005	
	Trading	Other Than Trading	Trading	Other Than Trading
	(in Thousands)			
Forward and futures contracts	\$296,615	\$29,189	\$304,233	\$25,948
Interest rate swap agreements:				
Pay fixed versus receive float	1,763,662	200,000	1,723,291	200,000
Receive fixed versus pay float	1,763,661	2,021,745	1,703,799	1,258,108
Pay float versus receive float	22,000	-	22,000	-
Written options	405,881	33,649	(1)	401,950
Purchased options	385,880	-	381,941	-

(1) Written options classified as other than trading represent interest rate loan commitments related to the Company's mortgage banking activities

For the three months ended March 31, 2006 and 2005, there were no credit losses associated with derivative instruments.

The following table presents the notional value and carrying value amounts of the Company's derivative positions held for hedging purposes at both March 31, 2006 and December 31, 2005. These derivative positions are primarily executed in the over-the-counter market.

	March 31, 2006		December 31, 2005	
	Notional Value	Carrying Value	Notional Value	Carrying Value
	(in Thousands)			
Cash Flow Hedges:				
Interest rate swap agreements	\$900,000	\$(3,382)	\$400,000	\$(1,110)
Fair Value Hedges:				
Interest rate swap agreements	1,321,745	(4,192)	1,058,108	22,535
Forward contracts (1)	29,189	167	25,948	(99)

(1) Derivatives related to the Company's mortgage banking activities

Interest-Rate Risk

The Company uses derivative instruments to manage the risk of earnings fluctuations caused by interest rate volatility. The effect of interest rate movements on hedged assets or liabilities will generally be offset by the effect of the derivative instrument.

Fair-Value Hedges

The Company enters into interest rate swaps to convert its fixed rate long-term debt to floating rate debt. The critical terms of the interest rate swaps match the terms of the corresponding fixed rate long-term debt. All components of each

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derivative instrument's gain or loss are included in the assessment of hedge effectiveness, unless otherwise noted. For the three months ended March 31, 2006, the Company recognized approximately \$640,000 of fair-value hedging losses, as a result of hedge ineffectiveness. There were no fair-value hedging gains or losses recognized for the three months ended March 31, 2005, as a result of hedge ineffectiveness. The Company recognized a decrease in interest expense of \$3.9 million and \$3.2 million for the three months ended March 31, 2006 and 2005, respectively, related to interest rate swaps accounted for as fair value hedges. At March 31, 2006, the fair value hedges had a negative carrying value of \$4 million and a weighted average remaining term of 13.6 years.

Additionally, the Company enters into forward sales commitments, which are commitments for future sales of closed mortgage loans to third parties at a specified price. The change in the value of the forward sales commitments is recognized through current period earnings. The recognition of the change in value of the closed mortgage loans depends on the effectiveness of the hedge. When hedge effectiveness is met, the change in value of the loans is recognized through current period earnings. When hedge effectiveness is not met, the change in the value of the loans is not recognized, but instead is based on the lower of cost or market guidelines. Therefore, any potential gain will not be recognized until the sale of the loan. Fair value hedging gains or losses related to the forward sales commitments were immaterial for the three months ended March 31, 2006 and 2005.

Cash-Flow Hedges

The Company uses interest rate swaps and options, such as caps and floors, to hedge the repricing characteristics of floating rate assets and liabilities. All components of each derivative instrument's gain or loss are included in the assessment of hedge effectiveness, unless otherwise noted. The initial assessment of expected hedge effectiveness was based on regression analysis. The ongoing periodic measures of hedge ineffectiveness are based on the expected change in cash flows of the hedged item caused by changes in the benchmark interest rate. There were no cash flow hedging gains or losses, as a result of hedge ineffectiveness, recognized for the three-month periods ended March 31, 2006 or 2005. During 2004, the Company terminated interest rate swaps that were hedging floating rate commercial loans. At March 31, 2006, a deferred loss of approximately \$350,000, net of tax, was included in other comprehensive income and will be amortized into income over the next two months as the related loan interest income is recognized. As of March 31, 2006, there were no gains or losses which were reclassified from other comprehensive income to other income as a result of the discontinuance of cash flow hedges related to certain forecasted transactions that are probable of not occurring. The Company recognized a decrease in interest income of \$1.9 million and a decrease in interest income of \$1.0 million related to interest rate swaps accounted for as cash flow hedges for the three months ended March 31, 2006 and 2005, respectively. At March 31, 2006, the cash-flow hedges not terminated had a deferred net loss of \$3 million included in other comprehensive income and a weighted average life of 1.1 years. Based on the current interest rate environment, these losses are expected to be reclassified to interest income over the next 12 months as net settlements occur.

Off-Balance Sheet Activities

During 2000, the Company sponsored the establishment of Sunbelt Funding Corporation ("Sunbelt"), an asset-backed commercial paper conduit, created as a wholly-owned subsidiary of an independent third party. The purpose of the conduit is to diversify the Company's funding sources. Sunbelt was structured as a Qualifying Special Purpose Entity ("QSPE"), as defined by SFAS No. 140, with a limited business purpose of purchasing highly-rated investment grade debt securities from the Company's trading account securities portfolio and financing its purchases through the issuance of P-1/F1 rated commercial paper. As of March 31, 2006, all assets sold to the conduit were performing and no significant gains or losses were recognized on the sale.

At March 31, 2006, all securities held by Sunbelt were either AAA or Aaa rated by at least two of the following nationally recognized statistical ratings organizations: Moody's Investor Service, Standard & Poor's and Fitch Ratings. Approximately 99 percent of the securities held by Sunbelt at March 31, 2006 were variable rate. Sunbelt's total assets, which approximated market value, were \$1.5 billion at March 31, 2006, and \$1.7 billion at December 31, 2005, respectively. The Company realized fee income of \$1.1 million and \$1.6 million for the three months ended March 31, 2006 and 2005, respectively, from Sunbelt for providing various services including serving as investment advisor, liquidity provider, administrative agent and for providing a letter of credit. Receivables from Sunbelt were \$1 million at March 31, 2006 and \$2 million at December 31, 2005. There were no outstanding payables to Sunbelt at either March 31, 2006 or December 31, 2005. The Company, under agreements with Sunbelt, may be required to purchase assets or provide alternative funding to the conduit in certain limited circumstances, including the conduit's inability to place commercial paper or a downgrade in the Company's short-term debt rating. Management believes if such an event occurs, the Company has the ability to provide funding without any material adverse effect. The underlying assets are eligible investments for Compass Bank. The commitments, which are renewable annually at the Company's option, are for amounts up to \$2 billion.

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There is currently a proposed amendment to SFAS No. 140, which could result in Sunbelt no longer qualifying as a QSPE. If the amendment is finalized as currently proposed, and Sunbelt does not change its structure, Sunbelt would be consolidated into the Company. Consolidation of Sunbelt's assets into the Company would not have a significant impact on regulatory capital ratios, as the Company would continue to exceed the minimum ratios required for well-capitalized banks as defined by federal banking regulators. See Note 15, Recently Issued Accounting Standards.

NOTE 10 - Shareholders' Equity

In 2003, the Company announced that its Board of Directors authorized a share repurchase program allowing for the purchase of 3.3 percent or approximately 4.1 million shares of the Company's outstanding common stock. Through March 31, 2006, 1.0 million shares had been repurchased under the program at a cost of \$51.4 million. At March 31, 2006, approximately 3.1 million shares remained available for repurchase under the program. The timing and amount of purchases is dependent upon the availability and alternative uses of capital, market conditions and other factors. Since December 31, 2005, approximately 5.0 million shares have been issued from treasury stock at a cost of \$182.7 million. Of this amount, approximately 4.9 million shares were issued, at a cost of \$178.5 million, in connection with the acquisition of TexasBank. The remainder of the shares issued from treasury stock relate to employee benefit plans and other acquisitions.

In February 2006, the Company increased its quarterly cash dividend 11 percent to \$0.39 per common share, from \$0.35 per common share in 2005.

Accumulated other comprehensive loss included \$69 million and \$60 million of net unrealized losses on investment securities available for sale at March 31, 2006 and December 31, 2005, respectively. Additionally, at both March 31, 2006 and December 31, 2005, accumulated other comprehensive loss included a \$2 million deferred loss from the effective portion of cash flow hedges and a \$1 million additional minimum pension liability, net of tax.

NOTE 11 - Goodwill and Other Acquired Intangible Assets

As of March 31, 2006, the Company had four reporting units with goodwill, including Corporate Banking with \$404 million, Retail Banking with \$184 million, Insurance with \$70 million and Wealth Management with \$19 million. During the three months ended March 31, 2006, goodwill increased \$267 million, \$89 million, \$3 million, and \$2 million within the Corporate Banking reporting unit, Retail Banking reporting unit, Wealth Management reporting unit, and the Insurance reporting unit, respectively. The increases in the Corporate and Retail Banking reporting units are a result of the acquisition of TexasBank. The increases in the Wealth Management and Insurance reporting units are due to the payment of contingent consideration in the current year in connection with prior acquisitions.

Acquired intangible assets as of March 31, 2006 are detailed in the following table.

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u> (in Thousands)	<u>Net Carrying Value</u>
Nonamortizing goodwill	<u>\$ 731,266</u>	<u>\$ (53,806)</u>	<u>\$ 677,460</u>
Amortizing intangible assets:			
Core deposit intangibles	\$ 86,943	\$ (51,654)	\$ 35,289
Other customer intangibles	<u>44,847</u>	<u>(14,079)</u>	<u>30,768</u>
Total amortizing intangible assets	<u>\$ 131,790</u>	<u>\$ (65,733)</u>	<u>\$ 66,057</u>

The Company recognized \$1.5 million in amortization expense for both the three months ended March 31, 2006 and 2005. Aggregate amortization expense for the years ending December 31, 2006 through December 31, 2010, is estimated to be \$11.9 million, \$10.9 million, \$8.6 million, \$7.2 million, and \$6.0 million, respectively.

NOTE 12 - Commitments, Contingencies and Guarantees

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and generally require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby and commercial letters of credit are commitments issued by the Company to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions, and expire in decreasing amounts with terms ranging from one to four years. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The fair value of the commitment typically approximates the fee

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received from the customer for issuing such commitments. These fees are deferred and are recognized over the commitment period. As of March 31, 2006, the recorded amount of these deferred fees was \$5 million. The Company holds various assets as collateral supporting those commitments for which collateral is deemed necessary. At March 31, 2006, the maximum potential amount of future undiscounted payments the Company could be required to make under outstanding standby and commercial letters of credit was \$987 million.

The following represents the Company's commitments to extend credit and standby and commercial letters of credit as of March 31, 2006 and December 31, 2005:

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	(in Thousands)	
Commitments to extend credit	\$12,170,899	\$ 11,498,497
Standby and commercial letters of credit	986,999	942,176

At March 31, 2006, the Company has potential recourse related to FNMA securitizations of approximately \$22 million.

Certain acquisition agreements, related to the acquisition of insurance agencies and the investment advisory firm, include contingent consideration provisions. These provisions are generally based upon future revenue or earnings goals for a period of typically three years. At March 31, 2006, the maximum potential amount of future undiscounted payments the Company could be required to make under outstanding contingent payment provisions is approximately \$10 million, primarily in the form of stock.

In the ordinary course of business, the Company is subject to legal proceedings, which involve claims for substantial monetary relief. However, based upon the advice of legal counsel, management is of the opinion that any legal proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.

The Company is subject to review and examination from various tax authorities. The Company is currently under examination by a number of states and has received notices of proposed adjustments related to state income taxes due for prior years, including a final assessment for the calendar years 2000 and 2001 from the State of Alabama. Management intends to challenge the proposed adjustments and assessments and expects that the final resolution of the examinations will not have a material impact on the Company's financial position.

The Parent Company and its Subsidiary Banks are subject to regulation by the Board of Governors of the Federal Reserve System. The Subsidiary Banks are also subject to regulation by the Alabama State Banking Department. Various federal and state laws and regulations affect the manner in which the Company operates including minimum capital requirements, limitations on loans and transactions with affiliates and management, and prohibitions on certain tie-in arrangements in connection with an extension of credit. The Company is also regularly reviewed with respect to its compliance with various consumer protection laws and regulations.

The USA Patriot Act, which is designed to address potential terrorist threats, requires the Company to establish an anti-money laundering program, including customer identification programs, and establish due diligence requirements with respect to its private banking operations. The Bank Secrecy Act requires the filing of currency transaction reports and suspicious activity reports with appropriate governmental authorities identifying possible criminal activity conducted through depository institutions.

If the Company fails to comply with these or other applicable laws and regulations, it may be subject to civil monetary penalties, imposition of cease and desist orders or other written directives, removal of management and in certain circumstances criminal penalties.

NOTE 13 - Stock-Based Compensation

At March 31, 2006, the Company had four long-term incentive compensation plans. Under the incentive compensation plans, employees may be granted options to purchase shares of the Company's \$2.00 par value common stock at the fair market value at the date of the grant. Pursuant to the 1996 Long Term Incentive Plan, the 1999 Omnibus Incentive Compensation Plan, the 2002 Incentive Compensation Plan and the 2006 Incentive Compensation Plan, shares of the Company's common stock have been reserved for issuance. At March 31, 2006, approximately 2.2 million shares of the Company's common stock were available for issuance. Upon exercise, generally the Company issues shares from its unissued common stock. The options granted under the plans must be exercised within 10 years from the date of grant. The stock option agreements state that options may be exercised in whole or in part until the expiration date.

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Historically, the Company has accounted for its long-term incentive compensation plans in accordance with the requirements specified in SFAS 123, *Accounting for Stock-Based Compensation*. As permitted under SFAS 123, the Company elected to apply the Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees*, intrinsic value method in accounting for share-based compensation plans. Accordingly, prior to January 1, 2006 no employee compensation cost related to share-based awards was recognized in net income of the Company for these plans. However, on January 1, 2006, the Company prospectively adopted the provisions of SFAS 123R, *Share-Based Payments*, which requires all share-based awards to employees be recognized in the income statement based on their fair values. As a result, beginning on January 1, 2006, the expense associated with these share-based awards is included in the Company’s Consolidated Statements of Income. The Company recognized \$607,000 of compensation expense related to stock options for the three months ended March 31, 2006.

The fair value of each share-based award is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for awards granted in 2006: dividend yield of 3.97 percent; expected volatility of 0.234; risk-free interest rate of 4.38 percent and an expected life of 5.0 years. The dividend yield assumption is based on the Company’s history and expectation of future dividend payouts. The expected volatility assumption is based on the Company’s historical stock price. The risk free interest rate assumption is based upon the U.S. Treasury yield at the time of grant for periods corresponding with the expected life of the option. The expected life assumption represents the weighted-average period the stock options are expected to remain outstanding. The Company’s share-based awards granted in 2006 vest entirely at the end of the third year after grant. The compensation expense related to these share-based awards has been allocated over the vesting period.

The following summary sets forth stock option related activity under the plans for the three months ended March 31, 2006:

	Shares Underlying Options	Weighted Average Exercise Price	Contractual Term (years)
Outstanding, beginning of the period	8,011,142	\$31.54	
Granted	5,000	49.68	
Exercised	(545,957)	26.83	
Cancelled	(7,500)	42.95	
Outstanding, end of the period	<u>7,462,685</u>	31.88	6.27
Weighted average fair value of options granted during the period	\$8.54		
Exercisable, end of the period	6,506,591		5.92

Of the 7,462,685 shares underlying options outstanding at March 31, 2006, 6,506,591 option shares were exercisable, at a weighted average exercise price of \$30.38, with the remaining 956,094 option shares having a vesting period of up to three years. Exercise prices for options outstanding as of March 31, 2006, ranged from \$16.83 to \$51.35. The total intrinsic value of options exercised during the three months ended March 31, 2006 was \$12.5 million.

A summary of the status of the nonvested shares as of March 31, 2006 is presented below:

	Options	Weighted Average Exercise Price
Nonvested, beginning of the period	1,083,444	\$40.87
Granted	5,000	49.68
Vested	(125,600)	31.72
Forfeited	(6,750)	43.31
Nonvested, end of the period	<u>956,094</u>	\$42.10

As of March 31, 2006, there was \$2.5 million of total unrecognized compensation cost related to nonvested stock options granted under the plans. This cost is expected to be recognized over a weighted average period of one year.

In addition to stock options granted under the plans, the Company also awards restricted common stock to certain executive officers, most of which is awarded as performance contingent restricted stock. The fair value of shares expected to vest is expensed over the three-year performance period. Because the restricted stock is legally issued and

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outstanding, the fair value of the restricted stock is reflected in common stock with a corresponding offset in surplus. For the three months ended March 31, 2006 and 2005, the Company recognized approximately \$571,000 and \$957,000 in connection with restricted common stock awarded.

NOTE 14 - Defined Benefit Pension Plan

The following table provides certain information with respect to the Company's defined benefit pension plan for the three-month period ending March 31, 2006 and 2005.

	Three Months Ended March 31,	
	2006	2005
	(in Thousands)	
Service cost	\$1,960	\$1,971
Interest cost	2,569	2,430
Expected return on plan assets	(3,388)	(3,046)
Amortization of prior service cost	8	11
Amortization of net loss	830	859
Net periodic benefit cost	<u>\$1,979</u>	<u>\$2,225</u>

The Company did not make any contributions to the defined benefit pension plan for the three months ended March 31, 2006. For the remainder of 2006, the Company anticipates contributing amounts to the defined benefit pension plan sufficient to satisfy minimum funding requirements of the Employee Retirement Income Security Act of 1974.

NOTE 15 - Recently Issued Accounting Standards

Consolidation of Variable Interest Entities

In January 2003, the Financial Accounting Standards Board ("FASB") completed its redeliberations of the project related to the consolidation of variable interest entities which culminated in the issuance of FASB Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities*. FIN 46 states that if a business enterprise has a controlling financial interest in a variable interest entity, the assets, liabilities and results of the activities of the variable interest entity should be included in the consolidated financial statements of the business enterprise. FIN 46 explains how to identify variable interest entities and how an enterprise assesses its interests in a variable interest entity to determine whether to consolidate that entity. FIN 46 also requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among the parties involved. Variable interest entities that effectively disperse risks will not be consolidated unless a single party holds an interest or a combination of interests that effectively recombines risks that were previously dispersed. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. FIN 46 originally applied in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. However, in December 2003, the FASB issued FIN 46R, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, which revised FIN 46 and required the adoption of FIN 46 or FIN 46R for periods ending after December 15, 2003. FIN 46 and FIN 46R do not apply to securitization structures that are QSPEs as defined within SFAS No. 140. The Company adopted the provisions of FIN 46R on December 31, 2003. The Company's securitization structure, as of March 31, 2006, met QSPE standards, and therefore, was not affected by the adoption of FIN 46 or FIN 46R.

Additionally, in August 2005, the FASB issued a proposed amendment to SFAS 140, which would amend the requirements for QSPE status. Sunbelt, the Company sponsored asset-backed commercial paper conduit, would no longer meet QSPE requirements if the proposed amendment was finalized as currently written. Sunbelt is investigating potential modifications to its structure in order to continue to receive off-balance sheet treatment.

Accounting for Certain Loans or Debt Securities Acquired in a Transfer

In December 2003, the Accounting Standards Executive Committee issued Statement of Position ("SOP") 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. The SOP is effective for loans acquired in fiscal years beginning after December 15, 2004. The SOP addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans or debt securities acquired in a transfer if those differences are attributable, at least in part, to credit quality. The SOP applies to loans acquired in business combinations but does not apply to loans originated by the Company. The initial adoption of this standard did not have an impact on the financial condition or the results of operations of the Company. With respect to the

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acquisition of TexasBank, there were 13 loans, with a principal balance of \$12 million, which fell within the scope of this SOP and are being accounted for under its provisions.

Share-Based Payments

In December 2004, the FASB issued SFAS 123R, *Share-Based Payments*, which is a revision of SFAS 123, *Accounting for Stock-Based Compensation*. Generally, the approach in SFAS 123R is similar to the approach described in SFAS 123. However, SFAS 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. This Statement establishes the fair value method for measurement and requires all entities to apply this fair value method in accounting for share-based payment transactions. The provisions of SFAS 123R were initially effective for all share-based awards granted after July 1, 2005, and to share-based awards modified, repurchased, or cancelled after that date. However, in April 2005, the SEC amended this requirement allowing companies to adopt the standard at the beginning of their next fiscal year that begins after June 15, 2005. Accordingly, on January 1, 2006, the Company adopted the provisions of SFAS 123R using the modified prospective approach. As a result of the adoption, share-based awards expense incurred subsequent to January 1, 2006, is included in the Company's Consolidated Statements of Income. The initial adoption of this standard did not have a material impact on the results of operations of the Company, resulting in the recognition of approximately \$607,000 of compensation expense related to stock options for the three months ended March 31, 2006.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS 154, *Accounting Changes and Error Corrections, a Replacement of APB Opinion 20 and FASB Statement No. 3*. SFAS 154 amends the existing guidance and applies to the accounting for and reporting of a change in accounting principle. Additionally, SFAS 154 applies to changes required by accounting pronouncements when the pronouncement does not include explicit transition provisions. SFAS 154 is effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. The initial adoption of this standard did not have an impact on the financial condition or the results of operations of the Company.

Accounting for Certain Hybrid Financial Instruments

In February 2006, the FASB issued SFAS 155, *Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140*. SFAS 155 amends FAS 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, to permit fair value re-measurement of any hybrid financial instrument that contains an embedded derivative that would otherwise require bifurcation. Additionally, FAS 155 seeks to clarify which interest-only strips and principal-only strips are not subject to the requirements of SFAS 133 and to clarify that concentrations of credit risk in the form of subordination are not embedded derivatives. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. Management does not believe the adoption of this standard will have a material impact on the financial condition or the results of operations of the Company.

Accounting for Servicing of Financial Assets

In March 2006, the FASB issued SFAS 156, *Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140*. SFAS 156 amends SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, with respect to the initial recognition and subsequent accounting for separately recognized servicing assets and servicing liabilities. This Statement is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006, with early adoption allowed. The Company chose to adopt this Statement in the first quarter of 2006. The initial adoption of this standard did not have a material impact on the financial condition or the results of operations of the Company.

Item 2 – Management’s Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

Forward-Looking Information

This quarterly report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “may increase,” “may fluctuate,” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” and “could.” Forward looking statements are subject to numerous assumptions, estimates, risks and uncertainties that could cause actual conditions, events or results to differ materially from those stated or implied by such forward-looking statements.

A variety of factors may affect the operations, performance, business strategy and results of the Company including, but not limited to: financial market volatility including the level of interest rates and effects of such interest rates on derivative contracts; the strength of the US economy in general and the strength of the local economies in which Compass operates may be different than expected resulting in deteriorating credit quality, a reduced demand for credit or a weakened ability to generate deposits; the impact of changes in laws and regulations governing the financial services industry; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; technological changes; unfavorable judicial or regulatory proceedings or rulings; the impact of changes in accounting principles and practices; actions and initiatives by current and potential competitors; the ability to retain key personnel; the failure of assumptions underlying the establishment of reserves for loan losses; significant delay in or inability to execute strategic initiatives designed to grow revenues and/or control expenses; and our ability to integrate successfully the operations of any acquisitions we may make, including the retention of key personnel.

If the Company’s assumptions and estimates are incorrect, or if the Company or the Subsidiary Banks become subject to significant limitations as the result of litigation or regulatory action then the Company’s actual results could vary materially from the forward-looking statements made herein. Investors are cautioned not to place undue reliance on any forward-looking statements and to read this Quarterly Report on Form 10-Q in conjunction with the Company’s other filings with the SEC including the Company’s Annual Report on Form 10-K which is available on the Commission’s website, www.sec.gov, as well as on the Company’s website, www.compassbank.com. The Company disclaims any obligation to update any such forward-looking statements.

Overview

The Company had net income of \$107.9 million for the three months ended March 31, 2006, a 16 percent increase over the \$93.0 million earned during the three months ended March 31, 2005. For the same time period, diluted earnings per share increased 15 percent to \$0.85 from \$0.74 earned in the prior year.

On March 24, 2006, the Company completed the acquisition of TexasBanc Holding Co., the parent company of TexasBank. TexasBank, a Fort Worth-based bank with approximately \$1.7 billion in assets, was the largest independent commercial bank headquartered in Fort Worth with 22 banking centers. The TexasBank acquisition further enhances the Company’s geographic position and expands the Company’s operations within its existing Texas footprint.

The Company operates 409 full-service banking centers including 162 in Texas, 90 in Alabama, 73 in Arizona, 42 in Florida, 32 in Colorado and 10 in New Mexico.

Net Interest Income

Net interest income is the principal component of a financial institution’s income stream and represents the difference or spread between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates as well as changes in the volume and mix of earning assets and interest bearing liabilities can materially impact net interest income. The following discussion of net interest income is presented on a taxable equivalent basis, unless otherwise noted, to facilitate performance comparisons among various taxable and tax-exempt assets.

Net interest income for the three months ended March 31, 2006, increased to \$261.4 million from \$232.5 million for the three months ended March 31, 2005, as interest income increased \$102.5 million and interest expense increased \$73.6 million. The increase in interest income was due to a \$2.4 billion increase in average earning assets and a 100 basis point increase in the average yield on earning assets from 5.39 percent to 6.39 percent. The increase in average earning assets from the first quarter of 2005 was driven primarily by an increase of \$2.7 billion in average loans, offset partially by a decrease of \$352 million of investment securities, including investment securities held to maturity and available for

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sale. The increase in average loans was due to continued strong loan production throughout all of the Company's major markets. The majority of the decrease in investment securities was due to the Company choosing to use some of the cash flows from the securities portfolio to fund loan growth and a modest repositioning of the available for sale portfolio in conjunction with the acquisition of TexasBank. The 63 percent increase in interest expense over the first quarter of 2005 was primarily the result of a 117 basis point increase in the average rate paid on interest bearing liabilities coupled with a \$1.6 billion increase in average interest bearing liabilities. The increase in total interest bearing liabilities was driven by an increase of \$2.4 billion in average interest bearing deposits, partially offset by a decrease of \$927 million in federal funds purchased and securities sold under agreements to repurchase.

Net interest margin, stated as a percentage, is the yield obtained by dividing the difference between interest income on earning assets and the interest expense paid on all funding sources by average earning assets. The following discussion of net interest margin is presented on a taxable equivalent basis. The net interest margin increased to 3.70 percent for the first quarter of 2006, compared to 3.59 percent for the first quarter of 2005. This increase was caused by changes in the rates and volume of earning assets and the corresponding funding sources noted previously. The Company's net interest margin was impacted by the Company's use of interest rate contracts, increasing taxable equivalent net interest margin by three basis points in both the first quarter of 2006 and 2005.

The following table presents the actual and projected impact of the Company's derivatives held for hedging purposes on net interest margin by quarter for fiscal years 2005 and 2006, excluding derivatives entered into by the Company related to the Company's mortgage banking activities. The derivatives included in the table below are both cash flow hedges and fair value hedges, including terminated cash flow hedges. The table assumes interest rates remain at March 31, 2006 levels.

	For the Quarter Ending				Total
	March 31, 2005 <u>Actual</u>	June 30, 2005 <u>Actual</u>	September 30, 2005 <u>Actual</u> (in Thousands)	December 31, 2005 <u>Actual</u>	
Hedging derivatives positive impact to net interest margin	\$2,167	\$2,394	\$ 1,684	\$ 1,013	\$7,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	For the Quarter Ending				Total
	March 31, 2006 <u>Actual</u>	June 30, 2006 <u>Projected*</u>	September 30, 2006 <u>Projected*</u> (in Thousands)	December 31, 2006 <u>Projected*</u>	
Hedging derivatives positive impact to net interest margin	\$2,010	\$2,261	\$ 2,457	\$ 2,422	\$9,150
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* Projected impact based on March 31, 2006 interest rates.

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Derivative instruments are subject to market risk. While the Company does have trading derivatives to facilitate customer transactions and manage the Company's interest rate exposure, the Company does not utilize derivative instruments for speculative purposes. The following table details information regarding the notional amount, maturity date and the receive or pay fixed coupon rate for derivative instruments used for hedging activities as of March 31, 2006, excluding derivatives entered into by the Company related to the Company's mortgage banking activities. The maturity date used in the table below is the first call date, when applicable. See Note 9 – Derivatives, Hedging and Off-Balance Sheet Activities, in the Notes to Consolidated Financial Statements, for further information about the Company's use of derivatives and the fair value of those instruments.

	April 1, 2006 through December 31, 2006	For the Year Ended December 31,		
		2007	2008	Thereafter
(\$ in Thousands)				
Non-trading interest rate contracts				
Cash Flow Hedges				
Notional maturity	\$ 400,000	\$–	\$500,000	\$–
Weighted average coupon received on maturities	3.42 %	– %	4.88 %	– %
Weighted average time to maturity (months)	3	–	22	–
Fair Value Hedges				
Notional maturity	\$ 82,000	\$323,500	\$–	\$916,245
Weighted average coupon received on maturities	4.63 %	7.55 %	– %	5.96 %
Weighted average time to maturity (months)	3	11	–	144

The notional amounts shown in the table above should be viewed in the context of the Company's overall interest rate risk management activities to assess the impact on net interest margin. As is the case with cash securities, the market value of derivative instruments is largely a function of the financial market's expectations regarding the future direction of interest rates. Accordingly, current market values are not necessarily indicative of the future impact of the derivative instruments on net interest income. This will depend, in large part, on the shape of the yield curve as well as the absolute levels of interest rates.

