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STERLING BANCSHARES INC

Form 425

February 22, 2011

Filed by Comerica Incorporated

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Sterling Bancshares, Inc.

(Commission File No. 1-34768)

The following