The following table details the components of the changes in net interest income (on a tax-equivalent basis) by major category of interest earning assets and interest bearing liabilities for the three month period ended March 31, 2006, as compared to the same period in 2005 (in thousands):

	Change 2005 to 2006	Three Months Ended March 31, 2006		
		Volume	Rate	Mix
Interest income:				
Federal funds sold and securities purchased under agreements to resell	\$316	\$114	\$132	\$70
Trading account assets	71	74	(2)	(1)
Investment securities available for sale	5,205	1,448	3,643	114
Investment securities held to maturity	(6,292)	(5,952)	(416)	76
Loans	103,186	38,809	56,275	8,102
Increase in interest income	<u>\$102,486</u>	<u>\$34,493</u>	<u>\$59,632</u>	<u>\$8,361</u>
Interest expense:				
Deposits	\$49,839	\$15,255	\$30,049	\$4,535
Federal funds purchased and securities sold under agreements to repurchase	11,085	(5,602)	21,226	(4,539)
Other short-term borrowings	3,969	1,134	905	1,930
FHLB and other borrowings*	8,665	(819)	9,682	(198)
Increase (decrease) in interest expense	<u>\$73,558</u>	<u>\$9,968</u>	<u>\$61,862</u>	<u>\$1,728</u>

* Includes Capital Securities and Preferred Stock

Noninterest Income and Noninterest Expense

During the first quarter of 2006, noninterest income increased \$15.4 million, or 10 percent, to \$165.3 million, from the \$150.0 million earned in the first quarter of 2005. Noninterest income increased \$15.5 million, or 10 percent, from the prior period, excluding: a gain on prepayment of FHLB advances of \$14.9 million and a loss of \$14.8 million on the sale of investment securities available for sale in the first quarter of 2006; and trading losses and settlements on economic hedge swaps of \$4.6 million and a \$4.8 million gain on sale of business in the first quarter of 2005. The increase in noninterest income is primarily attributed to a \$9.5 million increase in service charges on deposit accounts, a \$4.4 million increase in card and merchant processing fees, and a \$1.9 million increase in insurance commissions, offset partially by a decrease of \$3.4 million in other income. The increase in service charges on deposit accounts was driven primarily by the Company's continued emphasis on the growth of low cost personal and small business accounts which resulted in increases in the number of accounts and outstanding balances. The increase in card and merchant processing fees is also a direct result of the Company's efforts to increase its outstanding deposit base, resulting in an increase in the number of debit cards outstanding and an increase in the debit card use by the Company's customers. The increase in insurance commissions was the result of continued expansion of the property and casualty business throughout the Company's franchise through internal growth.

Noninterest expense, for the quarter ended March 31, 2006, increased \$22.5 million, or 10 percent, compared to the first quarter of 2005. The increase in noninterest expense is primarily attributed to a \$14.7 million increase in salaries, benefits and commissions and a \$2.4 million increase in merger and integration expense. The increase in salaries, benefits and commissions was from additional compensation paid as a result of loan production, deposit generation and fee income growth, as well as the prospective adoption of SFAS 123R on January 1, 2006. The increase in merger and integration expense was due exclusively to the acquisition of TexasBank.

Income Taxes

Income tax expense totaled \$56.2 million and \$46.4 million for the first quarter of 2006 and 2005, respectively. The effective tax rate for the quarter ended March 31, 2006 was 34.3 percent compared to 33.3 percent for the same period in 2005. The increases in the income tax expense and the effective tax rate were driven primarily by an increase in the Company's net income before income tax expense.

Provision and Allowance for Loan Losses

The provision for loan losses for the three-month period ended March 31, 2006 decreased \$3.2 million from the same period in 2005. The allowance for loan losses and the corresponding provision for loan losses were based on changes in the size and character of the loan portfolio, changes in nonperforming and past due loans, historical loan loss experience, the existing risk of individual loans, concentrations of loans to specific borrowers or industries, and existing economic conditions. Additionally, on March 31, 2005 the Company transferred \$12 million of allowance for loan losses related to unfunded commitments, letters of credit and fees to other liabilities. The allowance for loan losses at March 31, 2006, was \$282 million and at December 31, 2005, was \$267 million. The ratio of the allowance for loan losses to loans outstanding was 1.21 percent at March 31, 2006 and 1.25 percent at December 31, 2005. Management believes that the allowance for loan losses at March 31, 2006 is adequate.

Credit - Nonperforming Assets and Past Due Loans

Stated as a percentage of total loans and other real estate owned, nonperforming assets at March 31, 2006, were 0.30 percent, compared to 0.28 percent at December 31, 2005. At March 31, 2006, the allowance for loan losses as a percentage of nonperforming loans was 479 percent, compared to 553 percent at December 31, 2005. The allowance for loan losses as a percentage of nonperforming assets was 403 percent at March 31, 2006, compared to 447 percent at December 31, 2005.

Nonperforming assets, comprised of nonaccrual loans, renegotiated loans, and other real estate, increased \$10 million from \$60 million at December 31, 2005 to \$70 million at March 31, 2006. The majority of the increase in nonperforming assets related to the acquisition of TexasBank. Loans past due ninety days or more but still accruing interest were \$16 million at March 31, 2006, compared to \$15 million at December 31, 2005.

The Company regularly monitors selected accruing loans for which general economic conditions or changes within a particular industry could cause the borrowers financial difficulties. This continuous monitoring of the loan portfolio and the related identification of loans with a high degree of credit risk are essential parts of the Company's credit management. Management continues to emphasize maintaining a low level of nonperforming assets and returning current nonperforming assets to an earning status.

COMPASS BANCSHARES, INC. AND SUBSIDIARIES
Allowance for Loan Losses/Nonperforming Assets
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Allowance for Loan Losses		
Balance at beginning of period	\$267,173	\$258,339
Add: Provision charged to income	17,112	20,273
Allowance for loans acquired	15,258	-
Deduct: Allowance transferred to other liabilities	-	12,189
Loans charged off	25,141	28,506
Loan recoveries	(8,055)	(8,648)
Net charge-offs	17,086	19,858
Balance at end of period	<u>\$282,457</u>	<u>\$246,565</u>
Net charge-offs as a percentage of average loans (annualized)	0.32 %	0.42 %
	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Nonperforming Assets		
Nonaccrual loans	\$ 55,716	\$ 47,578
Renegotiated loans	3,286	698
Total nonperforming loans	59,002	48,276
Other real estate, net	11,155	11,510
Total nonperforming assets	<u>\$ 70,157</u>	<u>\$ 59,786</u>
Accruing loans ninety days or more past due	\$ 16,080	\$ 14,539
Other repossessed assets	599	763
Allowance as a percentage of loans	1.21 %	1.25 %
Total nonperforming loans as a percentage of loans	0.25	0.23
Total nonperforming assets as a percentage of loans and ORE	0.30	0.28
Accruing loans ninety days or more past due as a percentage of loans	0.07	0.07
Allowance for loan losses as a percentage of nonperforming loans	478.72	553.43
Allowance for loan losses as a percentage of nonperforming assets	402.61	446.88

Financial Condition

Overview

Total assets at March 31, 2006 were \$32.8 billion, up from \$30.8 billion at December 31, 2005. The increase in assets was due primarily to internal loan growth and the acquisition of TexasBank.

Assets and Funding

At March 31, 2006, earning assets totaled \$30.0 billion, an increase of approximately \$1.6 billion from the \$28.4 billion in earning assets at December 31, 2005. The mix of earning assets shifted slightly with total investment securities and loans comprising 22 percent and 78 percent, respectively, of total earning assets at March 31, 2006, while at December 31, 2005 total investment securities and loans were 24 percent and 75 percent, respectively, of earning assets. The \$1.9 billion growth in loans was funded by a \$1.7 billion increase in deposits and a \$404 million decrease in investment securities, including both investment securities held to maturity and available for sale. The increase in deposits is due to the Company's continued emphasis on funding earning asset growth through internal deposit generation. The decrease in investment securities, including both investment securities held to maturity and available for sale, came as a result of a modest repositioning of the Company's balance sheet in connection with the acquisition of TexasBank. For more information on the acquisition of TexasBank see Note 2, Business Combinations and Divestitures, in the Notes to Consolidated Financial Statements.

Liquidity and Capital Resources

Liquidity is the ability of the Company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining the Company's ability to meet the day-to-day cash flow requirements of its customers, whether they are depositors wishing to withdraw funds or borrowers requiring funds to meet their credit needs. Without proper liquidity management, the Company would not be able to perform the primary function of a financial intermediary and would, therefore, not be able to meet the needs of the communities it serves. Additionally, the Parent Company requires cash for various operating needs including: dividends to shareholders; business combinations; capital injections to its subsidiaries; the servicing of debt; and the payment of general corporate expenses. The primary source of liquidity for the Parent Company is dividends from the Subsidiary Banks. At March 31, 2006, the Company's Subsidiary Banks could have paid additional dividends to the Parent Company of approximately \$341 million while continuing to meet the capital requirements for "well-capitalized" banks. Also, the Company has access to various capital markets. Additionally, during the quarter, Compass Bank enhanced its liquidity position by issuing approximately \$275 million of 20 year subordinated bank notes. The Company does not anticipate any liquidity requirements in the near future that it will not be able to meet.

Asset and liability management functions not only serve to assure adequate liquidity in order to meet the needs of the Company's customers, but also to maintain an appropriate balance between interest-sensitive assets and interest-sensitive liabilities so that the Company can earn a return that meets the investment requirements of its shareholders.

The asset portion of the balance sheet provides liquidity primarily through loan principal repayments, maturities, and paydowns of investment securities and, to a lesser extent, sales of investment securities available for sale and trading account securities. Other short-term investments such as federal funds sold, securities purchased under agreements to resell, and maturing interest-bearing deposits with other banks, are additional sources of liquidity funding.

The liability portion of the balance sheet provides liquidity through various customers' interest bearing and noninterest bearing deposit accounts. Federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings are additional sources of liquidity and, basically, represent the Company's incremental borrowing capacity. These sources of liquidity are short-term in nature and are used as necessary to fund asset growth and meet short-term liquidity needs.

A strong capital position, which is vital to the continued profitability of the Company, also promotes depositor and investor confidence and provides a solid foundation for the future growth of the organization. The Company has satisfied its capital requirements principally through the retention of earnings.

The ratio of total shareholders' equity as a percentage of total assets is one measure used to determine capital strength. The Company's capital position remains strong, as the ratio of total shareholders' equity to total assets at March 31, 2006 was 7.80 percent compared to 7.26 percent at December 31, 2005. Shareholders' equity increased during the first three months of 2006 primarily due to the issuance of treasury stock in connection with the acquisition of TexasBank and an increase in retained earnings.

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In 2003, the Company announced that its Board of Directors authorized a share repurchase program allowing for the purchase of 3.3 percent or approximately 4.1 million shares of the Company's outstanding common stock. Through March 31, 2006, 1.0 million shares had been repurchased under the program at a cost of \$51.4 million. At March 31, 2006, approximately 3.1 million shares remained available for repurchase under the program. The timing and amount of purchases is dependent upon the availability and alternative uses of capital, market conditions and other factors. Since December 31, 2005, approximately 5.0 million shares have been issued from treasury stock at a cost of \$182.7 million. Of this amount, approximately 4.9 million shares were issued, at a cost of \$178.5 million, in connection with the acquisition of TexasBank. The remainder of the shares issued from treasury stock relate to employee benefit plans and other acquisitions.

In addition to the capital ratios mentioned above, banking industry regulators have defined minimum regulatory capital ratios that the Parent Company and the Subsidiary Banks are required to maintain. These risk-based capital guidelines take into consideration risk factors, as defined by the banking industry regulators, associated with various categories of assets, both on and off balance sheet. Under the guidelines, capital strength is measured in two tiers that are used in conjunction with risk-adjusted assets to determine the risk-based capital ratios. Tier I Capital is defined as common shareholders' equity, excluding the net unrealized holding gain (loss) on available-for-sale securities (except for net unrealized losses on marketable equity securities), the accumulated gain (loss) on cash-flow hedging instruments and disallowed credit-enhancing interest-only strips, plus perpetual preferred stock and the Trust Preferred Securities, subject to regulatory limitations, minus goodwill and other disallowed intangible assets. Other disallowed intangibles represent intangible assets, other than goodwill, recorded after February 19, 1992. Total Qualifying Capital is defined as Tier I Capital plus Tier II Capital components, which include such items as qualifying allowance for loan losses, certain qualifying classes of preferred stock and qualifying subordinated debt.

Tier I Capital and Total Qualifying Capital as of March 31, 2006 exceeded the target ratios for well capitalized of 6.00 percent and 10.00 percent, respectively, under current regulations. The Tier I and Total Qualifying Capital ratios at March 31, 2006 were 7.99 percent and 11.53 percent, respectively, compared to 8.74 percent and 11.48 percent at December 31, 2005. Two other important indicators of capital adequacy in the banking industry are the leverage ratio and the tangible leverage ratio. The leverage ratio is defined as Tier I Capital divided by total adjusted quarterly average assets. Average quarterly assets are adjusted by subtracting the average unrealized gain (loss) on available-for-sale securities (except for net unrealized losses on marketable equity securities), the accumulated gain (loss) on cash-flow hedging instruments, disallowed credit-enhancing interest-only strips, period-end goodwill, and other disallowed intangibles. The tangible leverage ratio is defined similarly, except, by definition, all other intangible assets not previously excluded are removed from both the numerator and denominator. The leverage ratio was 7.54 percent at March 31, 2006 and 7.70 percent at December 31, 2005. The Company's tangible leverage ratio was 7.51 percent at March 31, 2006 compared to 7.67 percent at December 31, 2005.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Market risk includes credit risk, liquidity risk and interest rate risk. For a discussion of credit risk, see Credit - Nonperforming Assets and Past Due Loans. For a discussion of liquidity risk, see Liquidity and Capital Resources. See below for a discussion of interest rate risk sensitivity.

The Company's interest rate risk management policies and practices, along with the assumptions used in the net interest income sensitivity analysis, are described in the annual report on Form 10-K for the period ended December 31, 2005. Net interest income sensitivities, given a gradual and sustained parallel interest rate shift over a one-year time horizon, using yield curves current as of March 31, 2006 and December 31, 2005, respectively, are shown in the table below.

	Principal Amount of Earning Assets, Interest Bearing Liabilities and Swaps (in Thousands) (Unaudited)	Percentage Increase/(Decrease) in Interest Income/Expense	
		Down 100 Basis Points	Up 100 Basis Points
March 31, 2006:			
Assets which reprice in: *			
One year or less	\$ 16,195,640	(6.61)%	6.71 %
Over one year	13,787,648	(1.51)	1.19
	<u>\$ 29,983,288</u>	(4.58)	4.51
Liabilities which reprice in:			
One year or less	\$ 18,392,358	(9.77)%	12.84 %
Over one year	4,696,216	(1.49)	1.63
	<u>\$ 23,088,574</u>	(7.36)	9.58
Total net interest income sensitivity		(2.44)%	0.62 %
December 31, 2005:			
Assets which reprice in: *			
One year or less	\$ 14,557,658	(7.48)%	7.59 %
Over one year	13,839,052	(2.16)	1.46
	<u>\$ 28,396,710</u>	(5.19)	4.96
Liabilities which reprice in:			
One year or less	\$ 17,488,014	(11.64)%	15.11 %
Over one year	4,665,004	(0.82)	2.17
	<u>\$ 22,153,018</u>	(8.24)	11.04
Total net interest income sensitivity		(3.01)%	0.59 %

* Excludes noninterest earning trading account assets

As shown in the table above, the Company's balance sheet remained relatively stable to both rising and falling interest rates as compared to the same information at December 31, 2005. This stability was the result of decreases in the sensitivity on both the asset and liability sides of the balance sheet. The decrease in sensitivity on the asset side of the balance sheet was due in large part to less prepayment volatility in the current interest rate environment. The decrease in sensitivity on the liability side of the balance sheet was a result of the growth in non-term deposits, thereby reducing the Company's need for other higher interest-bearing funding sources.

Item 4 - Controls and Procedures

The management of the Company is responsible for periodically evaluating the Company's disclosure controls and procedures, which are defined under applicable Securities and Exchange Commission ("SEC") regulations as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC is recorded, processed, summarized, and reported on a timely basis.

As of March 31, 2006, the Company's management, with the participation of its Chairman and Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that review, the Chairman and Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as designed and implemented, were effective. There have been no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. In making its assessment of the changes in internal control over financial reporting as of March 31, 2006, the Company's management excluded the evaluation of the disclosure controls and procedures of TexasBanc Holding Co., the parent company of TexasBank, which was acquired by the Company on March 24, 2006.

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

In the ordinary course of business, the Company is subject to legal proceedings, which involve claims for substantial monetary relief. However, based upon the advice of legal counsel, management is of the opinion that any legal proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.

Item 1A - Risk Factors

There were no material changes from risk factors as previously disclosed in the Company's Form 10-K for the period ended December 31, 2005 in response to Item 1A. to Part 1 of Form 10-K.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Maximum Number of Shares that May Yet Be Purchased Under the Program (2)
January 1, 2006 – January 31, 2006	–	\$ –	–	3,088,600
February 1, 2006 – February 28, 2006	51,746	49.56	–	3,088,600
March 1, 2006 – March 31, 2006	8,313	50.98	–	3,088,600
Total	60,059	\$ 49.76	–	

- (1) This column includes (a) purchases of the Company's common stock under the Company's publicly announced share repurchase program described in (2) below and (b) the surrender to the Company by plan participants of shares of common stock to satisfy the exercise price and tax withholdings related to the exercise of employee stock options and restricted stock during the period indicated.
- (2) In 2003, the Company announced that its Board of Directors authorized management to purchase approximately 4.1 million shares of the Company's outstanding common stock.

Item 5 - Other Information

On March 16, 2006, Compass Bank, the lead bank subsidiary of Compass Bancshares, Inc., issued \$275 million in aggregate principal amount of 5.90% Subordinated Bank Notes ("Sub Bank Notes"). The Sub Bank Notes were issued to purchasers at a price of 99.67%, resulting in proceeds to Compass Bank, after dealer discounts and other costs, of \$272 million. Interest on the Sub Bank Notes accrues at a fixed rate of 5.90% per year, payable semi-annually, and the Sub Bank Notes mature on April 1, 2026. The Sub Bank Notes are not subject to redemption or repayment at the option of Compass Bank or the holder prior to maturity. Payment of the principal on the Sub Bank Notes may be accelerated only in the case of certain events involving insolvency, reorganization or the appointment of a receiver or similar official for Compass Bank.

The Sub Bank Notes were issued as part of a program established on March 13, 2006 under which Compass Bank may offer from time to time up to \$2.0 billion aggregate principal amount outstanding at any one time of senior and subordinated bank notes with maturities of seven days or more in the case of senior bank notes and maturities of five years or more in the case of subordinated bank notes. The terms of the bank notes issued under the program, including maturities, interest rates (if any) and redemption terms (if any), may vary. None of the bank notes issued under the program are guaranteed by Compass Bancshares, Inc. or any other affiliate of Compass Bank. The bank notes will be

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issued, and the terms of the bank notes will be established, from time to time pursuant to an Issuing and Paying Agency Agreement, dated as of March 13, 2006, between Compass Bank, as issuer, and Compass Bank, as issuing and paying agent. Under the program, the bank notes may be sold through specified agents, to such agents for resale, or by Compass Bank directly pursuant to a Distribution Agreement, dated March 13, 2006, among Compass Bank and Compass Bancshares, Inc. and Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler O' Neill & Partners, L.P. as agents. Although no termination date for the program has been established, the program can be terminated as to any agent by Compass Bank or by such agent at any time.

With the issuance of Sub Bank Notes, the cumulative balance of outstanding notes under the program is \$275 million.

The Distribution Agreement and Issuing and Paying Agency Agreement are attached hereto as Exhibits 10.ae and 10.af and incorporated herein by reference.

Certain of the agents and their affiliates may be customers of, including borrowers from, engage in transactions with and perform services for, Compass Bank, Compass Bancshares, Inc. or their affiliates in the ordinary course of business.

Item 6 - Exhibits

(3) Articles of Incorporation and By-Laws of Compass Bancshares, Inc.

Restated Certificate of Incorporation of Compass Bancshares, Inc., as amended, dated May 17, 1982 (incorporated by reference to

- (a) Exhibit 3(a) to Compass Bancshares, Inc.' s December 31, 1997 Form 10-K, file number 000-06032, filed March 23, 1998 with the Commission)

Certificate of Amendment, dated May 20, 1986, to Restated Certificate of Incorporation of Compass Bancshares, Inc.

- (b) (incorporated by reference to Exhibit 3.2 to Compass Bancshares, Inc.' s Registration Statement on Form S-4, Registration No. 33-46086, filed with the Commission)

Certificate of Amendment, dated May 15, 1987, to Restated Certificate of Incorporation of Compass Bancshares, Inc.

- (c) (incorporated by reference to Exhibit 3.1.2 to Compass Bancshares, Inc.' s Post-Effective Amendment No. 1 to Registration Statement on Form S-4, Registration No. 33-10797, filed with the Commission)

Certificate of Amendment, dated September 16, 1994, to Restated Certificate of Incorporation of Compass Bancshares, Inc.

- (d) (incorporated by reference to Exhibit 3.5(1) to Compass Bancshares, Inc.' s Registration Statement on Form S-4, Registration No. 33-55899, filed with the Commission)

Certificate of Amendment, dated November 3, 1993, to Restated Certificate of Incorporation of Compass Bancshares, Inc.

- (e) (incorporated by reference to Exhibit 3(d) to Compass Bancshares, Inc.' s Registration Statement on Form S-4, Registration No. 33-51919, filed with the Commission)

Certificate of Amendment, dated May 15, 1998, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (filed as

- (f) exhibit 4.6 to Compass Bancshares, Inc.' s Registration Statement on Form S-3, Registration Statement No. 333-60725, filed with the Commission)

Certificate of Amendment, dated May 1, 2002, to Restated Certificate of Incorporation of Compass Bancshares, Inc. (incorporated

- (g) by reference to Exhibit 4.7 to Compass Bancshares, Inc.' s Registration Statement on Form S-8, Registration No. 333-90806, filed June 19, 2002 with the Commission)

- (h) Bylaws of Compass Bancshares, Inc. (Amended and Restated as of March 15, 1982) (incorporated by reference to Exhibit 3(f) to Compass Bancshares, Inc.' s December 31, 1997 Form 10-K, file number 000-06032, filed March 23, 1998 with the Commission)

(4) Instruments Defining the Rights of Security Holders, Including Indentures

Form of Indenture between Compass Bancshares, Inc. (formerly Central Bancshares of the South, Inc.) and JPMorgan Chase Bank

- (a) (formerly Chemical Bank), as Senior Trustee (incorporated by reference to Exhibit 4(g) to Compass Bancshares, Inc.' s Registration Statement on Form S-3, Registration No. 33-61018, filed with the Commission)

Exhibits – continued

Form of Indenture between Compass Bancshares, Inc. (formerly Central Bancshares of the South, Inc.) and JPMorgan Chase Bank (b) (formerly Chemical Bank), as Subordinated Trustee (incorporated by reference to Exhibit 4(f) to Compass Bancshares, Inc.' s Registration Statement on Form S-3, Registration No. 33-61018, filed with the Commission)

(10) Material Contracts

(a) Compass Bancshares, Inc., 1996 Long Term Incentive Plan (incorporated by reference to Exhibit 4(g) to Compass Bancshares, Inc.' s Registration Statement on Form S-8, Registration No. 333-15117, filed October 30, 1996 with the Commission) *

Compass Bancshares, Inc., 1999 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10(a) to Compass Bancshares, Inc.' s Registration Statement on Form S-8, Registration No. 333-86455, filed September 2, 1999 with the Commission) *

(c) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and D. Paul Jones, Jr. (incorporated by reference to Exhibit 10(e) to Compass Bancshares, Inc.' s March 31, 2000 Form 10-Q, file number 000-06032, filed May 15, 2000 with the Commission) *

(d) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and Garrett R. Hegel (incorporated by reference to Exhibit 10(g) to Compass Bancshares, Inc.' s March 31, 2000 Form 10-Q, file number 000-06032, filed May 15, 2000 with the Commission) *

(e) Employment Agreement, dated November 24, 1997, between Compass Bancshares, Inc. and James D. Barri (incorporated by reference to Exhibit 10(j) to Compass Bancshares, Inc.' s March 31, 2000 Form 10-Q, file number 000-06032, filed May 15, 2000 with the Commission) *

(f) Employment Agreement, dated December 14, 1994, between Compass Bancshares, Inc. and G. Ray Stone (incorporated by reference to Exhibit 10(i) to Compass Bancshares, Inc.' s Registration Statement on Form S-4, Registration No. 333-15373, filed November 1, 1996 with the Commission) *

(g) Employment Agreement, dated March 1, 1998, between Compass Bancshares, Inc. and Clayton D. Pledger (incorporated by reference to Exhibit 10(g) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *

(h) First Amendment to Employment Agreement, dated March 31, 1997, between Compass Bancshares, Inc. and D. Paul Jones, Jr. (incorporated by reference to Exhibit 10(h) to Compass Bancshares, Inc.' s December 31, 2004 Form 10-K, file number 001-31272, filed February 28, 2005 with the Commission) *

(i) First Amendment to Employment Agreement, dated April 14, 1997, between Compass Bancshares, Inc. and Garrett R. Hegel (incorporated by reference to Exhibit 10(i) to Compass Bancshares, Inc.' s December 31, 2004 Form 10-K, file number 001-31272, filed February 28, 2005 with the Commission) *

(j) First Amendment to Employment Agreement, dated April 18, 1997, between Compass Bancshares, Inc. and G. Ray Stone (incorporated by reference to Exhibit 10(j) to Compass Bancshares, Inc.' s December 31, 2004 Form 10-K, file number 001-31272, filed February 28, 2005 with the Commission) *

(k) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and D. Paul Jones, Jr. (incorporated by reference to Exhibit 10(i) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *

(l) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and Garrett R. Hegel (incorporated by reference to Exhibit 10(j) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *

(m) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and James D. Barri (incorporated by reference to Exhibit 10(l) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *

Exhibits – continued

- (n) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and Clayton D. Pledger (incorporated by reference to Exhibit 10(h) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *
- (o) Amendment to Employment Agreement, dated October 12, 2001, between Compass Bancshares, Inc. and G. Ray Stone (incorporated by reference to Exhibit 10(o) to Compass Bancshares, Inc.' s December 31, 2004 Form 10-K, file number 001-31272, filed February 28, 2005 with the Commission) *
- (p) Compass Bancshares, Inc., Employee Stock Ownership Benefit Restoration Plan, as amended and restated as of January 1, 2003. *
- (q) Compass Bancshares, Inc., Supplemental Retirement Plan, dated May 1, 1997 (incorporated by reference to Exhibit 10(k) to Compass Bancshares, Inc.' s December 31, 1999 Form 10-K, file number 000-06032, filed March 23, 2000 with the Commission) *
- (r) Deferred Compensation Plan for Compass Bancshares, Inc., as amended and restated as of December 1, 2003. *
- (s) Compass Bancshares, Inc. Special Supplemental Retirement Plan, dated May 1, 1997. (Amended and Restated as of February 27, 2000) (incorporated by reference to Exhibit 10(n) to Compass Bancshares, Inc.' s March 31, 2000 Form 10-Q, file number 000-06032, filed May 15, 2000 with the Commission) *
- (t) Amendment Number One to the Compass Bancshares, Inc., Special Supplemental Retirement Plan, dated April 26, 2000 (incorporated by reference to Exhibit 10(q) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file 000-06032, filed March 11, 2002 with the Commission) *
- (u) Amendment Number Two to the Compass Bancshares, Inc., Special Supplemental Retirement Plan, dated February 9, 2001 (incorporated by reference to Exhibit 10(r) to Compass Bancshares, Inc.' s December 31, 2001 Form 10-K, file number 000-06032, filed March 11, 2002 with the Commission) *
- (v) Compass Bancshares, Inc., Director & Executive Stock Purchase Plan (formerly known as Monthly Investment Plan), as Amended and Restated, effective as of September 1, 2001 (incorporated by reference to Exhibit 4.8 to Compass Bancshares, Inc.' s Registration Statement on Form S-8, Registration No. 333-26884, filed July 31, 2001 with the Commission) *
- (w) Compass Bancshares, Inc. 2002 Incentive Compensation Plan (incorporated by reference to Exhibit 4.9 to Compass Bancshares, Inc.' s Registration Statement on Form S-8, Registration No. 333-90806, filed June 19, 2002 with the Commission) *
- (x) Form of Performance Contingent Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 to Compass Bancshares, Inc.' s Form 8-K, file number 001-31272, filed February 22, 2005 with the Commission) *
- (y) Form of Amendment Number One to the Performance Contingent Restricted Stock Award Agreement (incorporated by reference to Compass Bancshares, Inc.' s Form 8-K, file number 001-31272, filed October 21, 2005 with the Commission) *
- (z) Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.2 to Compass Bancshares, Inc.' s Form 8-K, file number 001-31272, filed February 22, 2005 with the Commission) *
- (aa) Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.3 to Compass Bancshares, Inc.' s Form 8-K, file number 001-31272, filed February 22, 2005 with the Commission) *
- (ab) Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.4 to Compass Bancshares, Inc.' s Form 8-K, file number 001-31272, filed February 22, 2005 with the Commission) *
- (ac) Executive Officer Compensation Arrangements (incorporated by reference to Exhibit 10(y) to Compass Bancshares, Inc.' s March 31, 2005 Form 10-Q, file number 001-31272, filed May 6, 2005 with the Commission) *

Exhibits – continued

- (ad) Form of Stock Option Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10(cc) to Compass Bancshares, Inc.' s March 31, 2005 Form 10-Q, file number 001-31272, filed May 6, 2005 with the Commission) *
- (ae) Distribution Agreement, dated March 13, 2006, among Compass Bank and Compass Bacshares, inc., and Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc. Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler O' Neill & Partners, L.P. as agents
- (af) Issuing and Paying Agency Agreement, dated March 13, 2006, between Compass Bank, as issuer, and Compass Bank, as issuing and paying agent
- (31)(a) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by D. Paul Jones, Jr., Chief Executive Officer
- (31)(b) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Garrett. R. Hegel, Chief Financial Officer
- (32)(a) Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by D. Paul Jones, Jr., Chief Executive Officer
- (32)(b) Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Garrett R. Hegel, Chief Financial Officer

Certain financial statement schedules and exhibits have been omitted because they are either not required or the information is otherwise included in the Notes to Consolidated Financial Statements.

* Management contract or compensatory plan or arrangement

COMPASS BANCSHARES, INC. AND SUBSIDIARIES

SIGNATURES

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

May 8, 2005

Date

By: /s/ Garrett R. Hegel

Garrett R. Hegel
Chief Financial Officer

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**COMPASS BANCSHARES, INC.
EMPLOYEE STOCK OWNERSHIP BENEFIT RESTORATION PLAN
AS AMENDED AND RESTATED AS OF JANUARY 1, 2003**

ARTICLE I

Purpose and Adoption of Plan

1.1 Adoption: Compass Bancshares, Inc. (the "Company") hereby adopts and establishes the Compass Bancshares, Inc. Employee Stock Ownership Benefit Restoration Plan (the "Plan") effective as of May 1, 1997. The Plan shall be an unfunded deferred compensation arrangement whose benefits shall be paid solely from the general assets of the Company.

1.2 Purpose: The Plan is designed to permit a select group of management or highly compensated employees to elect to defer a portion of their Compensation until their death, disability, retirement, or termination of employment with an Employing Company and to provide benefits equal to the employer matching contributions that would have been made for such employees under the Compass Bancshares, Inc. Employee Stock Ownership Plan (the "Compass Bancshares ESOP"), but for limitations imposed by the federal income tax laws.

1.3 Purpose of Amendment and Restatement: The purposes of the amendment and restatement are to incorporate prior amendments to the Plan in a single document, to clarify how employer matching contributions are made and to provide that they are subject to vesting, and to provide for installment payments in the event of the death of a Participant.

ARTICLE II

Definitions

For purposes of the Plan the following terms shall have the following meanings unless a different meaning is plainly required by the context:

2.1 "Account" shall mean the account or accounts established and maintained by the Company for bookkeeping purposes to reflect the interest of a Participant in the Plan resulting from a Participant's deferred Compensation, Employer Contributions made on behalf of a Participant, and adjustments thereto to reflect income, gains, losses, and other credits or charges less any distributions. This Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant under the Plan.

2.2 "Administrative Committee" shall mean the Compensation Committee of the Board of Directors.

2.3 "Beneficiary" shall mean any person, estate, trust, or organization entitled to receive any payment under the Plan upon the death of a Participant. The Participant shall designate his Beneficiary on a form provided by the Administrative Committee.

2.4 "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor statute.

2.5 "Board of Directors" shall mean the Board of Directors of the Company.

2.6 "Company" shall mean Compass Bancshares, Inc.

2.7 "Compensation" shall mean the Employee's base wages or salary, including amounts contributed by the Company to the Compass Bancshares ESOP as salary deferral contributions pursuant to the Employee's exercise of his deferral option made in accordance with Section 401(k) of the Code, and amounts contributed by the Company to the Compass Bancshares, Inc. Cafeteria Plan on behalf of the Employee pursuant to his salary reduction election under such plan, and in accordance with Section 125 of the Code and amounts contributed to a qualified parking plan under Section 132(f) of the Code; provided, however, solely in the case of Participants specified on Exhibit A the term "Compensation" shall also include bonuses and other forms of incentive pay paid in cash.

2.8 "Deferral Election" shall mean the Participant's written election to defer a portion of his Compensation pursuant to Article III.

2.9 "Effective Date" shall mean the first day of the first payroll period the Administrative Committee shall permit a Participant to defer Compensation under the Plan.

2.10 "Employee" shall mean any person who is currently employed by an Employing Company.

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

2.12 "Employer Contributions" shall mean the amounts credited a Participant's Account under Article VI of the Plan.

2.13 "Employing Company" shall mean the Company or any affiliate or subsidiary (direct or indirect) of the Company.

2.14 "Enrollment Date" shall mean the Effective Date, January 1, of each Plan Year, except it shall mean May 1, 1997 of the first Plan Year and such other dates as may be determined from time to time by the Administrative Committee.

2.15 "Investment Request" shall mean the Participant's written request to have his Account invested pursuant to Section 8.1 or Section 8.2.

2.16 "Participant" shall mean an Employee or former Employee of the Company who is eligible to receive benefits under the Plan.

2.17 "Plan" shall mean Compass Bancshares, Inc. Employee Stock Ownership Benefit Restoration Plan as amended from time to time.

2.18 "Plan Year" shall mean the twelve (12) month period commencing January 1st and ending on the last day of December next following, except the first Plan Year shall be May 1, 1997 through December 31, 1997.

The words in the masculine gender shall include the feminine and neuter genders and words in the singular shall include the plural and words in the plural shall include the singular.

ARTICLE III Administration of Plan

3.1 The Administrative Committee shall be responsible for the general administration of the Plan. The Administrative Committee may select a chairman and may select a secretary (who may, but need not, be a member of the Administrative Committee) to keep its records or to assist it in the discharge of its duties. A majority of the members of the Administrative Committee shall constitute a quorum for the transaction of business at any meeting. Any determination or action of the Administrative Committee may be made or taken by a majority of the members present at any meeting thereof, or without a meeting by resolution or written memorandum concurred in by a majority of the members.

3.2 No member of the Administrative Committee shall receive any compensation from the Plan for his service.

3.3 The Administrative Committee shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan more particularly set forth herein. It shall interpret the Plan and shall determine all questions arising in the administration, interpretation and application of the Plan. Any such determination by it shall be conclusive and binding on all persons. It may adopt such regulations as it deems desirable for the conduct of its affairs. It may appoint such accountants, counsel, actuaries, specialists and other persons as it deems necessary or desirable in connection with the administration of this Plan, and shall be the agent for the service of process.

3.4 The Administrative Committee shall be reimbursed by the Company for all reasonable expenses incurred by it in the fulfillment of its duties. Such expenses shall include any expenses incident to its functioning, including, but not limited to, fees of accountants, counsel, actuaries, and other specialists, and other costs of administering the Plan.

3.5 (a) The Administrative Committee is responsible for the daily administration of the Plan. It may appoint other persons or entities to perform any of its fiduciary functions. The Administrative Committee and any such appointee may employ advisors and other persons necessary or convenient to help it carry out its duties, including its fiduciary duties. The Administrative Committee shall review the work and performance of each such appointee, and

shall have the right to remove any such appointee from his position. Any person, group of persons or entity may serve in more than one fiduciary capacity.

(b) The Administrative Committee shall maintain accurate and detailed records and accounts of Participants and of their rights under the Plan and of all receipts, disbursements, transfers and other transactions concerning the Plan. Such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Board of Directors and by persons designated thereby.

(c) The Administrative Committee shall take all steps necessary to ensure that the Plan complies with the law at all times. These steps shall include such items as the preparation and filing of all documents and forms required by any governmental agency; maintaining of adequate Participants' records; withholding of applicable taxes and filing of all required tax forms and returns; recording and transmission of all notices required to be given to Participants and their Beneficiaries; the receipt and dissemination, if required, of all reports and information received from an Employing Company; and doing such other acts necessary for the proper administration of the Plan. The Administrative Committee shall keep a record of all of its proceedings and acts, and shall keep all such books of account, records and other data as may be necessary for proper administration of the Plan. The Administrative Committee shall notify the Company upon its request of any action taken by it, and when required, shall notify any other interested person or persons.

3.6 In the event that the claim of any person to all or any part of any payment or benefit under this Plan shall be denied, the Administrative Committee shall notify the applicant in writing of such decision with respect to his claim within ninety (90) days after the applicant's submission of such claim. The notice shall be written in a manner calculated to be understood by the applicant and shall include:

(a) The specific reasons for the denial;

(b) Specific references to the pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

(d) An explanation of the Plan's claim review procedures.

If specific circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the ninety (90)-day period. In no event shall such extension exceed ninety (90) days.

In the event a claim for benefits is denied or if the applicant has received no response to such claim within ninety (90) days of its submission (in which case the claim for benefits shall be deemed to have been denied), the applicant or his duly authorized

representative, at the applicant's sole expense, may appeal the denial to the Administrative Committee within sixty (60) days of the receipt of written notice of the denial or sixty (60) days from the date such claim is deemed to be denied. In pursuing such appeal the applicant or his duly authorized representative:

- (a) may request in writing that the Administrative Committee review the denial;
- (b) may review pertinent documents; or
- (c) may submit issues and comments in writing.

The decision on review shall be made within sixty (60) days of receipt of the request to review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and shall include specific references to the provisions of the Plan on which the denial is based. If the decision on review is not furnished within the time specified above, the claim shall be deemed denied on review.

ARTICLE IV Arbitration

4.1 Any controversy relating to a claim arising out of or relating to this Plan, including, but not limited to claims for benefits due under this Plan, claims for the enforcement of ERISA, claims based on the federal common law of ERISA, claims alleging discriminatory discharge under ERISA, claims based on state law, and assigned claims relating to this Plan shall be settled by arbitration in accordance with the then current Employee Benefit Claims Arbitration Rules of the American Arbitration Association (AAA) or any successor rules which are hereby incorporated into the Plan by this reference; provided, however, both the Company and the Participant shall have the right at any time to seek equitable relief in court without submitting the issue to arbitration.

4.2 Neither the Participant (or his beneficiary) nor the Plan may be required to submit any such claim or controversy to arbitration until the Participant (or his beneficiary) has first exhausted the Plan's internal appeals procedures set forth in Section 3.6. However, if the Participant (or his beneficiary) and the Company agree to do so, they may submit the claim or controversy to arbitration at any point during the processing of the dispute.

4.3 The Company will bear all costs of an arbitration, except that the Participant will pay the filing fee set by the AAA and the arbitrator shall have the power to apportion among the parties expenses such as pre-hearing discovery, travel, experts' fees, accountants' fees, and attorney's fees and except as otherwise provided herein. The decision of the arbitrator shall be

final and binding on all parties, and judgment on the arbitrator's award may be entered in any court of competent jurisdiction.

4.4 If there is a dispute as to whether a claim is subject to arbitration, the arbitrator shall decide that issue. The claim must be filed with the AAA within the applicable statute of limitations period. The arbitrator shall issue a written determination sufficient to ensure consistent application of the Plan in the future.

4.5 Any arbitration will be conducted in accordance with the following provisions, notwithstanding the Rules of the AAA. The arbitration will take place in a neutral location within the metropolitan area in which the Participant was or is employed by an Employing Company. The arbitrator will be selected from the attorney members of the Commercial Panel of the AAA who reside in the metropolitan area where the arbitration will take place and have at least 5 years of ERISA experience. If an arbitrator meeting such qualifications is unavailable, the arbitrator will be selected from the attorney members of the National Panel of Employee Benefit Claims Arbitrators established by the AAA.

4.6 In any such arbitration, each party shall be entitled to discovery of any other party as provided by the Federal Rules of Civil Procedure then in effect; provided, however, that discovery shall be limited to a period of 60 days. The arbitrator may make orders and issue subpoenas as necessary. The arbitrator shall apply ERISA, as construed in the federal Circuit in which the arbitration takes place, to the interpretation of the Plan and the Federal Arbitration Act to the interpretation of this arbitration provision. To the extent that state law is not preempted by ERISA, then the law of Alabama applies.

4.7 Any party has the right to arrange for a stenographic record to be made of the proceedings, which stenographic record shall be the official record. Either party may make an offer of judgment at any time in accordance with the procedures of Rule 68 (or its successor) of the Federal Rules of Civil Procedure. The existence of such an offer is not admissible in any proceeding. If the monetary award of the arbitrator to a party is less than any monetary offer to that party plus 20 percent of such offer, then that party receiving such award shall pay the other party his reasonable attorneys' fees, experts' fees, accountants' fees and other costs incurred with respect to the arbitration following the date of the offer of judgment. Such amount is to be deducted from the award prior to payment. Arbitration is the exclusive remedy for any dispute between the parties other than equitable relief which either party may seek through the court system.

ARTICLE V

Eligibility

5.1 Any Employee who is a member of a select group of management or highly compensated Employees, is eligible to participate in the Compass Bancshares ESOP, and is selected for participation in the Plan by the Administrative Committee in its sole discretion, shall be eligible to participate in the Plan. An Employee who is selected to participate shall be designated on Exhibit B hereto. An Employee shall become a Participant by agreeing to be bound by the terms of this Plan, including the non-competition provisions of Article X.

5.2 Notwithstanding the above, the Administrative Committee shall be authorized to modify the eligibility requirements and rescind the eligibility of any Participant if necessary to insure that the Plan is maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees under ERISA.

ARTICLE VI
Election for Deferral of Payment

6.1 A Participant may elect to defer payment of a portion of his Compensation in excess of the compensation limitation of Section 401(a)(17) for the Plan Year otherwise payable to him during each payroll period of the next succeeding Plan Year by any percentage (whole or fractional) of his Compensation, such amount to be credited to his Account under the Plan.

6.2 An Account shall be established for each Participant by the Company as of the effective date of such Participant's initial Deferral Election.

6.3 The Deferral Election shall be made in writing on a form prescribed by the Company and said Deferral Election shall state:

- (a) That the Participant wishes to make an election to defer the receipt of a portion of his Compensation, and
- (b) The percentage of such Compensation to be deferred.

6.4 The initial Deferral Election of a new Participant shall be made by written notice signed by the Participant and delivered to the Company not later than thirty (30) days after the later of the Plan's effective date or when the Employee first becomes eligible to participate in the Plan. Any modification or revocation of the most recent Deferral Election shall be made by written notice signed by the Participant and delivered to the Company not later than the first (1st) day of the month prior to the next succeeding Plan Year (or such later date as the Administrative Committee may determine) and shall be effective on the first day of such succeeding Plan Year. A Deferral Election with respect to the deferral of future Compensation shall be an annual election for each Plan Year unless otherwise modified or revoked as provided herein. The termination of participation in the Plan shall not affect Compensation previously deferred by a Participant under the Plan. At the time of the initial election, the Participant shall elect the form of payment to be received upon his retirement or termination of employment, such form to be either (a) a lump sum, or (b) monthly, quarterly, or annual installments over a period not to exceed fifteen (15) years.

6.5 Notwithstanding the provisions of Section 6.4 of the Plan, the Administrative Committee, in its sole discretion upon written application by a Participant, may authorize the suspension of a Participant's Deferral Election in the event of an unforeseeable emergency upon receiving a written request to the Administrative Committee accompanied by evidence to demonstrate that the circumstances qualify as an unforeseeable emergency. An unforeseeable

emergency is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if suspension was not permitted. Any suspension authorized by the Administrative Committee shall become effective as of the first payroll period beginning thirty (30) days after receipt by the Company of the suspension application, or as soon as practicable after the receipt of such application. Such suspension shall be effective for the remainder of the Plan Year and shall be deemed an annual election for each succeeding Plan Year unless modified under Section 6.4 of the Plan.

ARTICLE VII
Employer Contributions

7.1 Subject to compliance with the provisions of Article IX, the Company shall contribute as follows:

(a) At the time of each deferral of Compensation hereunder, the amount per Participant resulting from the application of the percentage of the Employer Matching Contribution (as such term is used in the Compass Bancshares ESOP) made as of each payroll period (and as of the time of any bonus or other incentive payment in the case of Participants identified on Exhibit A) to the ratable portion of the Participant's Compensation, in excess of the compensation limitation of Section 401(a)(17) for the Plan Year.

(b) At the time any additional Employer Matching Contribution is made by the Company for a Plan Year to the Compass Bancshares ESOP, an amount per Participant resulting from the application of the additional percentage of Compensation contributed as an additional Employer Matching Contribution to the ratable portion of the Participant's Compensation deferred hereunder for the Plan Year.

7.2 The amount determined under Section 7.1 above shall be calculated without regard to any limitations under Section 415 of the Code, Section 402(g) of the Code, Section 401(a)(17) of the Code, or other federal tax law provisions that would limit salary deferral contributions, employee compensation amounts, and/or employer matching and discretionary contributions under the Compass Bancshares ESOP.

7.3 The amount credited under Section 7.1 shall be subject to vesting under the same vesting schedule and subject to the same terms and conditions applicable to the vesting of Employer Matching Contributions under the ESOP.

ARTICLE VIII
Investment of Accounts

8.1 The Account of each Participant attributable to the Participant's Deferral Election shall be credited as of the last day of each calendar quarter with investment earnings based upon the assets in the Account or on such more frequent basis as determined by the Administrative Committee. A Participant may request how his Account attributable to his Deferral Election is to

be invested. The investment request shall be made in writing on a form prescribed by the Company and shall be delivered to the Company at least ten (10) days prior to the Enrollment Date of the next succeeding Plan Year, as appropriate, and shall be effective on such Enrollment Date or the first day of such succeeding Plan Year. The Investment Request made in accordance with this Article VIII shall continue from Plan Year to Plan Year unless the Participant changes the Investment Request by submitting a written request to the Company on a form prescribed by the Company not later than the tenth (10th) day prior to the next succeeding Plan Year. Any such change shall become effective as of the first day of the Plan Year next following the Plan Year in which such request is submitted to the Company. The Administrative Committee shall be authorized to permit more frequent changes in investment options to be effective on such dates as it shall specify, including on a daily basis if a daily valuation system is available. The Administrative Committee shall consider the Investment Request, but is not obligated to follow such requests.

8.2 Participants shall be permitted to request such investment options as the Administrative Committee may permit and can allocate their deferred Compensation among such options for the Plan Year. Dividends, interest and other distributions received with respect to any Investment Request shall be reinvested in the same investment option.

8.3 The Account of each Participant attributable to Employer Contributions pursuant to Article VII shall be deemed to be invested in common stock of Compass Bancshares, Inc. and shall be credited with dividends, and such dividends shall be deemed to be reinvested in such common stock in the same manner and with the same frequency as employer matching contributions are so invested in the Compass Bancshares ESOP.

8.4 At the end of each Plan Year (or on a more frequent basis as determined by the Administrative Committee), a report shall be issued to each Participant who has an Account and said report will set forth the value in such Account.

ARTICLE IX

Distribution of Accounts

9.1 Subject to compliance with the provisions of Article X, when a Participant retires or terminates his employment with an Employing Company, said Participant shall be entitled to receive the balance of his Account. Such distribution shall be made in cash in a lump sum or in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's election form; provided, however, if the value of a Participant's Account at the time distribution is to commence is \$10,000 or less, the Account shall be distributed in a lump sum. If a Participant fails to specify a form of payment, his Account shall be distributed in a lump sum. Payment shall be made or commence as soon as reasonably feasible following retirement or termination of employment. The amount distributed from a Company stock fund shall be equal to the market value of any shares of Common Stock reported in a Participant's Account, based on the Closing Price of such Common Stock during the day on which the distribution is processed immediately preceding a lump sum distribution. No portion of a Participant's Account shall be distributed in Common Stock. The portion of an Account

attributable to investments other than Common Stock shall be valued on the date a distribution is processed. The transfer by a Participant between Employing Companies shall not be deemed to be a termination of employment with an Employing Company.

With the approval of the Administrative Committee, a Participant may amend a prior election on a form provided by the Administrative Committee, in order to change the form of distribution of his Account in accordance with the terms of the Plan. Any amendment to a prior election as to the form of distribution of his Account shall be contingent upon the Participant's completion of a one-year term of employment after the date he executes a new payment election form, except in the event of the Participant's death or total and permanent disability as determined by the Social Security Administration or the Company's insurance carrier under its Long Term Disability Plan.

9.2 Subject to compliance with the provisions of Article X, upon the death of Participant or former Participant prior to the payment of his Account, the balance of his Account shall be paid in a lump sum or in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's designation of beneficiary form to the designated beneficiary of the Participant or former Participant with such payment to be made or payments to commence in the case of installment distributions within sixty (60) days following the close of the calendar quarter in which the Administrative Committee is provided evidence of the Participant's death (or as soon as reasonably practicable thereafter); provided, however, if the value of a Participant's Account at the time an installment distribution is to commence is \$10,000 or less, the Account shall be distributed in a lump sum. In the event a beneficiary designation is not on file or the designated beneficiary is deceased or cannot be located, payment will be made to the estate of the Participant or former Participant. If the Participant fails to specify a form of payment, his vested Account balance shall be distributed in a lump sum. The market value of any shares of Common Stock credited to a Participant's Account shall be based on the Closing Price of such Common Stock during the day on which the distribution is processed immediately preceding the date of any lump sum or installment distribution. No portion of a Participant's Account shall be distributed in Common Stock. The portion of an Account attributable to investments other than Common Stock shall be valued on the date a distribution is processed. In the event of the death of a Participant subsequent to the commencement of installment payments but prior to the completion of the payments, the installments shall continue and shall be paid to the beneficiary as if the Participant had not died.

9.3 The beneficiary designation may be changed by the Participant or former Participant at any time without the consent of the prior beneficiary.

9.4 A Participant may request a distribution due to an unforeseeable emergency by submitting a written request to the Administrative Committee accompanied by evidence to demonstrate that the circumstances being experienced qualify as an unforeseeable emergency. An unforeseeable emergency is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if early withdrawal was not permitted. The Administrative Committee shall have the authority to require such evidence as it deems necessary to determine if a distribution is warranted. If an application

for a hardship distribution due to an unforeseeable emergency is approved, the distribution is limited to an amount sufficient to meet the emergency. The allowed distribution shall be payable in a method determined by the Administrative Committee as soon as possible after approval of such distribution.

9.5 Upon the Sale of the Company, and subject to Compliance with the provisions of Article X, a Participant shall be entitled to receive the balance of his Account in a lump sum within sixty (60) days following the close of the calendar quarter in which such event occurs if the Participant shall have previously elected on his election form to be paid in a lump sum in the event of the Sale of the Company. For purposes of this Section 9.5, a "Sale of the Company" shall mean, for this purpose, (i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either the then outstanding shares of common stock of the Company (the "Outstanding Common Stock") or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"), or (ii) consummation by the Company of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company, unless, following such acquisition of beneficial ownership or transaction, (a) more than 60% of the then outstanding shares of common stock of the Person resulting from such reorganization, merger or consolidation, or (b) more than 60% of the then outstanding shares of common stock of the Person acquiring such beneficial ownership or assets, and the combined voting power of the then Outstanding Voting Securities of such Person entitled to vote generally in the election of directors of such Person, is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of Outstanding Common Stock and Outstanding Voting Securities immediately prior to such acquisition or transaction, in substantially the same proportions as their ownership of Outstanding Common Stock and Outstanding Voting Securities prior to such event.

ARTICLE X

Covenant Not to Compete, Non-Solicitation, Non-Disclosure and Forfeiture

10.1 As a condition of participation in the Plan, Employee agrees with the Company and his Employing Company as follows:

(a) While Employee is employed by any Employing Company, Employee will devote his or her entire time, energy and skills to the service of the Employing Company. Such employment shall be at the will and at the pleasure of the board of directors of each Employing Company.

(b) Employee will not, during the term of his or her employment with an Employing Company, and after termination for any reason of his or her employment with an Employing Company, directly or indirectly, either individually or as a stockholder, director,

officer, consultant, independent contractor, employee, agent, member or otherwise of or through any corporation, partnership, association, joint venture, firm, individual or otherwise (hereinafter "Firm"), or in any other capacity:

(i) Carry on or engage in a business like or similar to any business engaged in by the Employing Company in any territory in which the Employing Company has been or is conducting business;

(ii) Solicit or do business with any customer of the Employing Company; or

(iii) Solicit, directly or indirectly, any employee of any Employing Company to leave their employment with the Employing Company for any reason. For purposes of this Agreement, the Employing Company and Employee agree that Employee shall be deemed to have solicited an employee in violation of this Agreement if such employee is hired by Employee or his or her Firm within six (6) months of Employee's last employment date with any Employing Company.

(c) During the term of his or her employment with an Employing Company and thereafter, Employee shall not divulge, or furnish or make accessible to any third party, company, corporation or other organization (including, but not limited to, customers, competitors or governmental agencies), without the Company's prior written consent, any trade secrets, customer lists, information regarding customers, or other confidential information concerning any Employing Company or its business, including without limitation confidential methods of operation and organization, trade secrets, confidential matters related to pricing, markups, commissions and customer lists.

10.2 In the event of a breach by Employee of all or any part of the provisions of subdivisions (b) or (c) of Section 10.1, the Employee shall immediately forfeit all rights to any benefits under this Plan attributable to Employer Contributions and the Company shall be entitled to receive from the Employee an amount equal to all benefits previously paid to Employee attributable to Employer Contributions.

10.3 In the event of a breach or threatened breach by Employee of all or any part of the provisions of subdivisions (b) of Section 10.1 within the two-year period following his termination of employment or (c) of this Section 10.1 at any time, the Company shall in addition to any remedies that may be applicable under Section 10.2, be entitled to a preliminary and permanent injunction restraining Employee from such breach without limiting any other rights or remedies available to the Company for such breach or threatened breach. The two-year period during which the Company shall be entitled to an injunction for a breach or threatened breach of subdivision (b) of Section 10.1 shall be extended by any period of time during which Employee is in default of the covenants contained in this Article X.

10.4 Employee specifically recognizes and affirms that each of the covenants contained in subdivisions (b) and (c) of this Section 10.1 is a material and important term of this Plan which has induced the Company to permit Employee to participate in this Plan, and

Employee further agrees that should all or any part or application of subdivisions (b) or (c) of Section 10.1 of this Plan be held or found invalid or unenforceable for any reasons whatsoever by a court of competent jurisdiction in an action between Employee and the Company, such invalidity or unenforceability shall not affect any other provisions of the Plan, and the Company shall be entitled to rescind (but not obligated to do so) all benefits attributable to Employer Contributions under Article VII granted to Employee under this Plan. If Employee has been paid benefits under this Plan, the Company shall be entitled to receive from Employee an amount equal to all benefits paid to Employee attributable to Employer Contributions.

10.5 Notwithstanding any provision to the contrary herein contained, Section 10.1(b) shall not apply:

(a) Upon the involuntary termination of the Employee's employment by an Employing Company other than for Cause within one (1) year following a Sale of the Company; or

(b) Upon the voluntary termination of employment by the Employee for any reason within the thirty (30) day period immediately after the one (1) year period following a Sale of the Company.

For purposes of this Agreement, "Cause" shall mean (i) a willful and material violation of applicable banking laws and regulations, (ii) dishonesty, (iii) theft, (iv) fraud, (v) embezzlement, (vi) commission of a felony or a crime involving moral turpitude, (vii) substantial dependence or addiction to alcohol or any drug, (viii) conduct disloyal to an Employing Company or its affiliates, or (ix) willful dereliction of duties or disregard of lawful instructions or directions of the officers or directors of an Employing company or its affiliates relating to a material matter.

For purposes of this Article, "Sale of the Company" shall have the meaning set forth in Section 9.6.

ARTICLE XI

Nature of Employer Obligation and Participant Interest

11.1 A Participant, his beneficiary, and any other person or persons having or claiming a right to payments under this Plan shall rely solely on the unsecured promise of the Company set forth herein, and nothing in this Plan shall be construed to give a Participant, beneficiary, or any other person or persons any right, title, interest, or claim in or to any specific assets, fund, reserve, account, or property of any kind whatsoever owned by the Company or in which it may have any right, title, or interest now or in the future; but a Participant shall have the right to enforce his or her claim against the Company in the same manner as any unsecured creditor.

11.2 All amounts paid under this Plan shall be paid in cash from the general assets of the Company. Benefits shall be reflected on the accounting records of the Company but shall not be construed to create, or require the creation of, a trust, custodial or escrow account. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or a fiduciary relationship of any kind between the Company and an employee or

any other person. Neither the employee or a beneficiary of an employee shall acquire any interest greater than that of an unsecured creditor.

11.3 Any Benefits payable under this Plan shall be independent of, and in addition to, any other benefits or compensation of any sort, payable to or on behalf of the Participant under or pursuant to any other arrangement sponsored by the Company or any other agreement between the Company and the Participant.

ARTICLE XII

Miscellaneous Provisions

12.1 Neither the Participant, his beneficiary, nor his legal representative shall have any rights to commute, sell, assign, transfer or otherwise convey the right to receive any payments hereunder, which payments and the rights thereto are expressly declared to be nonassignable and nontransferable. Any attempt to assign or transfer the right to payments of this Plan shall be void and have no effect.

12.2 The assets from which Participant' s benefits shall be paid shall at all times be subject to the claims of the creditors of the Company and a Participant shall have no right, claim or interest in any assets as to which account is deemed to be invested or credited under the Plan.

12.3 The Plan may be amended, modified, or terminated by the Board of Directors of the Company in its sole discretion at any time and from time to time; provided, however, that no such amendment, modification, or termination shall impair any rights to benefits under the Plan prior to such amendment, modification, or termination. The Plan may also be amended or modified by the Administrative Committee if such amendment or modification does not involve a substantial increase in cost to the Company.

12.4 It is expressly understood and agreed that the payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he may be eligible, whether funded or unfunded, by reason of his employment by an Employing Company.

12.5 The Company shall deduct from each payment under the Plan the amount of any tax (whether federal, state or local income taxes, Social Security taxes or Medicare taxes) required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of the person entitled to such distribution.

12.6 Any Compensation deferred by a Participant while employed by an Employing Company shall not be considered Compensation earned currently for purposes of the Compass Bancshares ESOP and the Compass Bancshares, Inc. Retirement Plan. Distributions from a Participant' s Account shall not be considered wages, salaries or compensation under any other employee benefit plan.

12.7 No provision of this Plan shall be construed to affect in any manner the existing rights of an Employing Company to suspend, terminate, alter, modify, whether or not for cause, the employment relationship of the Participant and an Employing Company.

12.8 This Plan, and all its rights under it, shall be governed by and construed in accordance with the laws of the State of Alabama.

12.9 This Plan shall be binding upon the Company, its assigns, and any successor which shall succeed to substantially all of its assets and business through merger, consolidation or acquisition.

EXHIBIT A

D. Paul Jones, Jr.
Charles E. McMahan

A-1

EXHIBIT B

James D. Barri
George M. Boltwood
D. Steven Ferguson, Jr.
E. Lee Harris, Jr.
Garrett R. Hegel
D. Paul Jones, Jr.
William Helms
Charles E. McMahan
Clayton D. Pledger
Gilbert R. Stone

B-1

**DEFERRED COMPENSATION PLAN
FOR
COMPASS BANCSHARES, INC.
AS AMENDED AND RESTATED
AS OF DECEMBER 1, 2003**

ARTICLE I

Purpose and Adoption of Plan

1.1 Adoption: Compass Bancshares, Inc. and the other Employing Companies adopted and established the Deferred Compensation Plan for Compass Bancshares, Inc. effective as of February 1, 1996. The Plan is an unfunded deferred compensation arrangement whose benefits shall be paid solely from the general assets of the Employing Companies.

1.2 Purpose: The Plan is designed to permit a select group of management or highly compensated employees to elect to defer a portion of their Compensation during each payroll period until their death, disability, retirement, or termination of employment with their Employing Company.

1.3 Purpose of Amendment and Restatement: The purpose of the amendment and restatement is to incorporate an amendment allowing for the transfer of other deferred compensation plan accounts of Participants to this Plan under certain conditions and subject to the procedures of this Plan.

ARTICLE II

Definitions

For purposes of the Deferred Compensation Plan the following terms shall have the following meanings unless a different meaning is plainly required by the context:

2.1 “Account” shall mean the account or accounts established and maintained by the Company in its books and records to reflect the interest of a Participant in the Plan resulting from a Participant’s deferred Compensation and as a record of the hypothetical adjustments thereto to reflect income, gains, losses, and other credits or charges.

2.2 “Administrative Committee” shall mean the committee referred to in Section 3.1.

2.3 “Basic Compensation” shall mean the monthly rate of an Employee’s base wages or salary paid by any Employing Company to an Employee, including amounts contributed by an Employing Company to the Compass Bancshares, Inc. Employee Stock Ownership Plan as salary deferral contributions pursuant to the Employee’s exercise of his deferral option made in accordance with Section 401(k) of the Internal Revenue Code, amounts contributed by an Employing Company to the Compass Bancshares, Inc. Flexible Benefits Plan (“Superflex”) on behalf of the Employee pursuant to his salary reduction election under such plan and in accordance with Section 125 of the Internal Revenue Code and amounts contributed to a qualified parking plan under Section 132(f) of the Code; but disregarding overtime, bonuses,

incentive pay and such amounts which are reimbursements to an Employee paid by any Employing Company including, but not limited to, reimbursement for such items as moving expenses, automobile expenses, tax preparation expenses, travel and entertainment expenses, and health and life insurance premiums.

2.4 “Beneficiary” shall mean any person, estate, trust, or organization entitled to receive any payment under the Plan upon the death of a Participant.

2.5 “Board of Directors” shall mean the Board of Directors of the Company.

2.6 “Closing Price” shall mean the closing price on any trading day of a share of the Common Stock based on consolidated trading as defined by the Consolidated Tape Association and reported as part of the consolidated trading prices of stock exchange on which the Common Stock is traded.

2.7 “Common Stock” shall mean the common stock of the Company.

2.8 “Company” shall mean Compass Bancshares, Inc.

2.9 “Compensation” shall mean an Employee’s Basic Compensation and Incentive Compensation.

2.10 “Deferral Election” shall mean the Participant’s written election to defer a portion of his Compensation pursuant to Article III.

2.11 “Effective Date” shall mean the first day of the first payroll period the Administrative Committee shall permit a Participant to defer Compensation under the Plan.

2.12 “Employee” shall mean any person who is currently employed by an Employing Company.

2.13 “Employing Company” shall mean the Company, or each affiliate or subsidiary (direct or indirect) of Compass Bancshares, Inc., which shall have Employees selected for participation in the Plan.

2.14 “Enrollment Date” shall mean the Effective Date, January 1 of each Plan Year, and such other dates as may be determined from time to time by the Administrative Committee.

2.15 “Incentive Compensation” shall mean bonuses, commissions, and other forms of extraordinary compensation that are supplemental to Basic Compensation and are dependent upon the Employee’s exceeding individual or corporate performance goals or upon other work-related achievements and performance.

2.16 “Investment Request” shall mean the Participant’s expressed preference to have his deferred Compensation invested pursuant to Section 6.1 or Section 6.2 and which is approved by the Administrative Committee.

2.17 "Participant" shall mean an Employee or former Employee of an Employing Company who is eligible to receive benefits under the Plan.

2.18 "Plan" shall mean the Deferred Compensation Plan for Compass Bancshares, Inc, as amended from time to time.

2.19 "Plan Year" shall mean the twelve (12) month period commencing January 1st and ending on the last day of December next following except that the first Plan Year shall be February 1, 1996 through December 31, 1996.

The words in the masculine gender shall include the feminine and neuter genders and words in the singular shall include the plural and words in the plural shall include the singular.

ARTICLE III Administration of Plan

3.1 The general administration of the Plan shall be placed in the Administrative Committee. Members shall be appointed by the Board of Directors of the Company. Any member may resign or be removed by the Board of Directors and new members may be appointed by the Board of Directors. The Administrative Committee shall select a chairman and may select a secretary (who may, but need not, be a member of the Administrative Committee) to keep its records or to assist it in the discharge of its duties. A majority of the members of the Administrative Committee shall constitute a quorum for the transaction of business at any meeting. Any determination or action of the Administrative Committee may be made or taken by a majority of the members present at any meeting thereof, or without a meeting by resolution or written memorandum concurred in by a majority of the members.

3.2 No member of the Administrative Committee shall receive any compensation from the Plan for his service.

3.3 The Administrative Committee shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan more particularly set forth herein. It shall interpret the Plan and shall determine all questions arising in the administration, interpretation and application of the Plan. Any such determination by it shall be conclusive and binding on all persons. It may adopt such regulations as it deems desirable for the conduct of its affairs. It may appoint such accountants, counsel, actuaries, specialists and other persons as it deems necessary or desirable in connection with the administration of this Plan, and shall be the agent for the service of process.

3.4 The Administrative Committee shall be reimbursed by the Employing Companies for all reasonable expenses incurred by it in the fulfillment of its duties. Such expenses shall include any expenses incident to its functioning, including, but not limited to, fees of accountants, counsel, actuaries, and other specialists, and other costs of administering the Plan.

3.5 (a) The Administrative Committee is responsible for the daily administration of the Plan. It may appoint other persons or entities to perform any of its fiduciary functions. The Administrative Committee and any such appointee may employ advisors and other persons

necessary or convenient to help it carry out its duties, including its fiduciary duties. The Administrative Committee shall review the work and performance of each such appointee, and shall have the right to remove any such appointee from his position. Any person, group of persons or entity may serve in more than one fiduciary capacity.

(b) The Administrative Committee shall maintain accurate and detailed records and accounts of Participants and of their rights under the Plan and of all receipts, disbursements, transfers and other transactions concerning the Plan. Such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Board of Directors and by persons designated thereby.

(c) The Administrative Committee shall take all steps necessary to ensure that the Plan complies with the law at all times. These steps shall include such items as the preparation and filing of all documents and forms required by any governmental agency; maintaining of adequate Participants' records; recording and transmission of all notices required to be given to Participants and their Beneficiaries; the receipt and dissemination, if required, of all reports and information received from an Employing Company; and doing such other acts necessary for the proper administration of the Plan. The Administrative Committee shall keep a record of all of its proceedings and acts, and shall keep all such books of account, records and other data as may be necessary for proper administration of the Plan. The Administrative Committee shall notify the Company upon its request of any action taken by it, and when required, shall notify any other interested person or persons.

3.6 The procedures for filing claims for payments under the Plan are described below:

(a) It is the intent of the Company to make payments under the Plan without the Participant having to complete or submit any claim forms. However, a Participant who believes he or she is entitled to a payment under the Plan may submit a claim for payment to the Administrative Committee. Any claim for payments under the Plan must be made by the Participant or his or her Beneficiary in writing and state the claimant's name and nature of benefits payable under the Plan. The claimant's claim shall be deemed to be filed when delivered to a member of the Administrative Committee. The Administrative Committee shall respond to the claimant as soon as possible, but in no event later than ninety (90) days after the claim is filed. If for any reason a claim for payments under the Plan is denied, the Administrative Committee shall deliver to the claimant a written explanation, in a manner calculated to be understood by the claimant, setting forth the specific reasons for the denial, specific references to the pertinent provisions of the Plan on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and information on the procedures to be followed by the claimant in obtaining a review of his or her claim.

(b) The claimant shall have sixty (60) days following his or her receipt of the denial of the claim to file with the Board of Directors of the Company a written request for review of the denial. The Board of Directors of the Company shall decide the issue on review and furnish the claimant with a written response within sixty (60) days of receipt of the claimant's request for review of the claimant's claim. The response shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions in the Plan on which the decision is based. If a

decision is not so furnished to the claimant within such sixty (60) days, the claim shall be deemed denied on review.

(c) In no event may a claimant commence legal action for benefits the claimant believes are due the claimant until the claimant has exhausted all of the remedies and procedures afforded the claimant by this Section 3.6.

ARTICLE IV

Eligibility

4.1 Any Employee whose Basic Compensation and anticipated Incentive Compensation equals or exceeds such minimum amount as may be established by the Administrative Committee from time to time, may elect to participate in the Plan beginning on any Enrollment Date by electing to have his Basic Compensation and/or Incentive Compensation reduced and such amounts contributed to the Plan in accordance with Article V, and expressing his preference as to the investment of such contributions in accordance with Article VI. The Administrative Committee shall be authorized to establish the minimum Basic Compensation and anticipated Incentive Compensation required for eligibility to participate in the Plan to be effective as of the first day of the next succeeding Plan Year.

4.2 Notwithstanding the above, the Administrative Committee shall be authorized to modify the minimum Compensation amount and rescind the eligibility of any Participant if necessary to insure that the Plan is maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees under the Employee Retirement Income Security Act of 1974, as amended.

4.3 If the Administrative Committee shall determine a Participant shall no longer be eligible to participate in the Plan, his Deferral Election shall terminate and he shall make no more contributions under the Plan until it is again determined he is eligible to participate. The Account of such a Participant shall continue to be adjusted by the provisions of Article VI until the Account is distributed under Article VII.

ARTICLE V

Election for Deferral of Payment

5.1 A Participant may elect to defer payment of a portion of his Compensation otherwise payable to him during each payroll period after his Effective Date and by any whole percentage of his Basic Compensation, and any whole percentage of his Incentive Compensation, such amount to be credited to his Account under the Plan.

5.2 An Account shall be established for each Participant by the Company as of the effective date of such Participant's initial Deferral Election.

5.3 The Deferral Election shall be made in writing on a form prescribed by the Company and said Deferral Election shall state:

(a) That the Participant wishes to make an election to defer the receipt of a portion of his Basic Compensation and/or Incentive Compensation; and

(b) The whole percentage of such compensation to be deferred.

5.4 The initial Deferral Election of a new Participant shall be made by written notice signed by the Participant and delivered to the Participant's Employing Company not later than thirty (30) days after the later of the Plan's effective date or when the Employee first becomes eligible to participate in the Plan. Any subsequent Deferral Election shall be made by written notice signed by the Participant and delivered to the Participant's Employing Company not later than the last day of the month prior to the next succeeding Plan Year and shall be effective on the first day of such succeeding Plan Year. A Deferral Election with respect to the deferral of future Basic Compensation and Incentive Compensation shall be an annual election for each Plan Year unless otherwise modified or revoked as provided herein. The termination of participation in the Plan shall not affect Compensation previously deferred by a Participant under the Plan.

At the time of the initial election, a Participant shall elect the form of payment to be received upon his retirement or termination of employment, such form to be either (a) a lump sum, or (b) monthly, quarterly, or annual installments over a period not to exceed fifteen (15) years. The initial Deferral Election with respect to the form of payments shall govern the distribution of such Participant's Account, except as provided in Section 5.6. If a Participant fails to specify a form of payment, his Account shall be distributed in a lump sum.

5.5 Notwithstanding the provisions of Section 5.4 of the Plan, the Administrative Committee, in its sole discretion upon written application by a Participant, may authorize the suspension of a Participant's Deferral Election in the event of an unforeseeable emergency. An unforeseeable emergency is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if suspension was not permitted. Any suspension authorized by the Administrative Committee shall become effective as of the first payroll period beginning thirty (30) days after receipt by the Participant's Employing Company of the suspension application, or as soon as practicable after the receipt of such application. Such suspension shall be effective for the remainder of the Plan Year and shall be deemed an annual election for each succeeding Plan Year unless modified under Section 5.4 of the Plan.

5.6 With the approval of the Administrative Committee, a Participant may amend a prior Deferral Election on a form provided by the Administrative Committee in order to change the form of the distribution of his Account in accordance with the terms of the Plan. Any such amendment to a prior Deferral Election shall be contingent upon the Participant's completion of a one year term of employment, except in the event of the Participant's death or total and permanent disability as determined by the Social Security Administration or by the Company's insurance carrier under its Long Term Disability Benefit Plan.

5.7 Upon the request of a Participant and subject to the approval of the Administrative Committee, an account held in another non-qualified deferred compensation plan sponsored by a former employer of the Participant which former employer either became an Employing Company or was acquired by an Employing Company, may be transferred to this Plan for accounting purposes, provided that (a) the other non-qualified deferred compensation

plan allows for such a transfer, and (b) the transfer is made to the Company in cash and in an amount equal to the balance in the account of the Participant under the other non-qualified deferred compensation plan at the time of the transfer. Any such transfer received by the Company shall be credited for bookkeeping purposes to the Participant's balance in his Account and shall be governed by the terms and conditions of this Plan. Under no circumstances shall the transfer mechanism under this Section 5.7 result in the account of the Participant under another non-qualified deferred compensation plan nor in the Participant's Account being made available or distributable to the Participant.

ARTICLE VI Investment of Accounts

6.1 The Account of each Participant shall be credited as of the last day of each calendar quarter with investment earnings based upon the assets in the Account or on such more frequent basis as shall be authorized by the Administrative Committee. Participants before the beginning of each Plan Year may request how the deferred amounts are to be invested. The investment preference shall be made in writing on a form prescribed by the Company and shall be delivered to the Company at least ten (10) days prior to the Enrollment Date of the next succeeding Plan Year, as appropriate, and shall be effective on such Enrollment Date or the first day of such succeeding Plan Year. The Investment Request made in accordance with this Article VI shall continue from Plan Year to Plan Year unless the Participant changes the Investment Request by submitting a written request to the Company on a form prescribed by the Company not later than the tenth (10th) day prior to the next succeeding Plan Year. Any such change shall become effective as of the first day of the Plan Year next following the Plan Year in which such request is submitted to the Company. The Administrative Committee shall be authorized to permit more frequent changes in investment preferences to be effective on such dates as it shall specify. The Administrative Committee shall consider the Investment Request but is not obligated to follow such request.

6.2 Participants shall be permitted to request the investment options available to participants in the Compass Bancshares, Inc. Employee Stock Ownership Plan or any such other investment options as the Administrative Committee may approve in its discretion and can allocate their deferred Compensation among such options for the Plan Year. Dividends, interest and other distributions deemed to be received with respect to an investment option shall be deemed to be reinvested in the same investment option on such valuation system as shall be approved by the Administrative Committee. No Participant shall be entitled to any voting rights with respect to any shares of Company stock credited to his Account.

6.3 At the end of each Plan Year (or on a more frequent basis as determined by the Administrative Committee), a report shall be issued to each Participant who has an Account and said report will set forth the value in such Account.

6.4 The Accounts under the Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only. Neither the Plan nor any Account shall be required to hold any actual fund or asset.

ARTICLE VII
Distribution of Accounts

7.1 When a Participant retires or terminates his employment with the Company, said Participant shall be entitled to receive the balance of his Account in cash in a lump sum or in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's Deferral Election form.

In the event the value of any Participant's Account at the time distribution is to commence is \$10,000 or less, the Account shall be distributed in cash in a lump sum notwithstanding a Participant's election to have his Account distributed in installments under the Plan. All payments due under this Section 7.1 shall be made or shall commence as soon as reasonably feasible following retirement or termination of employment. Any amounts deemed to be invested in a Company stock fund shall be equal to the market value of any shares of Common Stock reported in a Participant's Account, based on the Closing Price of such Common Stock during the day on which the distribution is processed immediately preceding a lump sum distribution. No portion of a Participant's Account shall be distributed in Common Stock. The portion of an Account attributable to investments deemed to be made in investments other than Common Stock shall be valued on the date a distribution is processed. The transfer by a Participant between Employing Companies shall not be deemed to be a termination of employment with an Employing Company for purposes of this Plan.

7.2 Upon the death of Participant or former Participant prior to the payment of his Account, the balance of his Account shall be paid in lump sum or in equal monthly, quarterly or annual installments not to exceed a fifteen (15) year period as specified on the Participant's designation of beneficiary form to the designated beneficiary of the Participant or former Participant with such payment to be made or payments to commence in the case of installment distributions within sixty (60) days following the close of the calendar quarter in which the Administrative Committee is provided evidence of the Participant's death (or as soon as reasonably practicable thereafter); provided, however, if the value of the Account at the time an installment distribution is to commence is \$10,000 or less, the Account shall be distributed in a lump sum. In the event a beneficiary designation is not on file or the designated beneficiary is deceased or cannot be located, payment will be made to the estate of the Participant or former Participant. The market value of any shares of Common Stock credited to a Participant's Account shall be based on the Closing Price of such Common Stock during the day on which the distribution is processed immediately preceding the date of any lump sum or installment distribution. No portion of a Participant's Account shall be distributed in Common Stock. The portion of an Account attributable to investments other than Common Stock shall be valued on the date a distribution is processed. If a Participant who has elected to have his Account distributed in installments under the terms of the Plan dies subsequent to the commencement of such installment payments but prior to the completion of such payments, the installments shall continue and shall be paid to the beneficiary as if the Participant had not died.

7.3 The beneficiary designation may be changed by the Participant or former Participant at any time without the consent of the prior beneficiary.

7.4 A Participant may request a distribution due to an unforeseeable emergency by submitting a written request to the Administrative Committee accompanied by evidence to

demonstrate that the circumstances being experienced qualify as an unforeseeable emergency. An unforeseeable emergency is an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship if early withdrawal was not permitted. The Administrative Committee shall have the authority to require such evidence as it deems necessary to determine if a distribution is warranted. If an application for a hardship distribution due to an unforeseeable emergency is approved, the distribution is limited to an amount sufficient to meet the emergency. The allowed distribution shall be payable in a method determined by the Administrative Committee as soon as possible after approval of such distribution.

7.5 Upon a change of control of Compass Bancshares, Inc. a Participant shall be entitled to receive the balance of his Account in a lump sum within sixty (60) days following the close of the calendar quarter in which the change of control occurs. For purposes of this Section 7.5, a "change of control" shall mean, for this purpose, (i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either the then outstanding shares of common stock of the Company (the "Outstanding Common Stock") or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Voting Securities"), or (ii) consummation by the Company of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company, unless, following such acquisition of beneficial ownership or transaction more than 60% of the then outstanding shares of common stock of the Person resulting from such reorganization, merger or consolidation, or the Person acquiring such beneficial ownership or assets, and the combined voting power of the then outstanding voting securities of such Person entitled to vote generally in the election of directors, is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of Outstanding Common Stock and Outstanding Voting Securities immediately prior to such acquisition or transaction, in substantially the same proportions as their ownership of Outstanding Common Stock and Outstanding Voting Securities prior to such event.

ARTICLE VIII Miscellaneous Provisions

8.1 Neither the Participant, his beneficiary, nor his legal representative shall have any rights to commute, sell, assign, transfer or otherwise convey the right to receive any payments hereunder, which payments and the rights thereto are expressly declared to be nonassignable and nontransferable. Any attempt to assign or transfer the right to payments of this Plan shall be void and have no effect.

8.2 The assets from which Participant benefits shall be paid shall at all times be subject to the claims of the creditors of the Company and a Participant shall have no right, claim or interest in any assets as to which account is deemed to be invested or credited under the Plan. The Plan shall at all times be considered entirely unfunded for both tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and no provision shall at any time be made with respect to segregating assets of any

Participant for payment of any amounts hereunder. The Plan constitutes a mere promise of the Company to make payments to Participants in the future and Participants have rights only as general unsecured creditors of the Company.

8.3 The Plan may be amended, modified, or terminated by the Board of Directors of the Company in its sole discretion at any time and from time to time; provided, however, that no such amendment, modification, or termination shall impair any rights to benefits under the Plan prior to such amendment, modification, or termination. The Plan may also be amended or modified by the Administrative Committee if such amendment or modification does not involve a substantial increase in cost to the Company.

8.4 It is expressly understood and agreed that the payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he may be eligible, whether funded or unfunded, by reason of his employment by the Company.

8.5 The Company makes no representations with respect to the state, federal, financial, estate planning or the securities implications of the Plan. Participants should consult with their own tax, financial and legal advisors with respect to their participation in the Plan.

8.6 There shall be deducted from each payment under the Plan the amount of any tax required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of the person entitled to such distribution.

8.7 Any Basic Compensation deferred by a Participant while employed by the Company shall not be considered compensation earned currently for purposes of the Compass Bancshares, Inc. Employee Stock Ownership Plan or the Compass Bancshares, Inc. Retirement Plan. Distributions from a participant's Account shall not be considered wages, salaries or compensation under any other employee benefit plan.

8.8 No provision of this Plan shall be construed to affect in any manner the existing rights of the Company to suspend, terminate, alter, modify, whether or not for cause, the employment relationship of the Participant and the Company.

8.9 This Plan, and all its rights under it, shall be governed by and construed in accordance with the laws of the State of Alabama.

\$2,000,000,000
Senior and Subordinated Bank Notes
Distribution Agreement

March 13, 2006

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

Keefe, Bruyette & Woods, Inc.
787 7th Avenue
New York, New York 10019

Lehman Brothers Inc.
745 Seventh Avenue, Fifth Floor
New York, New York 10019

Merrill Lynch, Pierce, Fenner & Smith Incorporated
World Financial Center
North Tower
New York, New York 10281

Sandler O' Neill & Partners, L.P.
919 Third Avenue, 6th Floor
New York, New York 10022

Ladies and Gentlemen:

Compass Bank, an Alabama banking corporation (the "Bank"), and Compass Bancshares, Inc., a Delaware corporation (the "Holding Company"), confirm their agreement with each of you (individually an "Agent" and collectively, the "Agents") on the terms set forth in this agreement with respect to the issuance and sale by the Bank of its bank notes (the "Securities") in an aggregate principal amount outstanding at any one time of up to \$2,000,000,000.

Subject to the terms and conditions stated herein and to the reservation by the Bank of the right to sell Securities directly on its own behalf, the Bank hereby (i) appoints each Agent as an agent of the Bank for the purpose of soliciting and receiving offers to purchase Securities from the Bank pursuant to Section 3(a) hereof and (ii) agrees that, except as otherwise contemplated herein, whenever it determines to sell Securities directly to any Agent as principal, it will enter into a separate agreement (each, a "Terms Agreement"), substantially in the form of Annex I hereto, relating to such sale in accordance with Section 3(b) hereof. This Distribution Agreement shall not be construed to create either an obligation on the part of the Bank to sell any Securities or an obligation of any of the Agents to purchase Securities as principal.

The Securities will be issued under a issuing and paying agency agreement, dated as of March 13, 2006 (the "Issuing Agency Agreement"), between the Bank and Compass Bank, as

Issuing and Paying Agent (the "Issuing and Paying Agent"). The Securities shall have the maturity ranges, interest rates, if any, redemption provisions, if any, and other terms set forth in the Offering Circular referred to below as it may be amended or supplemented from time to time, and the specific maturity, interest rate, if any, redemption provisions, if any, and other terms set forth in, with respect to any particular issuance of the Securities, the final pricing supplement (the "Final Pricing Supplement") with respect to such issuance and the summary of terms of each such issuance of Securities (a "Term Sheet"). The Securities will be issued, and the terms and rights thereof established, from time to time by the Bank in accordance with the Issuing Agency Agreement.

1. The Bank represents and warrants to each Agent as of the date hereof, as of the date of each acceptance by the Bank of an offer for the purchase of Securities (whether to the Agent as principal or through the Agent as agent), as of the date of each delivery of Securities (whether to such Agent as principal or through such Agent as agent) (the date of each such delivery to an Agent as principal being hereafter referred to as a "Settlement Date"), as of the Applicable Time (as defined below) and as of the times the Offering Circular (as defined below) shall be amended or supplemented or there is filed with the Securities and Exchange Commission (the "Commission") or any bank regulatory agency any document incorporated by reference into the Offering Circular or the Disclosure Package (as defined below) (each of the times referenced above being referred to hereafter as a "Representation Date"), as follows:

(a) An offering circular, dated March 13, 2006 (the "Offering Circular"), including the Annual Report of the Holding Company on Form 10-K for the fiscal year ended December 31, 2005; and its Current Reports on Form 8-K dated January 3, 2006 and January 17, 2006, as well as the Bank's quarterly reports regarding its financial condition and operations on Federal Financial Institutions Examination Council Form 31 ("Call Reports") for periods in the years 2003, 2004 and 2005, which are incorporated by reference in or otherwise made a part of the Offering Circular and the Disclosure Package, has been prepared in connection with the offering of the Securities; any reference to the Offering Circular shall be deemed to refer to and include (i) the Holding Company's most recent Annual Report on Form 10-K and all subsequent documents filed with the United States Securities and Exchange Commission (the "Commission") pursuant to Section 13(a), 13(c) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or prior to the date of the Offering Circular and (ii) the Bank's Call Reports for the periods referred to above and all Call Reports subsequently filed with the Federal Financial Institutions Examination Council (the "FFIEC") on or prior to the date of the Offering Circular; any reference to the Offering Circular as amended or supplemented as of any specified date shall be deemed to include (i) any documents filed under the Exchange Act after the date of the Offering Circular and prior to such date and (ii) any documents filed with the FFIEC after the date of the Offering Circular and prior to such date; all documents filed with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act and so deemed to be included in the Offering Circular or any amendment or supplement thereto are hereinafter called the "Exchange Act Reports"; all documents filed with the FFIEC and so deemed to be included in the Offering Circular or any amendment or supplement thereto are hereinafter called the "Call Reports"; the Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all material respects to the

applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder; the Call Reports, when they were or are filed with the FFIEC, conformed or will conform in all material respects to the applicable requirements of the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) and the FFIEC. (A) The Offering Circular, together with a Final Pricing Supplement, and any amendments or supplements thereto do not and, as of the applicable Representation Date, will not, and the Exchange Act Reports and Call Reports did not and will not, as of their respective dates, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (B) the Disclosure Package as of its date or as of the Applicable Time will not include any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (C) any individual Supplemental Offering Materials (as defined below), when considered together with the Disclosure Package, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in the Offering Circular and the Disclosure Package made in reliance upon and in conformity with information furnished in writing to the Bank by an Agent expressly for use therein.

“Applicable Time” means such time as agreed between the Bank and the Agents to whom or through whom the applicable issue of Securities are being sold in (i) a Terms Agreement, or (ii) any other written agreement of the Bank and such Agents.

“Disclosure Package” means, with respect to any particular issuance of Securities, the (i) Offering Circular, together with (ii) any preliminary pricing supplement (a “Preliminary Pricing Supplement”) used in connection with the issue of such Securities and (iii) a Term Sheet used in connection with the issue of such Securities (or otherwise as identified as being part of the Disclosure Package in a Terms Agreement or any other written agreement of the Bank and the Agents to whom or through whom the applicable issue of Securities are being sold).

(b) The Bank has been duly incorporated and is an existing banking corporation in good standing under the laws of the State of Alabama, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular; and the Bank is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification.

(c) Each subsidiary of the Bank has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular; and each subsidiary of the Bank is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification; all of the

issued and outstanding capital stock of each subsidiary of the Bank has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of each subsidiary owned by the Bank, directly or through subsidiaries, is owned free from liens, encumbrances and defects.

(d) Each “significant subsidiary” of the Bank (as such term is defined in Rule 1-02 of Regulation S-X under the Securities Act of 1933, as amended (the “Securities Act”)) (each a “Significant Subsidiary” and, collectively, the “Significant Subsidiaries”) has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not have a material adverse effect on the Bank and its subsidiaries taken as a whole; except as otherwise disclosed in the Offering Circular, all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Bank, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of the Significant Subsidiaries was issued in violation of any preemptive or similar rights of any securityholder of such Significant Subsidiary. The other subsidiaries of the Bank other than Significant Subsidiaries, considered in the aggregate as a single subsidiary, do not constitute a “significant subsidiary” as defined in Rule 1-02 of Regulation S-X under the Securities Act.

(e) The Bank has an authorized capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Bank have been duly and validly authorized and issued and are fully paid and non-assessable and are owned directly or indirectly by the Holding Company (except for directors’ qualifying shares, if any), free and clear of all liens, encumbrances, equities or claims.

(f) The Securities have been duly authorized and, when issued, delivered and paid for pursuant to this Agreement, the Issuing Agency Agreement and any relevant Terms Agreement will have been duly executed, authenticated, issued and delivered will conform to the descriptions thereof in the Offering Circular, a Final Pricing Supplement and the Disclosure Package and will constitute valid and legally binding obligations of the Bank enforceable against the Bank in accordance with their terms and entitled to the benefits provided by the Issuing Agency Agreement under which they are to be issued, subject to bankruptcy, liquidation, insolvency, reorganization, receivership, conservatorship, moratorium and other laws of general applicability relating to or affecting the rights of creditors generally or of creditors of depository institutions the accounts of which are insured by the FDIC and to general equity principles; the Issuing Agency Agreement has been duly authorized, executed and delivered by the Bank and constitutes a valid and legally binding instrument, enforceable against the Bank in accordance with its terms, subject to bankruptcy, liquidation, insolvency, reorganization, receivership, conservatorship, moratorium and other laws of general applicability relating

to or affecting the rights of creditors generally or of creditors of depository institutions the accounts of which are insured by the FDIC and to general equity principles.

(g) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement, the Offering Circular, a Final Pricing Supplement or the Disclosure Package in connection with the issuance and sale of the Securities by the Bank except such as have been made with the Federal Reserve Bank of Atlanta or such other regulatory agencies and such as may be required under state securities law.

(h) The execution, delivery and performance of the Issuing Agency Agreement and this Agreement do not, and the completion, execution and issuance of each particular Security in accordance with the Issuing Agency Agreement, the sale by the Bank of such Security in accordance with this Agreement, the Offering Circular, a Final Pricing Supplement and the Disclosure Package and compliance with the terms and provisions thereof will not, result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Bank or any subsidiary of the Bank or any of their properties, or any agreement or instrument to which the Bank or any such subsidiary is a party or by which the Bank or any such subsidiary is bound or to which any of the properties of the Bank or any such subsidiary is subject, or the charter or by-laws of the Bank or any such subsidiary, and the Bank has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement.

(i) This Agreement (including any agreement with respect to the offering and sale of particular Securities) has been duly authorized, executed and delivered by the Bank.

(j) The Bank and its subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Bank or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Bank and its subsidiaries taken as a whole.

(k) The Bank and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "intellectual property rights") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Bank or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the Bank and its subsidiaries taken as a whole.

(l) Except as disclosed in the Offering Circular, there are no pending actions, suits or proceedings against or affecting the Bank, any of its subsidiaries or any of their respective properties that, if determined adversely to the Bank or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Bank and its subsidiaries taken as a whole, or would materially and adversely affect the ability of the Bank to perform its obligations under the Issuing Agency Agreement or this Agreement, or which are otherwise material in the context of the sale of the Securities; and to the Bank's knowledge, no such actions, suits or proceedings are threatened.

(m) The financial statements included or incorporated by reference in the Offering Circular and the Disclosure Package present fairly the financial position of the Bank and its respective consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and, except as otherwise disclosed in the Offering Circular and the Disclosure Package, such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis. The financial data included in the incorporated Call Reports has been prepared in conformity with the regulatory accounting principles and instructions of the FFIEC consistently applied throughout the periods involved.

(n) Except as disclosed in the Offering Circular, since the date of the latest financial statements included in the Offering Circular there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Bank and its subsidiaries taken as a whole and except as disclosed in or contemplated by the Offering Circular, there has been no dividend or distribution of any kind declared, paid or made by the Bank on any class of its capital stock.

(o) The statements set forth in the Offering Circular under the caption "Description of Bank Notes", insofar as they purport to constitute a summary of the terms of the Securities, and under the captions "Supervision, Regulation and Other Matters," "Certain United States Federal Income Tax Consequences" and "Plan of Distribution", insofar as they purport to describe the provisions of the laws, regulations and documents referred to therein, are accurate and complete in all material respects;

(p) The obligations of the Bank under the Securities that are Senior Bank Notes rank pari passu with its other unsecured, unsubordinated liabilities, except deposit obligations;

(q) The Bank is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Offering Circular and the Disclosure Package, will not be an "investment company," as defined in the Investment Company Act of 1940.

(r) The Securities are exempt securities under Section 3(a)(2) of the Securities Act of 1933, as amended (the "Act"), and neither registration of the Securities under the Act nor qualification of an indenture under the Trust Indenture Act of 1939, as amended

(the "Trust Indenture Act"), is required in connection with the offer, sale, issuance or delivery of the Securities as contemplated by this Agreement;

(s) The Bank is an insured bank under the provisions of the Federal Deposit Insurance Act, as amended ("FDIA"), and no proceedings for the termination of such insurance are pending or, to threatened.

2. The Holding Company represents and warrants to, and agrees with, each Agent that:

(a) The Holding Company has authorized the Bank to incorporate by reference in the Offering Circular the Exchange Act Reports; the Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all material respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder; and the Offering Circular, a Final Pricing Supplement, the Disclosure Package and any Supplemental Offering Materials, and any amendments or supplements thereto, as each pertains to the Holding Company, and the Exchange Act Reports did not and will not, as of their respective dates, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in the Offering Circular, a Final Pricing Supplement, the Disclosure Package or any Supplemental Offering Materials made in reliance upon and in conformity with information furnished in writing to the Bank by an Agent expressly for use therein.

(b) The Holding Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular, and is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "Holding Company Act").

(c) PricewaterhouseCoopers, who have certified certain financial statements of the Holding Company and its consolidated subsidiaries, are independent accountants as required by the Act and the rules and regulations of the Commission thereunder.

(d) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement, the Offering Circular, a Final Pricing Supplement or the Disclosure Package in connection with the issuance and sale of the Securities by the Bank except such as have been made with the Federal Reserve Bank of Atlanta or such other regulatory agencies and such as may be required under state securities law.

(e) The execution, delivery and performance of this Agreement does not, and the completion, execution and issuance of each particular Security in accordance with the Issuing Agency Agreement, the sale by the Bank of such Security in accordance with this

Agreement, the Offering Circular, a Final Pricing Supplement and the Disclosure Package and compliance with the terms and provisions thereof will not, result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Holding Company or any subsidiary of the Holding Company or any of their properties, or any agreement or instrument to which the Holding Company or any such subsidiary is a party or by which the Holding Company or any such subsidiary is bound or to which any of the properties of the Holding Company or any such subsidiary is subject, or the charter or by-laws of the Holding Company or any such subsidiary, and the Bank has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement.

(f) This Agreement (including any agreement with respect to the offering and sale of particular Securities) has been duly authorized, executed and delivered by the Holding Company.

(g) Except as disclosed in the Offering Circular, there are no pending actions, suits or proceedings against or affecting the Holding Company, any of its subsidiaries or any of their respective properties that, if determined adversely to the Holding Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Holding Company and its subsidiaries taken as a whole, or would materially and adversely affect the ability of the Holding Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Securities; and to the Holding Company's knowledge, no such actions, suits or proceedings are threatened.

(h) As of the date hereof, to the knowledge of the Holding Company, there is and has been no failure on the part of the Holding Company and any of the Holding Company's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes Oxley Act"), including Section 402 related to loans and Sections 302 and 906 related to certifications, it being understood that the management of the Holding Company has not conducted an evaluation of such compliance for any period after December 31, 2005.

3. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, each of the Agents hereby severally and not jointly agrees, as agent of the Bank, to use its reasonable efforts to solicit and receive offers to purchase the Securities from the Bank upon the terms and conditions set forth in the Offering Circular, a Final Pricing Supplement and the Disclosure Package, each as amended or supplemented from time to time. So long as this Agreement shall remain in effect with respect to any Agent, except as provided below, the Bank shall not, without the consent of such Agent, solicit or accept offers to purchase, or sell, any debt securities (other than deposit obligations) with a maturity at the time of original issuance of 7 days or more except pursuant to this Agreement, any Terms Agreement or except in connection with a firm commitment underwriting pursuant to an underwriting agreement that does not provide for a continuous offering of

medium-term debt securities. However, the Bank reserves the right to sell, and may solicit and accept offers to purchase, Securities directly on its own behalf in transactions with other persons (provided such sales are in accordance with the applicable law), and, in the case of any such sale not resulting from a solicitation made by any Agent, no commission will be payable with respect to such sale. It is understood that if from time to time the Bank is approached by a prospective agent offering to solicit a specific purchase of Securities, the Bank may also engage such agent with respect to such specific purchase; provided that the Agents are given notice of such purchase promptly, including the terms thereof, in each case after the purchase is agreed; provided further, however that such agent shall make in writing the representations and agreements of an Agent set forth herein and that the Bank and such agent shall otherwise agree to be bound by the terms and conditions of this Agreement. These provisions shall not limit Section 5(e) hereof or any similar provision included in any Terms Agreement.

Procedural details relating to the issue and delivery of Securities, the solicitation of offers to purchase Securities and the payment in each case therefor shall be as set forth in the Administrative Procedure attached hereto as Annex II as it may be amended from time to time by written agreement between the Agents and the Bank (the "Administrative Procedure"). The provisions of the Administrative Procedure shall apply to all transactions contemplated hereunder other than those made pursuant to a Terms Agreement. Each Agent and the Bank agree to perform the respective duties and obligations specifically provided to be performed by each of them in the Administrative Procedure. The Bank will furnish to the Issuing and Paying Agent a copy of the Administrative Procedure as from time to time in effect.

The Bank reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase the Securities from the Bank. As soon as practicable, but in any event not later than one business day in New York City, after receipt of notice from the Bank, the Agents will suspend solicitation of offers to purchase Securities from the Bank until such time as the Bank has advised the Agents that such solicitation may be resumed. During such period, the Bank shall not be required to comply with the provisions of Sections 5(h) and 5(i). Upon advising the Agents that such solicitation may be resumed, however, the Bank shall simultaneously provide the documents required to be delivered by Sections 5(h) and 5(i), and the Agents shall have no obligation to solicit offers to purchase the Securities until such documents have been received by the Agents. In addition, any failure by the Bank to comply with its obligations hereunder, including without limitation its obligations to deliver the documents required by Sections 5(h) and 5(i), shall automatically terminate the Agents' obligations hereunder, including without limitation their obligations to solicit offers to purchase the Securities hereunder as agent or to purchase Securities hereunder as principal.

The Bank agrees to pay each Agent a commission, at the time of settlement of any sale of a Security by the Bank as a result of a solicitation made by such Agent, in an amount equal, except as otherwise agreed by the Bank and such Agent, to the following applicable percentage of the principal amount of such Security sold:

MATURITY RANGES	SENIOR NOTES PERCENT OF PRINCIPAL AMOUNT	SUBORDINATED NOTES PERCENT OF PRINCIPAL AMOUNT
From 7 days to less than 9 months	To be negotiated at time of sale.	NA
From 9 months to less than 1 year	.125%	NA
From 1 year to less than 18 months	.150%	NA
From 18 months to less than 2 years	.200%	NA
From 2 years to less than 3 years	.250%	NA
From 3 years to less than 4 years	.350%	NA
From 4 years to less than 5 years	.450%	NA
From 5 years to less than 6 years	.500%	.500%
From 6 years to less than 7 years	.550%	.550%
From 7 years to less 10 years	.600%	.600%
From 10 years to less than 12 years	.625%	.650%
From 12 years to less than 15 years	.625%	.675%
From 15 years to less than 20 years	.700%	.750%
From 20 years to less than 30 years	.750%	.875%
From 30 years and greater	Negotiated at time of sale	Negotiated at time of sale

(b) Each sale of Securities to any Agent as principal shall be made in accordance with the terms of this Agreement and (unless the Bank and such Agent shall otherwise agree) a Terms Agreement which will provide for the sale of such Securities to, and the purchase thereof by, such Agent. A Terms Agreement may also specify certain provisions relating to the reoffering of such Securities by such Agent. The commitment of any Agent to purchase Securities as principal, whether pursuant to any Terms Agreement or otherwise, shall be deemed to have been made on the basis of the representations and warranties of the Bank and the Holding Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall specify the principal amount of Securities to be purchased by any Agent pursuant

thereto, the price to be paid to the Bank for such Securities, any provisions relating to rights of, and default by, underwriters acting together with such Agent in the reoffering of the Securities and the time and date and place of delivery of and payment for such Securities. Such Terms Agreement shall also specify any requirements for opinions of counsel, accountants' letters and officers' certificates pursuant to Section 5 hereof.

(c) For each sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the procedural details relating to the issue and delivery of such Securities and payment therefor shall be as set forth in the Administrative Procedure. For each such sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the Bank agrees to pay such Agent a commission (or grant an equivalent discount) as provided in Section 3(a) hereof and in accordance with the schedule set forth therein.

Each time and date of delivery of and payment for Securities to be purchased by an Agent as principal, whether set forth in a Terms Agreement or in accordance with the Administrative Procedure, is referred to herein as a "Time of Delivery".

4. The documents required to be delivered pursuant to Section 7 hereof on the Commencement Date (as defined below) shall be delivered to the Agents at the offices of Mayer, Brown, Rowe & Maw LLP, 71 South Wacker Drive, Chicago, Illinois, at 11:00 a.m., New York City time, on the date of this Agreement, which date and time of such delivery may be postponed by agreement between the Agents and the Bank but in no event shall be later than the day prior to the date on which solicitation of offers to purchase Securities is commenced or on which any Terms Agreement is executed (such time and date being referred to herein as the "Commencement Date").

5. The Bank and the Holding Company covenant and agree, jointly and severally, with each Agent:

(a) (i) To make no amendment or supplement to the Offering Circular, Disclosure Package or a Final Pricing Supplement (excluding any Exchange Act Reports or Call Reports) (A) prior to the Commencement Date which shall be disapproved by any Agent promptly after reasonable notice thereof or (B) after the date of any Terms Agreement or other agreement by an Agent to purchase Securities as principal and prior to the related Time of Delivery which shall be disapproved by any Agent party to such Terms Agreement or so purchasing as principal promptly after reasonable notice thereof; (ii) to prepare, with respect to any Securities to be sold through or to such Agent pursuant to this Agreement, a Preliminary Pricing Supplement, a Term Sheet (if requested) and a Final Pricing Supplement, and a Terms Agreement (if requested), with respect to such Securities in a form previously approved by such Agent; (iii) to make no amendment or supplement to the Offering Circular or the Disclosure Package (excluding any Exchange Act Reports or Call Reports) at any time prior to having afforded each Agent a reasonable opportunity to review and comment thereon; (iv) to file promptly, in the case of the Bank, all Call Reports required to be filed by the Bank pursuant to the applicable rules and regulations of the Federal Reserve Board and the FFIEC; (v) to file promptly, in the case of the Holding Company, all reports and any definitive proxy or information

statements required to be filed by the Holding Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act; (vi) to advise each of the Agents as promptly as practicable of the institution by any federal or state bank or securities regulatory authority of any proceedings in respect of the Offering Circular, a Final Pricing Supplement or the Disclosure Package (including any proceeding relating to any Exchange Act Reports or Call Reports) or the offering of the Securities and to use its best efforts to prevent the issuance of any order interfering with the offering of the Securities and to obtain as soon as possible its lifting, if issued and (vii) to use best efforts to prevent the issuance of any order or similar action interfering with the offering or sale of the Securities or the use of the Offering Circular, a Final Pricing Supplement or the Disclosure Package and, if issued, to use best efforts to obtain as soon as possible the withdrawal thereof;

(b) Promptly from time to time to take such action as such Agent may reasonably request (i) to qualify the Securities for offering and sale under the securities laws of such jurisdictions as such Agent may designate and (ii) to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale of the Securities; *provided, however,* that in connection therewith the Bank shall not be required to qualify as a foreign corporation, file a general consent to service of process in any jurisdiction or subject itself to taxation as a foreign corporation in any jurisdiction in which it is not otherwise so subject;

(c) To furnish such Agent with a copy of the Offering Circular, a Final Pricing Supplement and the Disclosure Package and each amendment or supplement thereto signed by an authorized officer of the Bank and of the Holding Company, and additional copies of the Offering Circular, a Final Pricing Supplement and the Disclosure Package, and each amendment or supplement thereto (except as may be provided in the Administrative Procedure), in such quantities as such Agent may reasonably request from time to time; and if, at any time while this Agreement is in effect, or, in the event this Agreement is terminated, at any time an Agent is holding Securities it purchased as principal, any event shall have occurred as a result of which the Offering Circular, a Final Pricing Supplement and the Disclosure Package as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made existing at any Representation Date or the time it is delivered to a purchaser not misleading, or, if for any other reason it shall be necessary or required during such same period to amend or supplement the Offering Circular, a Final Pricing Supplement or the Disclosure Package, to promptly notify such Agent and request such Agent, in its capacity as agent of the Bank, to suspend solicitation of offers to purchase Securities from the Bank (and, if so notified, such Agent shall cease such solicitations as soon as practicable, but in any event not later than one business day later); and upon the request of an Agent, shall promptly prepare and furnish without charge an amendment or supplement to the Offering Circular, a Final Pricing Supplement or the Disclosure Package, as applicable, as then amended or supplemented that will correct such statement or omission;

(d) So long as any Securities are outstanding, to furnish to such Agent copies of all reports or other communications (financial or other) furnished to the Holding Company's stockholders, and deliver to such Agent as soon as they are available, copies of any reports and financial statements not otherwise available through the Commission's or the Holding Company's website furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Holding Company is listed;

(e) From the date of any Terms Agreement with such Agent or other agreement by such Agent to purchase Securities as principal and continuing to and including the later of (i) the termination of the trading restrictions for the Securities purchased thereunder, as notified to the Bank by such Agent and (ii) the related Time of Delivery, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Bank (other than deposit obligations) which both mature more than 7 days after such Time of Delivery and are substantially similar to the Securities, without the prior written consent of such Agent;

(f) That each acceptance by the Bank of an offer to purchase Securities hereunder (including any purchase by such Agent as principal not pursuant to a Terms Agreement), and each execution and delivery by the Bank of a Terms Agreement with such Agent, shall be deemed to be an affirmation to such Agent that the representations and warranties of the Bank and the Holding Company contained in or made pursuant to this Agreement are true and correct as of the date of such acceptance or of such Terms Agreement, as the case may be, as though made at and as of such date, and an undertaking that such representations and warranties will be true and correct as of the settlement date for the Securities relating to such acceptance or as of the Time of Delivery relating to such sale, as the case may be, as though made at and as of such date (except that such representations and warranties shall be deemed to relate to the Offering Circular, a Final Pricing Supplement and the Disclosure Package, each as amended and supplemented relating to such Securities);

(g) That each time the Bank sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion or opinions by Mayer, Brown, Rowe & Maw LLP, counsel to the Agents, as a condition to the purchase of Securities pursuant to such Terms Agreement, the Bank shall furnish to such counsel such papers and information as they may reasonably request to enable them to furnish to such Agent the opinion or opinions referred to in Section 7(a) hereof;

(h) That each time the Offering Circular or the Disclosure Package shall be amended or supplemented (other than (x) by a Preliminary or Final Pricing Supplement or Term Sheet providing solely for the interest rates or maturities of the securities or the principal amount of securities remaining to be sold or similar changes, (y) as a result of the filing of a Call Report with the FFIEC or (z) as a result of the filing with the Commission a Current Report on Form 8-K or Quarterly Report on Form 10-Q, but specifically including as a result of filing with the Commission an Annual Report on Form 10-K) and each time the Bank sells Securities to such Agent as principal pursuant

to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 5(h) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Bank shall furnish or cause to be furnished forthwith to such Agent written opinions of Jerry W. Powell, General Counsel and Secretary of the Holding Company and Balch & Bingham LLP or other counsel for the Bank approved as satisfactory to such Agent (provided that such approval shall not be unreasonably withheld), dated the date of such amendment, supplement or Time of Delivery relating to such sale, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinion of such counsel referred to in Section 7(b) hereof which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Offering Circular and the Disclosure Package, each as amended and supplemented to such date) or, in lieu of such opinion, an opinion of the same tenor as the opinion of such counsel referred to in Section 7(b) hereof but modified to relate to the Offering Circular and the Disclosure Package, each as amended and supplemented to such date;

(i) That each time the Offering Circular or the Disclosure Package shall be amended or supplemented (other than (x) by a Preliminary or Final Pricing Supplement or Term Sheet providing solely for the interest rates or maturities of the securities or the principal amount of securities remaining to be sold or similar changes, (y) as a result of the filing of a Call Report with the FFIEC or (z) as a result of the filing with the Commission a Current Report on Form 8-K or Quarterly Report on Form 10-Q, but specifically including as a result of filing with the Commission an Annual Report on Form 10-K), and each time the Bank sells Securities to such Agent as principal and the applicable Terms Agreement specifies the delivery of a certificate under this Section 5(i) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Bank shall furnish or cause to be furnished forthwith to such Agent a certificate, dated the date of such supplement, amendment or Time of Delivery relating to such sale, as the case may be, in such form and executed by such officers of the Bank as shall be satisfactory to such Agent (provided that any of the Chief Executive Officer, Chief Financial Officer, Treasurer or Executive Vice President, Treasury Division, or any other officer as authorized by the Board of Directors shall be deemed as satisfactory to such Agent), to the effect that the statements contained in the certificates referred to in Section 7(e) hereof which were last furnished to such Agent are true and correct at such date as though made at and as of such date (except that such statements shall be deemed to relate to the Offering Circular and the Disclosure Package, each as amended and supplemented to such date) or, in lieu of such certificate, certificates of the same tenor as the certificates referred to in said Section 7(e) modified to relate to the Offering Circular and the Disclosure Package, each as amended and supplemented to such date;

(j) That each time that the Offering Circular is amended or supplemented to (x) include additional financial information (other than by an amendment or supplement relating solely to the issuance and/or offering of securities other than the Securities) or (y) (in connection with the purchase of Securities from the Bank by one or more Agents as principal) the Bank sells Securities to one or more Agents as principal, the Bank shall furnish or cause to be furnished promptly to each of the Agents a comfort letter of

independent public accountants, dated the date of the filing with the Commission or the date of such amendment or supplement, as applicable, or the date of such sale, as the case may be, in form satisfactory to each of the Agents;

(k) To offer to any person who has agreed to purchase Securities from the Bank as the result of an offer to purchase solicited by such Agent the right to refuse to purchase and pay for such Securities if, on the related settlement date fixed pursuant to the Administrative Procedure, any condition set forth in Section 7(c) or 7(d) hereof shall not have been satisfied (it being understood that the judgment of such person with respect to the impracticability or inadvisability of such purchase of Securities shall be substituted, for purposes of this Section 5(k), for the respective judgments of an Agent with respect to certain matters referred to in Section 7(c) and 7(d), and that such Agent shall have no duty or obligation whatsoever to exercise the judgment permitted under Sections 7(c) and 7(d) on behalf of any such person);

(l) The Bank will not, unless the Bank obtains the prior written consent of the Agents to whom or through whom a particular issue of Securities is to be sold, use any Supplemental Offering Materials with respect to such Securities. As used herein, "Supplemental Offering Materials" means any "written communication" (within the meaning of the regulations of the Commission under the Securities Act), other than the Offering Circular and the Disclosure Package, prepared by or on behalf of the Bank, or used or referred to by the Bank, that constitutes an offer to sell or a solicitation of an offer to buy the Securities, including without limitation any such written communication that would, if the sale of the Securities were conducted as a public offering pursuant to a registration statement filed with the Commission, constitute an "issuer free writing prospectus," as defined in Rule 433 under the Securities Act; and

(m) On the date hereof, the Holding Company shall have executed a letter agreement with the Agents, dated the date hereof (the "Letter Agreement"), in substantially the form of Exhibit A hereto.

6. The Bank covenants and agrees with each Agent that the Bank will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Bank's counsel and accountants in connection with the issuance of the Securities, in connection with the preparation and printing of the Offering Circular, the Disclosure Package, any Supplemental Offering Materials and any Preliminary or Final Pricing Supplements or Term Sheets, and all other amendments and supplements thereto, and the mailing and delivering of copies thereof to such Agent; (ii) the reasonable fees, disbursements and expenses of counsel for the Agents in connection with the establishment of the program contemplated hereby, any opinions to be rendered by such counsel hereunder and under any Terms Agreement and the transactions contemplated hereunder and under any Terms Agreement; (iii) the cost of printing, producing or reproducing this Agreement, any Terms Agreement, any Issuing Agency Agreement, any Blue Sky and Legal Investment Memoranda, closing documents (including any compilation thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iv) all reasonable expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of counsel for the Agents in connection with such qualification and in

connection with the Blue Sky and legal investment surveys; (v) any fees charged by securities rating services for rating the Securities; (vi) the cost of preparing the Securities; (vii) the fees and expenses of any Issuing and Paying Agent and any agent of any Issuing and Paying Agent and any transfer or paying agent of the Bank and the fees and disbursements of counsel for any Issuing and Paying Agent or such agent in connection with any Issuing Agency Agreement and the Securities; (viii) any advertising expenses connected with the solicitation of offers to purchase and the sale of Securities so long as such advertising expenses have been approved by the Bank; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. Except as provided in Sections 8 and 9 hereof, each Agent shall pay all other expenses it incurs.

7. The obligation of any Agent, as agent of the Bank, at any time (“Solicitation Time”) to solicit offers to purchase the Securities and the obligation of any Agent to purchase Securities as principal, pursuant to any Terms Agreement or otherwise, shall in each case be subject, in such Agent’s discretion, to the condition that all representations and warranties and other statements of the Bank and the Holding Company herein (and, in the case of an obligation of an Agent under a Terms Agreement, in or incorporated by reference in such Terms Agreement) are true and correct at and as of the Commencement Date and any applicable date referred to in Section 5(i) hereof that is prior to such Solicitation Time or Time of Delivery, as the case may be, and at and as of such Solicitation Time or Time of Delivery, as the case may be, the condition that prior to such Solicitation Time or Time of Delivery, as the case may be, the Bank shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) Mayer, Brown, Rowe & Maw LLP, counsel to the Agents, shall have furnished to such Agent (i) such opinion or opinions, dated the Commencement Date, with respect to such matters as such Agent may reasonably request, and (ii) if and to the extent requested by such Agent, with respect to each applicable date referred to in Section 5(g) hereof that is on or prior to such Time of Delivery an opinion or opinions, dated such applicable date, to the effect that such Agent may rely on the opinion or opinions which were last furnished to such Agent pursuant to this Section 7(a) to the same extent as though it or they were dated the date of such letter authorizing reliance (except that the statements in such last opinion or opinions shall be deemed to relate to the Offering Circular, as amended and supplemented to such date) or, in lieu of such an opinion or opinions, an opinion or opinions of the same tenor as the opinion or opinions referred to in clause (i) but modified to relate to the Offering Circular, as amended and supplemented to such date; and in each case such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(b) (A) Balch & Bingham LLP, special counsel for the Bank, or other counsel for the Bank approved as satisfactory to such Agent (provided that such approval shall not be unreasonably withheld), shall have furnished to such Agent their written opinions, dated the Commencement Date and dated each applicable date referred to in Section 5(h) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, each in form and substance satisfactory to such Agent, to the effect that:

(i) The Bank has been duly incorporated and is an existing banking corporation in good standing under the laws of the State of Alabama, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular and the Disclosure Package. The Holding Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular and the Disclosure Package and is duly registered as a bank holding company under the Holding Company Act;

(ii) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement, the Offering Circular, a Final Pricing Supplement or the Disclosure Package in connection with the issuance and sale of the Securities by the Bank except such as have been made with the Federal Reserve Bank of Atlanta or such other regulatory agencies and such as may be required under state securities law.

(iii) The statements set forth in the Offering Circular under the caption "Description of Bank Notes", insofar as they purport to constitute a summary of the terms of the Securities, and under the caption "Supervision, Regulation and Other Matters", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and complete in all material respects.

(iv) The statements set forth in the Offering Circular under the caption "Certain United States Federal Income Tax Consequences" insofar as they purport to constitute summaries of matters of United States federal tax law and regulations or legal conclusions with respect thereto are accurate and complete in all material respects.

(v) The Exchange Act Reports (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act, and the rules and regulations of the Commission thereunder; and such counsel has no reason to believe that any of such documents (other than the financial statements and related schedules therein, as to which such counsel need express no view), when they were so filed, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading.

(vi) No registration of the Securities under the Act is required for the offer and sale of the Securities by the Agents by virtue of the exemption provided by Section 3(a)(2) of the Act; and no qualification of an indenture under the Trust Indenture Act is required with respect thereto.

(vii) The Bank is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Offering

Circular, a Final Pricing Supplement and the Disclosure Package, will not be an “investment company,” as defined in the Investment Company Act of 1940.

(viii) To the best knowledge of such counsel, no order directed to any document incorporated by reference in the Offering Circular and the Disclosure Package has been issued and no challenge has been made to the accuracy or adequacy of any such document by any regulatory or other government agency.

(B) Jerry W. Powell, General Counsel and Secretary of the Holding Company or other counsel for the Bank satisfactory to such Agent, shall have furnished to such Agent their written opinion dated the Commencement Date and dated each applicable date referred to in Section 5(h) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, each in form and substance satisfactory to such Agent, to the effect that:

(i) The Bank has been duly incorporated and is an existing banking corporation in good standing under the laws of the State of Alabama, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular and the Disclosure Package and the Bank is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification; and the Holding Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Offering Circular and the Disclosure Package and is duly registered as a bank holding company under the Holding Company Act;

(ii) The Bank has an authorized capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Bank have been duly and validly authorized and issued and are fully paid and non-assessable and are owned directly or indirectly by the Holding Company (except for directors’ qualifying shares, if any), free and clear of all liens, encumbrances, equities or claims.

(iii) To the best of such counsel’ s knowledge and except as disclosed in the Offering Circular, there are no pending actions, suits or proceedings against or affecting the Bank, the Holding Company or any of their subsidiaries or any of their respective properties that, if determined adversely to the Bank, the Holding Company or any of their subsidiaries, would individually or in the aggregate have a material adverse effect on the condition (financial or other), business, properties or results of operations of the Bank and its subsidiaries or the Holding Company and its subsidiaries, as the case may be, taken as a whole, or would materially and adversely affect the ability of the Bank or the Holding Company, as the case may be, to perform its obligations under the Issuing and Paying Agency Agreement or this Agreement, or which are otherwise material in the context of the sale of the Securities; and the best of such counsel’ s knowledge, no such actions, suits or proceedings are threatened.

(iv) This Agreement and any applicable Terms Agreement have been duly authorized, executed and delivered by the Holding Company and the Bank.

(v) The Securities have been duly authorized by the Bank and, when the terms of the Securities and of their issue and sale have been duly established in accordance with this Agreement and the Issuing Agency Agreement so as not to violate any applicable law or agreement or instrument then binding on the Bank, and the Securities have been duly executed and issued by the Bank and duly authenticated by the Issuing and Paying Agent in accordance with the Issuing Agency Agreement, and upon payment and delivery in accordance with this Agreement, will constitute valid and legally binding obligations of the Bank enforceable against the Bank in accordance with their terms and entitled to the benefits provided by the Issuing Agency Agreement, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting the rights of creditors generally or of creditors of depository institutions the accounts of which are insured by the FDIC and to general equity principles (in rendering the opinion set forth in this paragraph (vi), such counsel may assume that, at the time of any issuance and sale of any of the Securities, the Board of Directors of the Bank (or any committee thereof acting pursuant to authority properly delegated to such committee by the Board of Directors) has not taken any action to rescind or otherwise reduce its prior authorization of the issuance of the Securities and an officer of the Bank, as stated in the resolutions of the Board of Directors (or any such committee) relating to the Securities, has executed and delivered such Securities).

(vi) The Issuing Agency Agreement has been duly authorized, executed and delivered by the Bank and constitutes a valid and legally binding agreement of the Bank, enforceable against the Bank in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the rights of creditors generally or of creditors of depository institutions the accounts of which are insured by the FDIC and to general equity principles.

(vii) The execution, delivery and performance of the Issuing Agency Agreement and this Agreement do not, and the completion, execution and issuance of each particular Security in accordance with the Issuing Agency Agreement, the sale by the Bank of such Security in accordance with this Agreement and compliance with the terms and provisions thereof will not, result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Holding Company, the Bank or any subsidiary of the Bank or the Holding Company or any of their properties, or any agreement or instrument to which the Bank or the Holding Company or any such subsidiary is a party or by which the Holding Company, the Bank or any such subsidiary is bound or to which any of the properties of the Holding Company, the Bank or any such subsidiary is subject, or the charter or by-laws of the Holding Company, the Bank or any such subsidiary, and the Bank has full power and authority to authorize, issue and sell the Securities as contemplated by this Agreement.

(viii) To the best knowledge of such counsel, no order directed to any document incorporated by reference in the Offering Circular or the Disclosure Package has been issued and no challenge has been made to the accuracy or adequacy of any such document by any regulatory or other government agency.

(ix) The obligations of the Bank under the Securities that are Senior Bank Notes rank pari passu with its other unsecured and unsubordinated liabilities, except deposit obligations

(x) The Bank is an insured bank under the applicable provisions of the FDIA.

(xi) Each Significant Subsidiary has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not have a material adverse effect on the Bank and its subsidiaries taken as a whole; except as otherwise disclosed in the Offering Circular, all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Bank, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of the Significant Subsidiaries was issued in violation of any preemptive or similar rights of any securityholder of such Significant Subsidiary.

(C) Any legal opinion delivered pursuant to this Section 7 shall also include the following statement (or shall be accompanied by a letter including): “No facts have come to our attention that cause us to believe that as of the Applicable Time, the Disclosure Package (except for the financial statements and related schedules and other financial data included or incorporated by reference therein or omitted therefrom, as to which we need make no statement) included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of circumstances under which they were made, not misleading. “

(c) There shall not have occurred from (A) the date of the most recent financial statements included in the Offering Circular, in the case of the following clause (i), or (B) the date of any acceptance of an offer to purchase Securities, in the case of the following clauses (ii) – (v), to the related settlement date, (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Bank, Holding Company or any of their subsidiaries which, in the judgment of such Agent, as to itself only (or, in the case of a syndicated issue, as to the entire syndicate if the bookrunning lead managing Agent(s) so terminate), is material and adverse and makes it impractical or inadvisable to proceed with the solicitation by such Agent of offers to purchase Securities from the

Bank or the purchase by such Agent of Securities from the Bank as principal, as the case may be, on the terms and in the manner contemplated in the Offering Circular, a Final Pricing Supplement and the Disclosure Package; (ii) any downgrading in the rating of any debt securities of the Bank or Holding Company by any “nationally recognized statistical rating organization” (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Bank or Holding Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any suspension or limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Bank or Holding Company on any exchange or in the over-the-counter market; (iv) any banking moratorium declared by U.S. Federal or New York authorities; or (v) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the sole judgment of such Agent, as to itself only (or, in the case of a syndicated issue, as to the entire syndicate if the bookrunning lead managing Agent(s) so terminate), the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with solicitations of offers to purchase Securities or the purchase of the Securities from the Bank as principal or enforce contracts for the sale of Securities pursuant to the applicable terms Agreement or otherwise, as the case may be, on the terms and the manner contemplated in the Offering Circular, a Final Pricing Supplement and the Disclosure Package.

(d) With respect to any Security denominated in a currency other than the U.S. dollar, more than one currency or a composite currency or any Security the principal or interest of which is indexed to such currency, currencies or composite currency, there shall not have occurred a suspension or material limitation in foreign exchange trading in such currency, currencies or composite currency by a major international bank, a general moratorium on commercial banking activities in the country or countries issuing such currency, currencies or composite currency, the outbreak or escalation of hostilities involving, the occurrence of any material adverse change in the existing financial, political or economic conditions of, or the declaration of war or a national emergency by, the country or countries issuing such currency, currencies or composite currency or the imposition or proposal of exchange controls by any governmental authority in the country or countries issuing such currency, currencies or composite currency.

(e) The Bank shall have furnished or caused to be furnished to such Agent certificates of officers of the Bank and of the Holding Company dated the Commencement Date and each applicable date referred to in Section 5(i) hereof in such form and executed by such officers of the Bank and of the Holding Company as shall be satisfactory to such Agent (provided that any of the Chief Executive Officer, Chief Financial Officer, Treasurer or Executive Vice President, Treasury Division, or any other officer as authorized by the Board of Directors shall be deemed as satisfactory to such Agent) to the accuracy of the representations and warranties of the Bank and the Holding Company herein at and as of the Commencement Date or such applicable date, as the case may be, as to the performance by the Bank and the Holding Company of all of their

respective obligations hereunder to be performed at or prior to the Commencement Date or such applicable date, as the case may be, as to the matters set forth in subsection (c) of this Section 7, and as to such other matters as such Agent may reasonably request.

(f) Each Agent shall have received a comfort letter, satisfactory to each Agent, from the Bank's independent certified public accountants.

8. (a) The Bank and the Holding Company, jointly and severally will indemnify and hold harmless each Agent against any losses, claims, damages or liabilities, joint or several, to which such Agent may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Circular, the Disclosure Package, a Final Pricing Supplement or any Supplemental Offering Materials, or any amendment or supplement thereto, or any related preliminary offering circular, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Agent for any legal or other expenses reasonably incurred by such Agent in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Bank and the Holding Company will not be liable to such Agent in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Bank and the Holding Company by such Agent specifically for use in the Offering Circular, the Disclosure Package, a Final Pricing Supplement or any Supplemental Offering Materials, unless such loss, claim, damage or liability arises out of the offer or sale of Securities occurring after the Agent has notified the Bank and the Holding Company in writing that such information should no longer be used therein, it being understood and agreed that the only such information furnished by any Agent consists of the information described as such in subsection (b) below.

(b) Each Agent will severally and not jointly indemnify and hold harmless the Bank or the Holding Company against any losses, claims, damages or liabilities to which the Bank or the Holding Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Circular, the Disclosure Package, a Final Pricing Supplement or any Supplemental Offering Materials, or any amendment or supplement thereto, or any related preliminary offering circular, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Bank and the Holding Company by such Agent specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Bank and the Holding Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, unless such loss, claim, damage or liability arises out of the offer or sale of Securities occurring after the Agent has notified the Bank and the Holding Company in writing that such information should no longer be used in the

Offering Circular, the Disclosure Package, a Final Pricing Supplement or any Supplemental Offering Materials, it being understood and agreed that the only such information furnished by any Agent consists of the following information in the Offering Circular, the Disclosure Package, a Final Pricing Supplement or any Supplemental Offering Materials furnished on behalf of each Agent: the information contained in the fifth and twelfth paragraphs in the Offering Circular under the caption "Plan of Distribution".

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action.

(d) If the indemnification provided for in this Section 8 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Bank and the Holding Company on the one hand and any Agent on the other from the offering pursuant to this Agreement of the Securities which are the subject of the action or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Bank and the Holding Company on the one hand and any Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Bank and the Holding Company on the one hand and any Agent on the other shall be deemed to be in the same proportions as the total net proceeds from the offering pursuant to this Agreement of the Securities which are the subject of the action (before deducting expenses) received by the Bank and the Holding Company bear to the total discounts and commissions received by such Agent from the offering of such Securities pursuant to this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to

information supplied by the Bank or the Holding Company on the one hand or by any such Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Securities which are the subject of the action and which were distributed to the public through it pursuant to this Agreement or upon resale of Securities purchased by it from the Bank exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of each Agent in this subsection (d) to contribute are several, in the same proportion which the amount of the Securities which are the subject of the action and which were distributed through such Agent pursuant to this Agreement bears to the total amount of such Securities distributed through all of the Agents pursuant to this Agreement, and not joint.

(e) The obligations of the Bank and the Holding Company under this Section 8 shall be in addition to any liability which the Bank or the Holding Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls each Agent within the meaning of the Act; and the obligations of each Agent under this Section 8 shall be in addition to any liability which each Agent may otherwise have and shall extend, upon the same terms and conditions, to each office and director of the Bank and to each person, if any, who controls the Bank within the meaning of the Act.

9. Each Agent, in soliciting offers to purchase Securities from the Bank and in performing the other obligations of such Agent hereunder (other than in respect of any purchase by an Agent as principal, pursuant to a Terms Agreement or otherwise), is acting solely as agent for the Bank and not as principal. Each Agent will make reasonable efforts to assist the Bank in obtaining performance by each purchaser whose offer to purchase Securities from the Bank was solicited by such Agent and has been accepted by the Bank, but such Agent shall not have any liability to the Bank in the event such purchase is not consummated for any reason. If the Bank shall default on its obligation to deliver Securities to a purchaser whose offer it has accepted, the Bank shall (i) hold each Agent harmless against any loss, claim or damage arising from or as a result of such default by the Bank and (ii) notwithstanding such default, pay to the Agent that solicited such offer any commission to which it would be entitled in connection with such sale.

10. The respective indemnities, agreements, representations, warranties and other statements by any Agent, the Bank and the Holding Company set forth in or made pursuant to this Agreement shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Agent or any controlling person of any Agent, or the Bank, the Holding Company or any officer or director or any controlling person of the Bank or the Holding Company, and shall survive each delivery of and payment for any of the Securities.

11. The provisions of this Agreement relating to the solicitation of offers to purchase Securities from the Bank may be suspended and this Agreement may be terminated at any time by the Bank as to any Agent or by any Agent as to such Agent upon the giving of written notice of such suspension or termination to such Agent or the Bank, as the case may be. In the event of such suspension or termination with respect to any Agent, (x) this Agreement shall remain in full force and effect with respect to any Agent as to which such suspension or termination has not occurred, (y) this Agreement shall remain in full force and effect with respect to the rights and obligations of any party which have previously accrued or which relate to Securities which are already issued, agreed to be issued or the subject of a pending offer at the time of such suspension or termination and (z) in any event, this Agreement shall remain in full force and effect insofar as the fourth paragraph of Section 3(a), and Sections 5(c), 5(d), 5(e), 6, 8, 9 and 10 hereof are concerned.

12. Except as otherwise specifically provided herein or in the Administrative Procedure, all statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail as follows: if to Citigroup Global Markets Inc. to 388 Greenwich Street, New York, New York 10013, attention of Medium-Term Note Department, Facsimile (212) 816-7912, and if to Keefe, Bruyette & Woods, Inc. to 787 7th Avenue, New York, New York 10019, Facsimile (212) 541-6644, Attention: Debt Capital Markets, and if to Lehman Brothers Inc. to Lehman Brothers Inc., Attention: Debt Capital Markets, Financial Institutions Group, 745 Seventh Avenue, New York, New York 10019, Facsimile (212) 526-0943, Attention: MTN Product Origination (with a copy to the General Counsel at the same address) and if to Merrill Lynch, Pierce, Fenner & Smith Incorporated to World Financial Center, North Tower, 11th Floor, New York, New York 10281, Facsimile (212) 449-0599, Attention: Product Management Department, and if to Sandler, O' Neill & Partners, L.P. to 919 Third Avenue, 6th Floor, New York, New York 10022, and if to the Bank or the Holding Company to Compass Bank, 15 South 20th Street Plaza Level, Birmingham, Alabama 35233, Attention: Treasurer, Facsimile (205) 297-5521.

13. This Agreement and any Terms Agreement shall be binding upon, and inure solely to the benefit of, each Agent, the Bank and the Holding Company, and to the extent provided in Sections 8, 9 and 10 hereof, the officers and directors of the Bank and the Holding Company and any person who controls any Agent or the Bank or the Holding Company, and their respective personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any Terms Agreement. No purchaser of any of the Securities through or from any Agent hereunder shall be deemed a successor or assign by reason merely of such purchase.

14. The Bank acknowledges and agrees that (i) any purchase and sale of Securities pursuant to this Agreement and any Terms Agreement, including the determination of terms of the Securities and any related discounts and commissions, are arm's-length commercial transactions between the Bank, on the one hand, and the Agent(s), on the other hand, (ii) in connection with the offerings contemplated hereby and the process leading to any such transaction each Agent is and has been acting solely as a principal and is not the agent (except to the extent expressly set forth herein) or fiduciary of the Bank or its shareholders, creditors, employees or any other party, (iii) no Agent has assumed or will assume an advisory or fiduciary

responsibility in favor of the Bank with respect to the offerings contemplated hereby or the process leading thereto (irrespective of whether such Agent has advised or is currently advising the Bank on other matters) and no Agent has any obligation to the Bank with respect to any offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Agent(s) and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Bank, and (v) no Agent has provided any legal, accounting, regulatory or tax advice with respect to the offerings contemplated hereby and the Bank has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate

15. Time shall be of the essence in this Agreement and any Terms Agreement.

16. This Agreement and any Terms Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

17. This Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be an original, but all of such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us counterpart signatures hereof, whereupon this letter and the acceptance by each of you thereof shall constitute a binding agreement between the Bank and each of you in accordance with its terms.

Very truly yours,

COMPASS BANK

By: /s/ Richard O. Hughes
Name: Richard O. Hughes
Title: Executive Vice President

COMPASS BANCSHARES, INC.

By: /s/ Richard O. Hughes
Name: Richard O. Hughes
Title: Executive Vice President

Accepted in New York, New York, as of the date hereof:

CITIGROUP GLOBAL MARKETS INC.

By: /s/ S. Kenneth McPhail
Name: S. Kenneth McPhail
Title: Managing Director

KEEFE, BRUYETTE & WOODS, INC.

By: /s/ Maurice Beshcian IV
Name: Maurice Beshcian IV
Title: Managing Director

LEHMAN BROTHERS INC.

By: /s/ John Jedlicka
Name: John Jedlicka
Title: Managing Director

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Jason Brownstein
Name: Jason Brownstein
Title: Vice President

SANDLER, O' NEILL & PARTNERS, L.P.

By: /s/ Robert A. Kleinart
Name: Robert A. Kleinart
Title: Officer

Holding Company Letter Agreement

Dear Sirs:

Compass Bancshares, Inc. (the "Holding Company"), a bank holding company with securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in order to induce you (each referred to as an "Agent" and collectively referred to as the "Agents") to enter into a Distribution Agreement of even date herewith (the "Agreement") with respect to the issue and sale from time to time by Compass Bank, an Alabama banking corporation (the "Bank"), of up to \$2,000,000,000 principal amount of its senior and subordinated debt obligations not insured by the Federal Deposit Insurance Corporation called Bank Notes (the "Notes"), hereby agrees with the Agents as follows (capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Agreement).

1. Representations and Warranties.

The Holding Company represents and warrants to each Agent as follows:

(a) Authorization to Incorporate by Reference. The Holding Company has authorized the Bank to incorporate by reference in the Offering Circular (i) its Annual Report on Form 10-K for the year ended December 31, 2005, (ii) its Current Reports on Form 8-K dated January 3, 2006 and January 17, 2006 and (iii) any reports filed by it with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 or 15(d) of the Exchange Act and the rules and regulations thereunder subsequent to the date hereof and prior to the termination of the offering of the Notes (collectively, the "Incorporated Documents").

(b) Incorporated Documents; Financial Statements. The Incorporated Documents, at the time they were or hereafter are filed by the Holding Company with the Commission complied or when so filed will comply, as the case may be, in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder, and, when read together with the other information in the Offering Circular (as of each applicable Representation Date) and the Disclosure Package as of the Applicable Time, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were or are made, not misleading.

(c) Due Organization, Valid Existence and Good Standing. The Holding Company is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or the leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Holding Company and its subsidiaries taken as a whole.

(d) Authorization of Agreement. The Agreement and this Letter Agreement have been duly authorized by all necessary corporate action on the part of the Holding Company.

(e) No Material Adverse Change. Except as set forth or contemplated in the Offering Circular, since the date of its latest financial statements included or incorporated by reference in the Offering Circular, there has not been any material adverse change in the financial condition, business or results of operations of the Holding Company and its subsidiaries on a consolidated basis.

2. Representations and Warranties to Survive Delivery.

All representations and warranties contained in this Letter Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agents or any controlling person of the Agents, or by or on behalf of the Holding Company and shall survive each delivery of and payment for any of the Notes.

3. Termination.

This Letter Agreement may be terminated for any reason without notice, at any time the Agreement is contemporaneously terminated in its entirety in accordance with the provisions thereof. In the event of such termination, the provisions of Section 2 hereof shall remain in effect.

4. Notices.

All notices and other communications related to this Letter Agreement shall be delivered in accordance with the provisions of Section 13 of the Agreement and, if to the Holding Company or the Bank, shall be delivered to Compass Bank, 15 South 20th Street Plaza Level, Birmingham, Alabama 35233, Attention: Treasurer, Facsimile Transmission No. (205) 297-5521.

5. Governing Law.

This Letter Agreement and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within such State.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Holding Company a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between you and the Holding Company in accordance with its terms.

Very truly yours,

COMPASS BANCSHARES, INC.

By: _____
Name:
Title:

Accepted in New York, New York, as of the date hereof:

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name:
Title:

KEEFE, BRUYETTE & WOODS, INC.

By: _____
Name:
Title:

LEHMAN BROTHERS INC.

By: _____
Name:
Title:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: _____
Name:
Title:

SANDLER, O' NEILL & PARTNERS, L.P.

By: _____
Name:
Title:

Compass Bank
Bank Notes
Terms Agreement

_____, 20

[Citigroup Global Markets Inc
388 Greenwich Street
New York, New York 10013

Keefe, Bruyette & Woods, Inc.
787 7th Avenue
New York, New York 10019

Lehman Brothers Inc.
745 Seventh Avenue, Fifth Floor
New York, New York 10019

Merrill Lynch, Pierce, Fenner & Smith Incorporated
World Financial Center
North Tower
New York, New York 10281

Sandler O' Neill & Partners, L.P.
919 Third Avenue, 6th Floor
New York, New York 10022]

Ladies and Gentlemen:

Compass Bank (the "Bank") proposes, subject to the terms and conditions stated herein and in the Distribution Agreement, dated March 13, 2006 (the "Distribution Agreement"), between the Bank and Compass Bancshares, Inc. on the one hand and Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler, O' Neill & Partners, L.P., on the other, to issue and sell to [Name(s) of Agent(s)] (the "Agents") the securities specified in the Schedule hereto (the "Purchased Securities"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as agents of the Bank, of offers to purchase Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Bank or make such party subject to the provisions therein relating to the solicitation of offers to purchase Securities from the Bank, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Terms Agreement, except that each representation and warranty in Sections 1 and 2 of the Distribution Agreement which makes reference to the Offering Circular shall be deemed to be a representation and warranty as of the date of the Distribution Agreement

in relation to the Offering Circular (as therein defined), and also a representation and warranty as of the date of this Terms Agreement in relation to the Offering Circular as amended and supplemented to relate to the Purchased Securities. Each of the representations and warranties which makes reference to the Disclosure Package shall be deemed to have been made at and as of the Applicable Time.

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Bank agrees to issue and sell to [Name(s) of Agent(s)] and [Name(s) of Agent(s)] agree[s] to purchase from the Bank the Purchased Securities, at the time (the "Settlement Date") and place, in the principal amount and at the purchase price set forth in the Schedule hereto.

[In the event the Bank and a syndicate of Agents have entered into this Terms Agreement and one or more of the Agents shall fail to purchase the Securities which it or they are obligated to purchase (the "Defaulted Securities") at the Settlement Date, then the nondefaulting Agents shall have the right, within 24 hours thereafter, to make arrangements for one of them or one or more other Agents or placement agents to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; provided, however, that if such arrangements shall not have been completed within such 24-hour period, then:

(a) if the aggregate principal amount of Defaulted Securities does not exceed 10% of the aggregate principal amount of Securities to be so purchased by all of such Agents on the Settlement Date, the nondefaulting Agents shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective initial purchase obligations bear to the purchase obligations of all nondefaulting Agents, or

(b) if the aggregate principal amount of Defaulted Securities exceeds 10% of the aggregate principal amount of Securities to be so purchased by all of such Agents on the Settlement Date, such agreement shall terminate without liability on the part of any nondefaulting Agent.

No action taken pursuant to this shall relieve any defaulting Agent from liability in respect of its default.

In the event of any such default which does not result in a termination of such agreement, either the nondefaulting Agents or the Bank shall have the right to postpone the Settlement Date for a period not exceeding seven days in order to effect any required changes in the Offering Circular or the Distribution Agreement or in any other documents or arrangements.]

If the foregoing is in accordance with your understanding, please sign and return to us [] counterparts hereof, and upon acceptance hereof by you this letter and such acceptance hereof, including those provisions of the Distribution Agreement incorporated herein by reference, shall constitute a binding agreement among you, the Bank and the Holding Company.

COMPASS BANK

By: _____
Name:
Title:

COMPASS BANCSHARES, INC.

By: _____
Name:
Title:

Accepted

[Name(s) of Agent(s)]

By: _____
Name:
Title:

Title of Purchased Securities:

[%] Bank Notes

Aggregate Principal Amount:

[\$..... or units of other Specified Currency]

[Price to Public:]

Purchase Price by [Name(s) of Agent(s)]:

% of the principal amount of the Purchased Securities[, plus accrued interest from to] [and accrued amortization, if any, from to]

Method of and Specified Funds for Payment of Purchase Price:

[By certified or official bank check or checks, payable to the order of the Bank, in [[New York] [Clearing House] [immediately available] funds]

[By wire transfer to a bank account specified by the Bank in [next day] [immediately available] funds]

Applicable Time:

Time of Delivery:

Disclosure Package:

Supplemental Offering Materials:

Closing Location for Delivery of Securities:

Maturity:

Interest Rate: [%]

Interest Payment Dates:

[months and dates]

Documents to be Delivered:

The following documents referred to in the Distribution Agreement shall be delivered as a condition to the Closing:

[(1) The opinion or opinions of counsel to the Agents referred to in Section 5(g).]

[(2) The opinion of counsel to the Bank referred to in Section 5(h).]

[(3) The officers' certificate referred to in Section 5(i).]

[(4) The accountants' letter(s) referred to in Section 5(j).]

Other Provisions (including Syndicate Provisions, if applicable):

I-5

Compass Bank**Administrative Procedure**

This Administrative Procedure relates to the Securities defined in the Distribution Agreement, dated [], 2006 (the “Distribution Agreement”), among Compass Bank (the “Bank”), Compass Bancshares, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Lehman Brothers Inc. and Sandler, O’Neill & Partners, L.P. (together, the “Agents”), to which this Administrative Procedure is attached as Annex II. Defined terms used herein and not defined herein shall have the meanings given such terms in the Distribution Agreement, the Offering Circular, a Final Pricing Supplement and the Disclosure Package, each as amended or supplemented or the Issuing Agency Agreement.

The procedures to be followed with respect to the settlement of sales of Securities directly by the Bank to purchasers solicited by an Agent, as agent, are set forth below. The terms and settlement details related to a purchase of Securities by an Agent, as principal, from the Bank will be set forth in a Terms Agreement pursuant to the Distribution Agreement, unless the Bank and such Agent otherwise agree as provided in Section 3(b) of the Distribution Agreement, in which case the procedures to be followed in respect of the settlement of such sale will be as set forth below. Notwithstanding the foregoing, the Bank and an Agent or syndicate of Agents may mutually agree to any other method of settlement of sales of Securities, either in connection with a sale of Securities directly by the Bank to purchasers solicited by an Agent, as agent, or a purchase of Securities by an Agent, as principal, from the Bank. An Agent, in relation to a purchase of a Security by a purchaser solicited by such Agent, is referred to herein as the “Selling Agent” and, in relation to a purchase of a Security by such Agent as principal other than pursuant to a Terms Agreement, as the “Purchasing Agent”.

The Bank will advise each Agent in writing of those persons with whom such Agent is to communicate regarding offers to purchase Securities and the related settlement details.

Each Security will be issued only in fully registered form and will be represented by either a global security (a “Global Security”) delivered to The Depository Trust Company (the “Depository”) and recorded in the book-entry system maintained by the Depository (a “Book-Entry Security”) or a certificate issued in definitive form (a “Certificated Security”) by the Issuing and Paying Agent, as agent for the Depository, delivered to a person designated by an Agent, as set forth in the applicable Final Pricing Supplement and Term Sheet. An owner of a Book-Entry Security will not be entitled to receive a certificate representing such a Security, except as provided in the Issuing Agency Agreement.

Book-Entry Securities may be issued in accordance with the Administrative Procedure set forth in Part I hereof, and Certificated Securities may be issued in accordance with the Administrative Procedure set forth in Part II hereof, in either case except as may otherwise be mutually agreed upon by the Bank and an Agent or syndicate of Agents.

PART I: ADMINISTRATIVE PROCEDURE FOR BOOK-ENTRY SECURITIES

In connection with the qualification of the Book-Entry Securities for eligibility in the book-entry system maintained by the Depository, the Issuing and Paying Agent will perform the custodial; document control and administrative functions described below (or as otherwise agreed), in accordance with its respective obligations under a Letter of Representation from the Bank and the Issuing and Paying Agent to the Depository, dated the date hereof, and a Medium-Term Note Certificate Agreement between the Issuing and Paying Agent and the Depository, dated as of [] (the "Certificate Agreement"), and its obligations as a participant in the Depository, including the Depository's Same-Day Funds Settlement System ("SDFS").

Posting Rates by the Bank:

The Bank and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Book-Entry Securities that may be sold as a result of the solicitation of offers by an Agent. The Bank may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Bank decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by the Bank:

Each Agent will promptly advise the Bank by telephone or other appropriate means of all reasonable offers to purchase Book-Entry Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Bank to purchase Book-Entry Securities as a Purchasing Agent. The Bank will have the sole right to accept offers to purchase Book-Entry Securities and may reject any such offer in whole or in part.

The Bank will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Book-Entry Securities. If the Bank accepts an offer to purchase Book-Entry Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Issuing and Paying Agent.

Communication of Sale Information to the Bank by Agent and Settlement Procedures:

A. After the acceptance of an offer by the Bank, the Selling Agent or Purchasing Agent, as the case may be, will communicate promptly, but in no event later than the time set forth under "Settlement Procedure Timetable" below, the following details of the terms of such offer (the "Sale Information") to the Bank by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal Amount of Book-Entry Securities to be purchased;
- (2) If a Fixed Rate Book-Entry Security, the interest rate and initial interest payment date;
- (3) Trade Date;

- (4) Settlement Date;
- (5) Maturity Date;
- (6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency (it being understood that currently the Depository accepts deposits of Global Securities denominated in U.S. dollars only);
- (7) Indexed Currency, the Base Rate and the Exchange Rate Determination Date, if applicable;
- (8) Issue Price;
- (9) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (10) Net Proceeds to the Bank;
- (11) If a redeemable Book-Entry Security, such of the following as are applicable:
 - (i) Redemption Commencement Date,
 - (ii) Initial Redemption Price (% of par), and
 - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (12) If a Floating Rate Book-Entry Security, such of the following as are applicable:
 - (i) Interest Rate Basis,
 - (ii) Index Maturity,
 - (iii) Spread or Spread Multiplier,
 - (iv) Maximum Rate,
 - (v) Minimum Rate,
 - (vi) Initial Interest Rate,
 - (vii) Interest Reset Dates,
 - (viii) Calculation Dates,
 - (ix) Interest Determination Dates,
 - (x) Interest Payment Dates,
 - (xi) Regular Record Dates, and
 - (xii) Calculation Agent;
- (13) Name, address and taxpayer identification number of the registered owner(s);
- (14) Denomination of certificates to be delivered at settlement;
- (15) Book-Entry Security or Certificated Security; and

(16) Selling Agent or Purchasing Agent.

B. After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Bank will communicate such Sale Information to the Issuing and Paying Agent by facsimile transmission or other acceptable written means. The Issuing and Paying Agent will assign a CUSIP number to the Global Security from a list of CUSIP numbers previously delivered to the Issuing and Paying Agent by the Bank representing such Book-Entry Security and then advise the Bank and the Selling Agent or Purchasing Agent, as the case may be, of such CUSIP number.

C.

(1) In the event the Bank is considered a “fast settlement bank” with the Depository, the Issuing and Paying Agent will enter a pending deposit message through the Depository’s Participant Terminal System, providing the following settlement information to the Depository, and the Depository shall forward such information to such Agent and Standard & Poor’s Corporation:

- a. The applicable Sale Information;
- b. CUSIP number of the Global Security representing such Book-Entry Security;
- c. Whether such Global Security will represent any other Book-Entry Security (to the extent known at such time);
- d. Number of the participant account maintained by the Depository on behalf of the Selling Agent or Purchasing Agent, as the case may be;
- e. The interest payment period; and
Initial Interest Payment Date for such Book-Entry Security, number of days by which such date succeeds the record date for the Depository’s purposes (or, in the case of Floating Rate Securities which reset daily or weekly, the date five calendar days immediately preceding the applicable Interest Payment Date and, in the case of all other Book-Entry Securities, the Regular Record Date, as defined in the Security) and, if calculable at that time, the amount of interest payable on such Interest Payment Date.
- f.

(2) In the event the Bank is not considered a “fast settlement bank” with the Depository, the Issuing and Paying Agent and the Bank will provide the following settlement information to the Depository in such manner as is mutually agreed upon by the Issuing and Paying Agent and the Bank, and as acceptable to the Depository, and the Depository shall forward such information to such Agent and Standard & Poor’s Corporation:

- a. The applicable Sale Information;
- b. CUSIP number of the Global Security representing such Book-Entry Security;
- c. Whether such Global Security will represent any other Book-Entry Security (to the extent known at such time);
- d. Number of the participant account maintained by the Depository on behalf of the Selling Agent or Purchasing Agent, as the case may be and only if applicable;
- e. The interest payment period; and

f. Initial Interest Payment Date for such Book-Entry Security, number of days by which such date succeeds the record date for the Depository's purposes (or, in the case of Floating Rate Securities which reset daily or weekly, the date five calendar days immediately preceding the applicable Interest Payment Date and, in the case of all other Book-Entry Securities, the Regular Record Date, as defined in the Security) and, if calculable at that time, the amount of interest payable on such Interest Payment Date.

The Issuing and Paying Agent and the Bank will provide to the Depository a Letter of Representation, the Global Security as referenced in D below and the Offering Circular, Final Pricing Supplement and/or Term Sheet, as applicable (or any portion thereof), and any other information as the Depository may request or require (including any questionnaire as may be requested by the Depository and as not otherwise supplied by the Agent), in order to provide the information identified in this subsection C(2).

D. The Issuing and Paying Agent will complete and authenticate the Global Security previously delivered by the Bank representing such Book-Entry Security.

E. (1) In the event the Bank is not considered a "fast settlement bank" with the Depository, the Issuing and Paying Agent will deliver the executed and authenticated Global Security representing such Book-Entry Security to the Depository.

(2) In the event the Bank is considered a "fast settlement bank" with the Depository, the Depository will credit such Book-Entry Security to the Issuing and Paying Agent's participant account at the Depository.

F. The Issuing and Paying Agent will enter an SDFS deliver order through the Depository's Participant Terminal System, or in such other manner as mutually agreed upon by the Issuing and Paying Agent and the Bank, and as acceptable to the Depository, instructing the Depository to (i) debit such Book-Entry Security to the Issuing and Paying Agent's participant account and credit such Book-Entry Security to such Agent's participant account and (ii) debit such Agent's settlement account and credit the Issuing and Paying Agent's settlement account for an amount equal to the price of such Book-Entry Security less such Agent's commission. The entry of such a deliver order shall constitute a representation and warranty by the Issuing and Paying Agent to the Depository that (a) the Global Security representing such Book-Entry Security has been issued and authenticated and (b) the Issuing and Paying Agent is holding such Global Security pursuant to the Certificate Agreement. In the event the Bank is not considered a "fast settlement bank" with the Depository, the Issuing and Paying Agent agrees to enter the SDFS deliver order described in this Section F in a manner other than through the Depository's Participant Terminal System.

G. Such Agent will enter an SDFS deliver order through the Depository's Participant Terminal System, or in such other manner as mutually agreed upon by the Bank and the Agent, and as acceptable to the Depository, instructing the Depository (i) to debit such Book-Entry Security to such Agent's participant account and credit such Book-Entry Security to the participant accounts of the participants with respect to such Book-Entry Security and (ii) to debit

the settlement accounts of such participants and credit the settlement account of such Agent for an amount equal to the price of such Book-Entry Security. In the event the Bank is not considered a “fast settlement bank” with the Depository, the Agent will enter the SDFS deliver order described in this Section F in a manner other than through the Depository’s Participant Terminal System.

H. In the event the Bank is considered a “fast settlement bank” with the Depository, transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures “F” and “G” (if applicable) will be settled in accordance with SDFS operating procedures in effect on the settlement date. In the event the Bank is not considered a “fast settlement bank” with the Depository, the Issuing and Paying Agent and the Agent will settle transfers of funds in a manner as mutually agreed to by the parties.

I. Upon confirmation of receipt of funds, the Issuing and Paying Agent will transfer to the account of the Bank maintained at the Bank or such other account as the Bank may have previously specified to the Issuing and Paying Agent, in funds available for immediate use in the amount transferred to the Issuing and Paying Agent in accordance with Settlement Procedure “F”.

J. Such Agent will confirm the purchase of such Book-Entry Security to the purchaser either by transmitting to the participants with respect to such Book-Entry Security a confirmation order or orders through the Depository’s institutional delivery system or by mailing a written confirmation to such purchaser.

K. Upon request, the Issuing and Paying Agent will send to the Bank a statement setting forth the principal amount of Book-Entry Securities outstanding as of that date under the Issuing and Paying Agency Agreement.

L. The Depository will, at any time, upon request of the Bank or the Issuing and Paying Agent, promptly furnish to the Bank or the Issuing and Paying Agent a list of the names and addresses of the participants for whom the Depository has credited Book-Entry Securities.

Preparation of Final Pricing Supplement and Term Sheet:

If the Bank accepts an offer to purchase a Book-Entry Security, it will prepare a Final Pricing Supplement and Term Sheet reflecting the terms of such Book-Entry Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Final Pricing Supplement and Term Sheet, not later than 5:00 p.m., New York City time, on the Business Day following the Trade Date (as defined below), or if the Bank and the purchaser agree to settlement on the Business Day following the date of acceptance of such offer, not later than noon, New York City time, on such date.

Delivery of Confirmation and Offering Circular and Disclosure Package: to Purchasers by Selling Agent:

The Selling Agent will deliver to the purchaser of a Book-Entry Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Offering Circular, as amended or supplemented

(and a Final Pricing Supplement) in relation to such Book-Entry Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale or (b) the Book-Entry Security. The Bank shall provide a copy of the Disclosure Package (as not otherwise available through the Commission' s, the Holding Company' s or FFIEC' s website) as promptly as practicable to the Selling Agents for delivery to each purchaser or its agent.

Date of Settlement:

The receipt by the Bank of immediately available funds in payment for a Book-Entry Security and the authentication and issuance of the Global Security representing such Book-Entry Security shall constitute "settlement" with respect to such Book-Entry Security. All orders of Book-Entry Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Bank on a particular date (the "Trade Date") will be settled on a date (the "Settlement Date") which is the third Business Day after the Trade Date pursuant to the "Settlement Procedure Timetable" set forth below, unless the Bank and the purchaser agree to settlement on another Business Day which shall be no earlier than the next Business Day after the Trade Date.

Settlement Procedure Timetable:

For orders of Book-Entry Securities solicited by a Selling Agent and accepted by the Bank for settlement on the third Business Day after the Trade Date, Settlement Procedures "A" through "J" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure Timetable:

A - B	3:00 p.m.	on the Trade Date
C	4:00 p.m.	on the Trade Date
D	3:00 p.m.	on the Business Day immediately preceding the Settlement Date
E1	9:00 a.m.	on the Settlement Date
E2	10:00 a.m.	on the Settlement Date
F - H	1:30 p.m.	on the Settlement Date
I - J	5:00 p.m.	on the Settlement Date

If the initial interest rate for a Floating Rate Book-Entry Security has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Security is rescheduled or canceled, the Issuing and Paying Agent, upon obtaining knowledge thereof, will deliver to the Depository, through the Depository' s Participant Terminal System, a cancellation message to such effect as soon as practicable.

Failure to Settle:

If the Issuing and Paying Agent fails to enter an SDFS deliver order with respect to a Book-Entry Security pursuant to Settlement Procedure "F", the Issuing and Paying Agent may deliver to the Depository, through the Depository's Participant Terminal System, as soon as practicable a withdrawal message instructing the Depository to debit such Book-Entry Security to the Issuing and Paying Agent's participant account, provided that the Issuing and Paying Agent's participant account contains a principal amount of the Global Security representing such Book-Entry Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Securities represented by a Global Security, the Issuing and Paying Agent will mark such Global Security "canceled", make appropriate entries in the Issuing and Paying Agent's records and send such canceled Global Security to the Bank. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Securities represented by a Global Security, the Issuing and Paying Agent will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Security or Securities and shall be canceled immediately after issuance and the other of which shall represent the remaining Book-Entry Securities previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Security is not timely paid to the participants with respect to such Book-Entry Security by the beneficial purchaser thereof (or a person, including an indirect participant in the Depository, acting on behalf of such purchaser), such participants and, in turn, the Agent for such Book-Entry Security may enter deliver orders through the Depository's Participant Terminal System debiting such Book-Entry Security to such participant's account and crediting such Book-Entry Security to such Agent's account and then debiting such Book-Entry Security to such Agent's participant account and crediting such Book-Entry Security to the Issuing and Paying Agent's participant account and shall notify the Bank and the Issuing and Paying Agent thereof. Thereafter, the Issuing and Paying Agent will (i) immediately notify the Bank of such order and the Bank shall transfer to such Agent funds available for immediate use in an amount equal to the price of such Book-Entry Security which was credited to the account of the Bank maintained at the Issuing and Paying Agent in accordance with Settlement Procedure I, and (ii) deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Bank will reimburse such Agent on an equitable basis for the loss of its use of funds during the period when the funds were credited to the account of the Bank.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Security, the Depository may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Securities to have been represented by a Global Security, the Issuing and Paying Agent will provide, in accordance with Settlement Procedure "D", for the authentication and issuance of a Global Security representing the other Book-Entry Securities to have been represented by such Global Security and will make appropriate entries in its records. The Bank

will, from time to time, furnish the Issuing and Paying Agent with a sufficient quantity of Securities. In the event the Bank is not considered a “fast settlement bank” with the Depository, the Issuing and Paying Agent, the Bank and the Agent will mutually agree to an alternative resolution of any failure to settle in the event the above procedure(s) is not available.

PART II: ADMINISTRATIVE PROCEDURE FOR CERTIFICATED SECURITIES

Posting Rates by Bank:

The Bank and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Certificated Securities that may be sold as a result of the solicitation of offers by an Agent. The Bank may establish a fixed set of interest rates and maturities for an offering period (“posting”). If the Bank decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by Bank:

Each Agent will promptly advise the Bank by telephone or other appropriate means of all reasonable offers to purchase Certificated Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Bank to purchase Certificated Securities as a Purchasing Agent. The Bank will have the sole right to accept offers to purchase Certificated Securities and may reject any such offer in whole or in part.

The Bank will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Certificated Securities. If the Bank accepts an offer to purchase Certificated Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Issuing and Paying Agent.

Communication of Sale Information to Bank by Agent:

After the acceptance of an offer by the Bank, the Selling Agent or Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the “Sale Information”) to the Bank by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal Amount of Certificated Securities to be purchased;
- (2) If a Fixed Rate Certificated Security, the interest rate and initial interest payment date;
- (3) Trade Date;
- (4) Settlement Date;
- (5) Maturity Date;
- (6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;
- (7) Indexed Currency, the Base Rate and the Exchange Rate Determination Date, if applicable;
- (8) Issue Price;

- (9) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (10) Net Proceeds to the Bank;
- (11) If a redeemable Certificated Security, such of the following as are applicable:
 - (i) Redemption Commencement Date,
 - (ii) Initial Redemption Price (% of par), and
 - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (12) If a Floating Rate Certificated Security, such of the following as are applicable:
 - (i) Interest Rate Basis,
 - (ii) Index Maturity,
 - (iii) Spread or Spread Multiplier,
 - (iv) Maximum Rate,
 - (v) Minimum Rate,
 - (vi) Initial Interest Rate,
 - (vii) Interest Reset Dates,
 - (viii) Calculation Dates,
 - (ix) Interest Determination Dates,
 - (x) Interest Payment Dates,
 - (xi) Regular Record Dates, and
 - (xii) Calculation Agent;
- (13) Name, address and taxpayer identification number of the registered owner(s);
- (14) Denomination of certificates to be delivered at settlement;
- (15) Book-Entry Security or Certificated Security; and
- (16) Selling Agent or Purchasing Agent.

Preparation of Final Pricing Supplement and Term Sheet by Bank:

If the Bank accepts an offer to purchase a Certificated Security, it will prepare a Final Pricing Supplement and Term Sheet reflecting the terms of such Certificated Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Final Pricing Supplement and Term Sheet, not later than 5:00 p.m., New York City time, on the Business Day following the Trade Date, or if the Bank and the purchaser agree to settlement on the date of acceptance of such offer, not later than noon, New York City time, on such date.

Delivery of Confirmation and Offering Circular to Purchaser by Selling Agent:

The Selling Agent will deliver to the purchaser of a Certificated Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Offering Circular, as amended or supplemented (including the Final Pricing Supplement and Term Sheet) in relation to such Certificated Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale or (b) the Certificated Security.

Date of Settlement:

All offers of Certificated Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Bank will be settled on a date (the "Settlement Date") which is the third Business Day after the date of acceptance of such offer, unless the Bank and the purchaser agree to settlement (a) on another Business Day after the acceptance of such offer or (b) with respect to an offer accepted by the Bank prior to 10:00 a.m., New York City time, on the date of such acceptance.

Instruction from Bank to Issuing and Paying Agent for Preparation of Certificated Securities:

After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Bank will communicate such Sale Information to the Issuing and Paying Agent by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means.

The Bank will instruct the Issuing and Paying Agent by facsimile transmission or other acceptable written means to authenticate and deliver the Certificated Securities no later than 2:15 p.m., New York City time, on the Settlement Date. Such instruction will be given by the Bank prior to 3:00 p.m., New York City time, on the Business Day immediately preceding the Settlement Date unless the Settlement Date is the date of acceptance by the Bank of the offer to purchase Certificated Securities in which case such instruction will be given by the Bank by 11:00 a.m., New York City time.

Preparation and Delivery of Certificated Securities by Issuing and Paying Agent and Receipt of Payment Therefor:

The Issuing and Paying Agent will prepare each Certificated Security and appropriate receipts that will serve as the documentary control of the transaction.

In the case of a sale of Certificated Securities to a purchaser solicited by a Selling Agent, the Issuing and Paying Agent will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Selling Agent for the benefit of the purchaser of such Certificated Securities against delivery by the Selling Agent of a receipt therefor. On the Settlement Date the Selling Agent will deliver payment for such Certificated Securities in immediately available funds to the Bank in an amount equal to the issue price of the Certificated Securities less the Selling Agent's commission; provided that the Selling Agent reserves the right to withhold payment for which it has not received funds from the purchaser. The Bank shall not use any proceeds advanced by a Selling Agent to acquire securities.

In the case of a sale of Certificated Securities to a Purchasing Agent, the Issuing and Paying Agent will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Purchasing Agent against delivery of payment for such Certificated Securities in immediately available funds to the Bank in an amount equal to the issue price of the Certificated Securities less the Purchasing Agent's discount.

Failure of Purchaser to Pay Selling Agent:

If a purchaser (other than a Purchasing Agent) fails to make payment to the Selling Agent for a Certificated Security, the Selling Agent will promptly notify the Issuing and Paying Agent and the Bank thereof by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means. The Selling Agent will immediately return the Certificated Security to the Issuing and Paying Agent. Immediately upon receipt of such Certificated Security by the Issuing and Paying Agent, the Bank will return to the Selling Agent an amount equal to the amount previously paid to the Bank in respect of such Certificated Security. The Bank will reimburse the Selling Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Bank. The Issuing and Paying Agent will cancel the Certificated Security in respect of which the failure occurred, make appropriate entries in its records and, unless otherwise instructed by the Bank, destroy the Certificated Security.

ISSUING AND PAYING AGENCY AGREEMENT

Between

COMPASS BANK,
Issuer

and

COMPASS BANK,
Issuing and Paying Agent

Dated as of March 13, 2006

Relating to Senior and Subordinated Bank Notes

ISSUING AND PAYING AGENCY AGREEMENT

This Issuing and Paying Agency Agreement dated as of March 13, 2006 between COMPASS BANK, an Alabama banking corporation (in its capacity as issuer of the Notes as defined below, the "Bank"), and COMPASS BANK (in its capacity as issuing and paying agent, the "Issuing and Paying Agent").

The Bank intends to authorize and issue from time to time, senior or subordinated bank notes in fully registered form in an aggregate principal amount at any one time of up to \$2,000,000,000 (the "Notes") for which the Issuing and Paying Agent by this Agreement will be designated issuing, paying and calculation agent.

The Issuer has appointed Citigroup Global Markets Inc., Keefe, Bruyette & Woods, Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler, O' Neill & Partners, L.P. as the selling agents for the Notes (the "Selling Agents") pursuant to that certain Distribution Agreement dated of even date herewith between the Bank and the Selling Agents (the "Distribution Agreement").

Now, therefore, in consideration of the mutual covenants contained herein, the Issuer and the Agent agree as follows:

ARTICLE I APPOINTMENT

Section 1.1 Appointment of Issuing and Paying Agent. The Issuing and Paying Agent is hereby appointed as issuing and paying agent for the Notes on the terms and conditions specified in this Agreement, and the Issuing and Paying Agent hereby accepts such appointment. The Bank hereby appoints the Issuing and Paying Agent as registrar for the Notes.

ARTICLE II THE NOTES

Section 2.1 Form of Notes. All Notes issued by the Bank will be represented by one or more global certificates, each such certificate hereinafter called a "Global Note." All Global Notes shall be registered in the name of a nominee of The Depository Trust Company ("DTC"), as depository. All Global Notes shall be in substantially the form attached hereto as Exhibit A-1 (Subordinated Note) and/or Exhibit A-2 (Senior Note), except as may be otherwise agreed upon by the Bank and the Issuing and Paying Agent, and may have such appropriate insertions, omissions, variations or substitutions as are required or permitted by, and not inconsistent with, this Agreement, and may also have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any applicable law or with any applicable rules or regulations made pursuant thereto or with the rules or regulations of any securities exchange or governmental agency or as may, consistently herewith, be determined by the officers of the Bank executing such Global Notes, as evidenced by their execution thereof. Beneficial interests in Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC or its nominee and its participants.

Section 2.2 Certificates of Authorized Representatives of the Bank. From time to time, the Bank shall furnish the Issuing and Paying Agent with a certificate of the Bank certifying the incumbency and specimen signatures of representatives of the Bank authorized to instruct the Issuing and Paying Agent regarding the completion and delivery of the Global Notes (each an "Authorized Representative"). Until five Business Days (as hereinafter defined) after the Issuing and Paying Agent receives a subsequent incumbency certificate of the Bank, the Issuing and Paying Agent shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Authorized Representatives. The Issuing and Paying Agent shall have no responsibility to the Bank to determine by whom or by what means a facsimile signature of the Bank may have been affixed on the Notes, or whether a signature of an Authorized Representative is genuine, if such signature resembles the specimen signature of such Authorized Representative on such certificate.

Section 2.3 Completion, Authentication and Delivery.

(a) All Global Notes shall be issued and delivered in accordance with this Agreement, the Global Notes and the Letter of Representations from the Bank and the Issuing and Paying Agent to DTC dated as of April 22, 1999. Notwithstanding the foregoing, the Issuing and Paying Agent shall not be required to perform any duties on any day that is not a Business Day (as hereinafter defined). All instructions regarding the completion and delivery of Global Notes shall be given by an Authorized Representative by telex, telecopy or other means acceptable to the Issuing and Paying Agent. Upon receipt of instructions as described in the preceding sentence, the Issuing and Paying Agent shall:

- (i) complete a Global Note or Notes representing one or more Notes in accordance with such instructions;
- (ii) manually countersign and authenticate such Global Note or Notes by any one of the officers or employees of the Issuing and Paying Agent duly authorized and designated by it for such purpose; and
- (iii) deliver such Global Note or Notes to DTC or pursuant to DTC' s instructions.

(b) If any Global Note has been countersigned by one of the Issuing and Paying Agent' s officers who was duly authorized for such purpose but who is not so designated at the time said Global Note is to be paid, the Issuing and Paying Agent is authorized and will pay the Global Note notwithstanding that the authority of said officer has been terminated between the time of execution and the time of payment.

(c) In the event a discrepancy exists between the instructions as originally received by the Issuing and Paying Agent and any subsequent written confirmation thereof, such original instructions will be deemed controlling if action has already been taken in reliance on such original instructions, provided that the Issuing and Paying Agent gives notice to the Bank of such discrepancy promptly upon the receipt of such written confirmation.

(d) Should the Issuing and Paying Agent at any time request and receive an opinion of its counsel (which includes in-house counsel) concerning its duties hereunder, it shall be free

to act upon the advice contained in such opinion and shall be relieved of any liability under this Agreement in so acting.

(e) All instructions must be received by the Issuing and Paying Agent by 3 p.m., New York City time, on the trade date, or by any other time as mutually agreed. For purposes hereof, the term "Business Day" shall mean any day that is not a Saturday or Sunday and that, in the City of New York or the City of Birmingham, Alabama, is not a day on which banking institutions are authorized or required by law or executive order to close.

(f) The Issuing and Paying Agent shall incur no liability to the Bank in acting or refraining from taking any action hereunder upon instructions contemplated hereby which the recipient thereof believed in good faith to have been given by an Authorized Representative.

(g) Each instruction given to the Issuing and Paying Agent in accordance with this Section 2.3 shall constitute a representation and warranty to the Issuing and Paying Agent by the Bank that the issuance and delivery of the Global Note or Notes to which the instruction relates have been duly and validly authorized by the Bank, that such Global Note or Notes when completed, countersigned, authenticated and delivered pursuant hereto will constitute valid and legally binding obligations of the Bank, and that the Issuing and Paying Agent's appointment to act for the Bank hereunder has been duly authorized by all necessary corporate action of the Bank.

(h) The Bank further represents and warrants to the Issuing and Paying Agent that the Bank is free to enter into the Agreement and to perform the terms hereof.

Section 2.4 Denominations. Except as provided in Section 2.5(b), the Notes shall be issuable only in book-entry form, without coupons, in denominations of \$100,000 and any amount in excess thereof which is an integral multiple of \$1,000. If Notes are issued in definitive form, payment and other terms related to such Notes will be as set forth on the face thereof.

Section 2.5 Proceeds of Sale of the Notes; Issuance of Certificated Securities.

(a) Funds received in payment for Notes issued by the Bank shall be credited to an account of the Bank, as instructed by the Bank.

(b) If at any time (i) DTC notifies the Bank that it is unwilling or unable to continue as depository for the Notes or if DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within sixty days after the effective date of DTC's ceasing to act as depository for the Notes, (ii) the Bank, at its option, notifies the Issuing and Paying Agent in writing that it elects to cause the issuance of Notes in definitive form or (iii) any event shall have happened and be continuing which, after notice or lapse of time, or both, would constitute an event of default with respect to the Notes, the Bank will execute, and the Issuing and Paying Agent will, upon receipt of instructions in writing from the Bank, authenticate and deliver Notes of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of the Global Notes then outstanding in exchange for such Global Notes. Any such certificated Notes will be issued in fully registered form to the persons designated by DTC as the beneficial owners

thereof, without coupons, in denominations of \$100,000 or any amount in excess thereof which is an integral multiple of \$1,000.

Section 2.6 Registration, Registration of Transfer and Exchange. The Issuing and Paying Agent shall, so long as any of the Notes remain outstanding, maintain all records as may be customary, including all forms of transfer for the Global Notes and shall:

(a) Keep at its office in Birmingham, Alabama a register (the "Security Register") in such form as the Issuing and Paying Agent may determine, in which, subject to such reasonable regulations as it may prescribe, it shall provide for the registration of the Notes and of transfers thereof;

(b) Maintain records showing for each outstanding Note the principal amount, maturity date, interest rate and other terms thereof; the date of original issue and all subsequent transfers and consolidations or exchanges; provided that the Issuing and Paying Agent shall have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, and it shall be fully protected in acting or refraining from acting on any such information provided by DTC.

(c) All Global Notes presented for transfer shall be duly endorsed or be accompanied by a written instrument of transfer.

(d) Each Note shall bear an original issue date which shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of such original Note regardless of the date of issuance of any such subsequently issued Note.

Section 2.7 Persons Deemed Owners. Prior to due presentment of a Global Note for registration or transfer, the Bank, the Issuing and Paying Agent and any agent of the Bank or the Issuing and Paying Agent may treat the person in whose name such Note is registered as the owner of the Note for the purpose of receiving payments of principal and interest, if any, and for all other purposes whatsoever, whether or not such Note be overdue, and neither the Bank nor the Issuing and Paying Agent shall be affected by notice to the contrary.

Section 2.8 Cancellation of Unissued Global Notes. Promptly upon the written request of the Bank, the Issuing and Paying Agent shall cancel and return to the Bank all unissued Global Notes in its possession.

Section 2.9 Mutilated, Lost, Stolen or Destroyed Global Notes. The Issuing and Paying Agent shall effect the replacement of mutilated, lost, stolen or destroyed Global Notes in accordance with the custom and usage of the financial industry.

ARTICLE III THE ISSUING AND PAYING AGENT

Section 3.1 Payment of Notes. Payments of principal and interest payable at stated maturity will be made in immediately available funds at the office of the Issuing and Paying Agent in the City of Birmingham, Alabama, provided that the Note is presented to the Issuing

and Paying Agent in time for the Issuing and Paying Agent to make such payments in such funds in accordance with its normal procedures. Payments of interest (other than interest payable at stated maturity) will be made by wire transfer in immediately available funds to a bank account in the United States designated by the holder in a written request to the Issuing and Paying Agent not later than 15 calendar days prior to the applicable interest payment date. The Issuing and Paying Agent shall have no obligation to use its own funds for any such payment or for any other purpose pursuant to this Agreement.

Section 3.2 Information Regarding Amounts Payable. The Issuing and Paying Agent shall, as soon as practicable after each record date for the payment of interest (other than interest payable at maturity) on any Note, but not later than five calendar days preceding the related interest payment date, notify the Bank of the interest to be paid on such Note on the related interest payment date. In addition, the Issuing and Paying Agent shall by the 15th day of each month furnish to the Bank a list showing for each Note issued by the Bank which matures in the next succeeding month the principal and interest payable at maturity on such Note.

Section 3.3 Deposit of Funds. The Bank shall deposit by 11 a.m., New York City time (or such other time as mutually agreed), with the Issuing and Paying Agent (i) on each interest payment date of a Note issued by the Bank an amount in immediately available funds sufficient to pay the interest due on such date and (ii) on the maturity date of each such Note an amount in immediately available funds sufficient to pay the principal of such Note and the interest accrued thereon to such maturity date.

Section 3.4 Money for Note Payments to Be Held in Trust.

(a) In acting under this Agreement and in connection with the Notes, the Issuing and Paying Agent is acting solely as agent of the Bank and does not assume any relationship or agency or trust for or with any of the holders of the Notes, except that, subject to the provisions of subsection (b) of this Section 3.4, all money deposited with the Issuing and Paying Agent pursuant to Section 3.3 shall be held by it in trust for the benefit of the holders of the Notes entitled thereto until such money is paid to such holders of the Notes in accordance with the provisions of the Notes and this Agreement or otherwise disposed of as provided herein but such money need not be segregated from other funds except to the extent required by law.

(b) Any money deposited with the Issuing and Paying Agent for the payment of the principal of or interest on any Note that remains unclaimed for one year after such principal or interest has become due and payable shall be paid to the Bank, upon its written request, and holders of the Notes shall thereafter, as unsecured general creditors, look only to the Bank for payment thereof, and all liability of the Issuing and Paying Agent with respect to such money shall thereupon cease.

Section 3.5 Additional Responsibilities. Unless the Issuing and Paying Agent has entered into a separate written agreement which specifically addresses the standard of care with respect to the duties discussed by this Section, if the Bank shall ask the Issuing and Paying Agent to perform any duties not specifically set forth in this Agreement as duties of the Issuing and Paying Agent (the "Additional Responsibilities") and the Issuing and Paying Agent chooses to perform such Additional Responsibilities, the Issuing and Paying Agent shall be held to the same

standard of care and shall be entitled to all the protective provisions (including, but not limited to, indemnification) set forth herein.

Section 3.6 Miscellaneous. Notwithstanding anything to the contrary herein,

(a) in paying Notes hereunder, the Issuing and Paying Agent shall be acting as a conduit and shall not be paying Notes for its own account, and in the absence of written notice from the Bank to the contrary, the Issuing and Paying Agent shall be entitled to assume that any Global Note presented to it, or deemed presented to it, for payment, is entitled to be so paid;

(b) the Issuing and Paying Agent may become a purchaser, holder, transferor or may otherwise own, hold or transfer any beneficial interest in any Notes and may commence or join in any action which a beneficial owner of a Note is entitled to take without any conflict with its responsibilities pursuant to this Agreement;

(c) the Issuing and Paying Agent shall not be required to invest any moneys delivered to it pursuant to this Agreement;

(d) the Issuing and Paying Agent shall have no liability for interest on any moneys received or held by it hereunder;

(e) the Issuing and Paying Agent shall not be responsible for the correctness of any recital of any party other than the Issuing and Paying Agent that is stated herein or in the Notes or in any offering materials and makes no representations as to the validity of the Notes and shall incur no responsibility in respect thereto; and

(f) the Issuing and Paying Agent shall be protected in acting or refraining from acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel, Officers' Certificate (as hereinafter defined) or both), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

ARTICLE IV LIABILITY AND INDEMNIFICATION

Section 4.1 Liability. The Issuing and Paying Agent's duties are ministerial in nature and the Issuing and Paying Agent shall not have any liability hereunder except in the case of its negligence or willful misconduct. IN NO EVENT SHALL THE ISSUING AND PAYING AGENT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES. THIS LIMITATION OF LIABILITY WILL APPLY REGARDLESS OF THE FORM OF ACTION, INCLUDING WITHOUT LIMITATION, BREACH OF THIS CONTRACT OR TORT. The duties and obligations of the Issuing and Paying Agent shall be determined by the express provisions of this Agreement and it shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and no implied covenants shall be read into this Agreement against it. The Issuing and Paying Agent shall have no responsibility in the case of any default by the Bank in the performance of the covenants contained in the Notes. The Issuing and Paying Agent may refuse to perform any duty or exercise any right or power hereunder unless it receives indemnity satisfactory to it against any

related loss, liability or expense. The Issuing and Paying Agent shall not be required to ascertain whether any issuance or sale of Notes (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the Bank is a party (whether or not the Issuing and Paying Agent is also a party to such other agreements). Notwithstanding anything to the contrary herein, the Issuing and Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent, correspondent, attorney or receiver appointed with due care by it hereunder.

Section 4.2 Indemnification. The Bank agrees to indemnify and hold harmless the Issuing and Paying Agent, its officers, directors, employees and agents from and against all losses, liabilities, obligations, claims, damages, costs and expenses of any kind or nature whatsoever (including, without limitation, reasonable legal fees and expenses) relating to or arising out of its performance of the Issuing and Paying Agent's duties under this Agreement, except to the extent they are caused by the negligence or willful misconduct of the Issuing and Paying Agent. In the event of resignation or removal of the Issuing and Paying Agent, any successor to the performance of the obligations of the Issuing and Paying Agent as specified in this Agreement shall be entitled to rely upon this indemnity and said successor, the Bank or DTC shall not be entitled to a separate indemnity from the Issuing and Paying Agent. These indemnification obligations shall survive the termination of this Agreement, including any termination pursuant to any applicable federal or state bankruptcy law, to the extent enforceable under applicable law, and shall survive the resignation or removal of the Issuing and Paying Agent while remaining applicable to any action taken or omitted by the Issuing and Paying Agent while acting pursuant to this Agreement.

Section 4.3 Officers' Certificate. Any instruction given by the Bank to the Issuing and Paying Agent under this Agreement shall be in the form of an Officers' Certificate. For the purposes of this Agreement, "Officers' Certificate" means a certificate signed by an Authorized Representative and delivered to the Issuing and Paying Agent.

ARTICLE V RESIGNATION OR REMOVAL OF ISSUING AND PAYING AGENT

Section 5.1 Resignation or Removal. The Issuing and Paying Agent may at any time resign from its duties hereunder by giving written notice of resignation to the Bank specifying the date on which such resignation shall become effective; provided, however, that such date shall not be less than thirty Business Days after such notice is given to the Bank. The Bank may at any time remove the Issuing and Paying Agent by giving written notice of removal to the Issuing and Paying Agent specifying the date on which such removal shall be effective; provided, however, that such date shall be not less than thirty Business Days after such notice is given to the Issuing and Paying Agent. Any termination or resignation hereunder shall not affect the Issuing and Paying Agent's right to the payment of fees earned or charges incurred through the effective date of such termination or resignation, as the case may be.

Section 5.2 Successor Issuing and Paying Agent. Upon the effective date of such resignation or removal, the Issuing and Paying Agent shall deliver any money then held by it pursuant to Section 3.4(a) to the successor appointed by the Bank to serve as issuing and paying agent for the Notes and all liability of the Issuing and Paying Agent with respect to such money

shall thereupon cease. The Issuing and Paying Agent shall also provide such successor with a copy of its records relating to the Notes as such successor shall reasonably request. However, the Issuing and Paying Agent may retain copies of any records turned over for archival purposes. If such successor has not been appointed by the effective date of such resignation or removal, the Issuing and Paying Agent shall pay such money and deliver such records to the Bank with the same effect as though such payment were made pursuant to Section 3.4(b). The delivery, transfer and assignment of such moneys and records by the Issuing and Paying Agent to its successor or the Bank, as the case may be, shall be sufficient, without the requirement of any additional act or the requirement of any indemnity to be given by the Issuing and Paying Agent, to relieve the Issuing and Paying Agent of all further responsibility for the exercise of the rights or the performance of the obligations vested in the Issuing and Paying Agent pursuant to this Agreement.

Section 5.3 Successor by Merger, etc. Any corporation or association into which the Issuing and Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust and agency business as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Issuing and Paying Agent hereunder and shall be invested with all of the rights, powers, trusts, duties and obligations of the Issuing and Paying Agent hereunder, without the execution or filing of any instrument or any further act. The Issuing and Paying Agent shall provide notice to the Bank of any such conversion, sale, merger, consolidation or transfer as soon as practicable after the Issuing and Paying Agent obtains knowledge that such event will occur or has occurred.

ARTICLE VI MISCELLANEOUS

Section 6.1 Compensation of the Issuing and Paying Agent. The Bank agrees to pay the Issuing and Paying Agent compensation for all services rendered by the Issuing and Paying Agent hereunder in such amounts and payable at such times as the Bank and the Issuing and Paying Agent may agree to and to promptly reimburse the Issuing and Paying Agent for all reasonable out-of-pocket expenses (including reasonable counsel fees), disbursements and advances incurred or made by the Issuing and Paying Agent in the performance of its duties hereunder. The obligation of the Bank pursuant to this Section 6.1 shall survive the termination of this Agreement, including any termination pursuant to any federal or state bankruptcy law, to the extent enforceable under applicable law.

Section 6.2 Reliance on Opinions of Counsel or Officers' Certificate. The Issuing and Paying Agent shall have no liability to the Bank in respect of an action taken or omitted by the Issuing and Paying Agent in good faith in reliance on a written opinion of its counsel, including in-house counsel, or Officers' Certificate.

Section 6.3 Notes Held by Issuing and Paying Agent. The Issuing and Paying Agent, in its individual or other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not acting as issuing and paying agent hereunder.

Section 6.4 Event of Default Notification. The Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Notes, upon the occurrence of an Event of Default (as deemed in the Notes) or of the curing of an Event of Default.

Section 6.5 Notices. Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing or given via electronic media and shall be addressed as follows, or to such other addresses as the parties hereto shall specify from time to time.

If to the Bank:

Compass Bank
15 South 20th Street, Plaza Level
Birmingham, Alabama 35233
Attention: Treasurer
Telephone: (205) 297-3169
Facsimile: (205) 297-5521

With a copy to:

Compass Bank Legal Department
15 South 20th Street
Birmingham, Alabama 35233
Telephone: (205) 297-3884
Facsimile: (205) 297-3043

If to the Issuing
and Paying Agent:

Compass Bank
15 South 20th Street
Birmingham, Alabama 35233
Attention: Investment Operations Manager
Telephone: (205) 297-7538
Facsimile: (205) 297-7941

With a copy to:

Compass Bank Legal Department
15 South 20th Street
Birmingham, Alabama 35233
Telephone: (205) 297-3884
Facsimile: (205) 297-3043

All notices shall be deemed given when received.

Section 6.6 Parties. Except for rights arising under Section 3.4(a), this Agreement is solely for the benefit of the parties hereto and their successors and assigns and nothing herein, express or implied, shall give to any other person including, without limitation, any beneficial owner of Notes, any benefits or any legal or equitable right, remedy or claim under this Agreement.

Section 6.7 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 6.8 Separability. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.9 Effect of Headings. The article and section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.10 Amendments. This Agreement may be amended only by an instrument in writing signed by the Bank and the Issuing and Paying Agent.

Section 6.11 Actions Due on Saturdays, Sundays and Holidays. If any date on which a payment, notice or other action required by this Agreement falls on other than a Business Day, then that action or payment need not be taken or made on such date, but may be taken or made on the next succeeding Business Day on which the Issuing and Paying Agent is open for business with the same force and effect as if made on such date.

Section 6.12 Agreement to Pay Attorneys' Fees and Other Expenses. In the event the Bank shall default under any of the provisions of this Agreement and the Issuing and Paying Agent shall employ attorneys or incur other expenses for the enforcement of performance or observance of any such obligation or agreement, the Bank agrees that it will on demand therefor pay to the Issuing and Paying Agent the reasonable fees of such attorneys and such other reasonable expenses incurred by the Issuing and Paying Agent.

Section 6.13 Survival. The Issuing and Paying Agent's rights to compensation, reimbursement and indemnification shall survive the termination of this Agreement, including any termination pursuant to any federal or state bankruptcy law, to the extent enforceable under applicable law.

Section 6.14 No Implied Waivers. The right of any party under any provision of this Agreement shall not be affected by its prior failure to require the performance by any other party under such provision or any other provision of this Agreement, nor shall the waiver by any party of a breach of any provision hereof constitute a waiver of any succeeding breach of the same or any other provision or constitute a waiver of the provision itself or any other provision.

Section 6.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument, and shall become effective when copies hereof which, when taken together, bear the signatures of each of the parties hereto, shall be delivered to each of the parties hereto.

Section 6.16 Term. This Agreement shall remain in full force and effect until the earlier to occur of (i) such time as the principal of and interest on all the Notes shall have been paid and (ii) the effective date of the resignation or removal of the Issuing and Paying Agent.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first set forth above.

COMPASS BANK, as Issuer

By: /s/ Richard O. Hughes

Name: Richard O. Hughes

Title: Executive Vice President

COMPASS BANK, as Issuing and Paying Agent

By: /s/ Richard O. Hughes

Name: Richard O. Hughes

Title: Executive Vice President

EXHIBIT A-1

[FORM OF SUBORDINATED NOTE]

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, OR ITS DESIGNATED SUCCESSOR (“DTC”), TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. • REGISTERED
CUSIP No.: • U.S.\$ •
ISIN No.: •

COMPASS BANK

• % SUBORDINATED NOTE DUE •

COMPASS BANK, a banking corporation duly organized and existing under the laws of the State of Alabama (the “Bank”), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of

•

United States Dollars (US\$•) on • (the “Maturity Date”) and to pay interest thereon from • (the “Original Issue Date”) or from the most recent interest payment date to which interest on this Note (or any predecessor Note) has been paid or duly provided for, semi-annually on • and • of each year (each, an “Interest Payment Date”) and at maturity, commencing on •, at an interest rate of •% per annum, until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the regular record date (the “Regular Record Date”) for such interest, which shall be the • and • (whether or not a Business Day (as defined below)), as the case may be, next preceding the applicable Interest Payment Date; *provided, however*, that interest payable at maturity shall be payable to the person to whom principal shall be payable.

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Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder on such Regular Record Date and may either be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Payment of principal of, and premium, if any, and interest on, this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank shall at all times appoint and maintain a paying agent (the "Paying Agent") authorized by the Bank to pay the principal of, and premium, if any, or interest on, this Note on behalf of the Bank and having an office or agency (the "Paying Agent Office") in Birmingham, Alabama (the "Place of Payment"), where this Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Note may be served. The Bank has initially appointed Compass Bank as the Paying Agent, with the Paying Agent Office currently located at •. The Bank may appoint additional Paying Agents, and the term "Paying Agent" shall include the Paying Agent and any additional Paying Agents.

THIS NOTE IS A SUBORDINATED, UNSECURED AND UNINSURED DIRECT GENERAL OBLIGATION OF THE BANK. IN THE EVENT, *HOWEVER*, OF ANY LIQUIDATION OR RESOLUTION OF THE BANK BY ANY RECEIVER, THE HOLDERS OF DEPOSITS (INCLUDING THE FEDERAL DEPOSIT INSURANCE CORPORATION, AS SUBROGEE OF INSURED DEPOSITORS), THE HOLDERS OF CERTAIN OTHER CLAIMS ENTITLED TO A PRIORITY OR PREFERENCE AND THE HOLDERS OF SECURED OBLIGATIONS AND UNSUBORDINATED OBLIGATIONS WILL BE AFFORDED A PRIORITY IN PAYMENT OVER THE CLAIMS OF THE HOLDERS OF THIS NOTE AND THE HOLDERS OF OTHER GENERAL OBLIGATIONS OF THE BANK.

This Note is one of a duly authorized issue of •% Subordinated Notes due • (the "Notes"). This Note shall represent the aggregate principal amount of outstanding Notes from time to time endorsed hereon and the aggregate principal amount of outstanding Notes represented hereby shall from time to time be reduced or increased, as appropriate, to reflect exchanges, which shall be noted on the Schedule of Exchanges hereto.

On March 13, 2006, the Bank entered into an Issuing and Paying Agency Agreement (the "Issuing and Paying Agency Agreement"), with Compass Bank, as Paying Agent.

This Note is an unsecured, subordinated obligation of the Bank, and is not subject to any sinking fund.

The Bank shall not be required to pay any additional amounts on the Notes to compensate any holder or beneficial owner for any United States tax withheld from payments of principal of or interest on the Notes.

The Notes are initially being offered in the aggregate principal amount of \$●. The Bank may, without the consent of the holders, issue additional Notes and increase the aggregate principal amount of Notes outstanding in the future, on the same terms and conditions and with the same CUSIP number and ISIN number as set forth above.

Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

In the event that an Interest Payment Date is not a Business Day, the Bank shall pay interest on the next day that is a Business Day, with the same force and effect as if made on the Interest Payment Date, and without any interest or other payment with respect to the delay. If the date of maturity falls on a day that is not a Business Day, the payment of principal and interest, if any, shall be made on the next succeeding Business Day and no interest shall accrue for the period from and after such date of maturity. The term "Business Day" shall mean a day other than a Saturday, a Sunday or any other day on which banking institutions in Birmingham, Alabama or New York, New York, or the offices of the Paying Agent, are authorized or required by law or executive order to remain closed.

Any money that the Bank deposits with the Paying Agent for the purpose of making payments on this Note and that remains unclaimed one year after the payments were due shall, at the Bank's written request, be returned to the Bank, and the holder hereof shall thereafter look only to the Bank for the payment thereof and all liability of the Paying Agent with respect to such money shall thereupon cease.

The principal of and interest on the Notes shall be payable on their date of maturity in immediately available funds upon presentation and surrender of the Notes at the Paying Agent's office located in Birmingham, Alabama, or at such other place or places as the Paying Agent may designate from time to time, subject to the terms and conditions which the Paying Agent may impose on the presentation and surrender of the Notes in accordance with its normal procedures. If a registered holder of a Note owns a single Note in the principal amount of at least \$1,000,000, that holder may elect to receive payments of interest by wire transfer in immediately available funds to a bank account in the United States designated by the holder in a written notice received by the Paying Agent before the record date immediately preceding the Interest Payment Date on which that payment is due. In any other case, interest on the Notes on any Interest Payment Date shall be payable by check.

No recourse shall be had for the payment of principal of or interest on any Note, for any claim based thereon, or otherwise in respect thereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation.

The indebtedness evidenced by this Note, both the principal and interest, is subordinate and junior in right of payment to the Bank's obligations to its depositors, its obligations under bankers' acceptances and letters of credit, and its obligations to its general creditors, including its obligations to any Federal Reserve Bank and the FDIC (except for obligations to the FDIC arising under the 'cross-guarantee' provision of the Financial Institutions Reform Recovery and Enforcement Act of 1989) whether now outstanding or incurred in the future, except that the Notes rank equally among themselves and equally with all of the Bank's other present or future unsecured subordinated debt, except any of its unsecured subordinated debt which may be expressly stated to be subordinated to the Notes.

An event of default ("Event of Default") in respect of the Notes shall occur only if the Bank consents to, or a court or other governmental agency enters a decree or order for, the appointment of a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or other similar official in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property; and, in the case of a decree or order entered without its consent, such decree or order has remained in force for a period of 60 days. The Bank shall promptly notify the Paying Agent of the occurrence of any Event of Default. The Paying Agent shall promptly mail such copies of the notice to holders of the Notes. The holders of a majority of the principal amount of Notes may waive any Event of Default and its consequences.

If any Event of Default has occurred and is continuing, a holder hereof may declare the principal hereof, together with any unpaid accrued interest thereon, to be due and payable on the fifteenth day after such declaration is delivered to the Paying Agent. Subject to compliance with the conditions set forth herein, such declaration may be annulled by the holders of a majority of the principal amount of the Notes then outstanding. There shall be no right of acceleration in the case of a default in the payment of principal of or interest hereon or the performance of any of the Bank's other obligations hereunder or under the Fiscal and Paying Agency Agreement.

If the Bank fails to make payment of principal of or interest hereon (and, in the case of payment of interest, continues such failure to pay for 30 days), the Bank shall, upon demand of the holders of a majority of the principal amount of the Notes then outstanding, pay to the holders of the Notes the whole amount then due and payable on the Notes, with interest on the overdue amount at the rate borne by the Notes. This demand is not an acceleration of the Notes. If the Bank fails to pay such amount upon such demand, the holders of a majority of the principal amount of the Notes may, among other things, institute a judicial proceeding for the collection of the overdue amount.

The Notes are not redeemable prior to their stated maturity.

Beneficial interests in the Notes shall be held in denominations of \$100,000 or any amount in excess thereof which is an integral multiple of \$1,000.

Notices to holders of Notes shall be given by first-class mail to the addresses of such holders as they appear in the Note register.

This Note shall be governed by and shall be construed in accordance with New York law.

[Signatures appear on next page]

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IN WITNESS WHEREOF, the Bank has caused this instrument to be duly executed.

COMPASS BANK

By: _____
Authorized Signatory

I, _____, Secretary of Compass Bank, an Alabama banking corporation, hereby certify that _____ has been duly appointed and authorized to execute this Note on behalf of Compass Bank and that his/her signature appearing above is his/her genuine signature.

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This Note is one of the •% Subordinated Notes due • described herein.

Dated: •

COMPASS BANK,
as Paying Agent

By: _____
Authorized Representative

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenant with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____
(Minor)

Custodian _____
(Cust)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

[PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____
_____ to transfer said Note on the books of the Bank with full power of substitution in the
premises.

Date: _____

Signature: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular,
without alteration or enlargement or any change whatsoever.

Signature Guaranty: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which
requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or
such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for,
STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT A-2

[FORM OF SENIOR NOTE]

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, OR ITS DESIGNATED SUCCESSOR (“DTC”), TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. •	REGISTERED
CUSIP No.: •	U.S.\$•
ISIN No.: •	

COMPASS BANK

•% SENIOR NOTE DUE •

COMPASS BANK, a banking corporation duly organized and existing under the laws of the State of Alabama (the “Bank”), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of

\$

United States Dollars on the Maturity Date specified above and to pay interest thereon from the Original Issue Date specified above or from the most recent interest payment date to which interest on this Note (or any predecessor Note) has been paid or duly provided for, semi-annually on • and • of each year (unless otherwise specified on the face hereof) (each, an “Interest Payment Date”) and at maturity or upon earlier redemption or repayment, if applicable, commencing on the first Interest Payment Date next succeeding the Original Issue Date (or, if the Original Issue Date is between a Regular Record Date and the Interest Payment Date immediately following such Regular Record Date, on the second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of

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such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest; *provided, however*, that, notwithstanding the foregoing, in the event that this Note has an original maturity of one year or less, interest hereon will be payable only at maturity.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the Regular Record Date for such interest, which shall be the • and • (whether or not a Business Day (as defined below)), as the case may be, next preceding the applicable Interest Payment Date (unless otherwise specified on the face hereof); *provided, however*, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder on such Regular Record Date and may either be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the “Special Record Date”) to be fixed by the Bank, notice of which shall be given to the holders of Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Payment of principal of, and premium, if any, and interest on, this Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain a paying agent (the “Paying Agent”) authorized by the Bank to pay the principal of, and premium, if any, or interest on, this Note on behalf of the Bank and having an office or agency (the “Paying Agent Office”) in Birmingham, Alabama (the “Place of Payment”), where this Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Note may be served. The Bank has initially appointed Compass Bank as the Paying Agent, with the Paying Agent Office currently located at •.

THIS NOTE IS AN UNSECURED AND UNINSURED DIRECT GENERAL OBLIGATION OF THE BANK. IN THE EVENT, HOWEVER, OF ANY LIQUIDATION OR RESOLUTION OF THE BANK BY ANY RECEIVER, THE HOLDERS OF DEPOSITS (INCLUDING THE FEDERAL DEPOSIT INSURANCE CORPORATION, AS SUBROGEE OF INSURED DEPOSITORS), THE HOLDERS OF CERTAIN OTHER CLAIMS ENTITLED TO A PRIORITY OR PREFERENCE AND THE HOLDERS OF SECURED OBLIGATIONS WILL BE AFFORDED A PRIORITY IN PAYMENT OVER THE CLAIMS OF THE HOLDERS OF THIS NOTE AND THE HOLDERS OF OTHER GENERAL OBLIGATIONS OF THE BANK.

Payment of the principal of, and premium, if any, and interest on, this Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Note to the Paying Agent at the Paying Agent Office in the Place of Payment; provided that this Note is presented to the Paying Agent in time for the Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Paying Agent by the person entitled to such payments.

This Note is one of a duly authorized issue of Bank Notes due from seven days to thirty years from date of issue by the Bank (the "Notes").

On March 13, 2006, the Bank entered into an Issuing and Paying Agency Agreement (the "Issuing and Paying Agency Agreement"), with Compass Bank as Paying Agent.

Payments of interest hereon on any Interest Payment Date, Maturity Date, Redemption Date or Holders Optional Repayment Date will include interest accrued to, but excluding, such Interest Payment Date, Maturity Date, Redemption Date or Holders Optional Repayment Date. Interest hereon shall be computed on the basis of a 360-day year of twelve 30-day months, except that interest on Notes with maturities of one year or less will be computed on the basis of the actual number of days in the year divided by 360.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Note falls on a day which is not a Business Day, the related payment of principal, premium, if any, or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means any day that is not a Saturday or Sunday and that is not a day on which banking institutions in the City of New York or Birmingham, Alabama, generally are authorized or obligated by law or executive order to close.

[This Note will not be subject to any sinking fund. However, the Bank may issue amortizing notes which provide for principal payments under this Note. If so provided on the face of this Note, this Note may be redeemed by the Bank on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Note may be redeemed at any time either in whole or in part from time to time in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$100,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with accrued and unpaid interest hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date by the Bank to the registered holder hereof. Whenever less than all the Notes at any time outstanding are to be

redeemed, the terms of the Note to be so redeemed shall be selected by the Bank. If less than all the Notes with identical terms at any time outstanding are to be redeemed, the Notes to be so redeemed shall be selected by the Bank by lot or in any usual manner approved by it. In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. The Bank is not required to register the transfer of any Note that has been called for redemption during a period beginning at the opening of business fifteen calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder' s Optional Repayment Date(s), if any, specified on the face hereof. If no Holder' s Optional Repayment Date is specified on the face hereof, this Note will not be so repayable at the option of the holder hereof prior to maturity. On any Holder' s Optional Repayment Date, this Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$100,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder' s Optional Repayment Date, this Note must be given, with the form entitled "Option to Elect Repayment" below duly completed, to the Paying Agent at its offices located at • or at such address which the Bank shall from time to time notify the holders of the Notes, not more than 60 nor less than 30 days prior to such Holder' s Optional Repayment Date. Exercise of such repayment option by the holder hereof shall be irrevocable.]

[If this Note is an Original Issue Discount Note and if an Event of Default with respect to the Notes shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period in which the date of acceleration occurs as determined under Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, increased by the original issue discount allocable to such accrual period ending on the date of acceleration, as determined under Treasury Regulation Section 1.1272-1 (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the amount of principal or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank' s obligations in respect of the payment of the principal of, and interest or premium, if any, on, this Note shall terminate.]

In case any Note shall at any time become mutilated, destroyed, lost or stolen and such Note or evidence satisfactory to the Bank or the Paying Agent of the loss, theft or destruction thereof (together with indemnity satisfactory to the Bank and the Paying Agent and such other documents or proof as may be required in the premises) shall be delivered to the Bank, a new Note of like tenor will be issued by the Bank in exchange for the Note so mutilated, or in lieu of the Note so destroyed or lost or stolen. The Paying Agent may authenticate any such substituted Note and deliver the same on the written request or authorization of an officer of the Bank. All expenses and reasonable charges associated with procuring the indemnity referred to above and with the preparation, authentication and delivery of a new Note shall be borne by the holder of the Note so mutilated, destroyed, lost or stolen. If any Note which has matured or is about to mature shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note) upon compliance by the holder thereof with the provisions of this paragraph.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on, this Note, for any claim based hereon, or otherwise in respect hereof, against any shareholder, officer or director, as such, past, present or future, of the Bank or of any successor corporation, either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note: (i) default in the payment of any interest with respect to the Notes when due, which continues for 30 days; (ii) default in the payment of any principal of, or premium, if any, on, the Notes when due; (iii) the default in the performance of any covenant or agreement of the Bank contained in the Notes, and continuance of such default for a period of 60 days after receipt by the Bank of written notice thereof given by the holders of at least a majority of the principal amount of the Notes outstanding; (iv) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (v) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or

the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holders of at least a majority of the principal amount of the Notes outstanding may declare the principal amount of, and accrued interest and premium, if any, on, all of the Notes due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become due and payable immediately after such notice. Any Event of Default with respect to this Note may be waived by the holder hereof.

Any money deposited with the Paying Agent under the Issuing and Paying Agency Agreement and remaining unclaimed for one year after the date upon which the last payment of principal or interest on any Note to which the deposit relates shall have become due and payable, upon the request of the Bank, shall be repaid to the Bank by the Paying Agent, and the holder of any Note entitled to receive payment thereof shall thereafter look only to the Bank for payment thereof and all liability of the Paying Agent with respect to such money shall thereafter cease.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Note in U.S. dollars at the times, places and rate herein prescribed.

The Bank shall cause to be kept at the principal corporate trust office of the Note Registrar designated below a register (the register maintained in such office or any other office or agency of the Bank in the Place of Payment herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Bank shall provide for the registration of the Notes and of transfers of the Notes. The Bank is hereby initially appointed "Note Registrar" for the purpose of registering the Notes and transfers of the Notes as herein provided.

The transfer of this Note is registrable in the Note Register, upon surrender of this Note for registration of transfer at the office or agency of Note Register in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Paying Agent duly executed by the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer or exchange but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Notes are issuable only in registered form without coupons in denominations of \$100,000 and any integral multiple of \$1,000 in excess thereof. Each owner of a beneficial interest in this Note is required to hold a beneficial interest in \$100,000 principal amount or any integral multiple of \$1,000 in excess thereof of this Note at all times.

Prior to due presentment of this Note for registration of transfer, the Bank, the Paying Agent and any agent of the Bank or the Paying Agent may treat the person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Bank, the Paying Agent nor any such agent shall be affected by notice to the contrary.

All notices to the Bank under this Note shall be in writing and addressed to Compass Bancshares Inc., •, or to such other address as the Bank may notify the holders of the Notes.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

Unless the certificate of authentication hereon has been manually executed by the Paying Agent, this Note shall not be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Bank has caused this instrument to be duly executed.

COMPASS BANK

By: _____
Authorized Signatory

I, _____, Secretary of Compass Bank, a Alabama banking corporation, hereby certify that _____ has been duly appointed and authorized to execute this Note on behalf of the Bank and _____ is the duly appointed and qualified Secretary of the Bank and that his/her signature appearing above is his/her genuine signature.

IN WITNESS WHEREOF, I have signed my name this _____ day of _____, _____..

Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described herein.

COMPASS BANK,
as Paying Agent

By: _____
Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenant with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT – Custodian

(Cust)
under Uniform Gifts to Minors Act

(Minor)

(State)

Additional abbreviations may also be used though not in the above list.

CERTIFICATION

I, D. Paul Jones, Jr., certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Compass Bancshares, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/ D. Paul Jones, Jr.

D. Paul Jones, Jr.
Chief Executive Officer
Compass Bancshares, Inc.

CERTIFICATION

I, Garrett R. Hegel, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Compass Bancshares, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/ Garrett R. Hegel

Garrett R. Hegel
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Compass Bancshares, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Paul Jones, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. Paul Jones, Jr.

D. Paul Jones, Jr.
Chief Executive Officer
Compass Bancshares, Inc.
May 5, 2006

A signed original of this written statement required by Section 906 has been provided to Compass Bancshares, Inc. and will be retained by Compass Bancshares, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Compass Bancshares, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Garrett R. Hegel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrett R. Hegel

Garrett R. Hegel
Chief Financial Officer
Compass Bancshares, Inc.
May 5, 2006

A signed original of this written statement required by Section 906 has been provided to Compass Bancshares, Inc. and will be retained by Compass Bancshares, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.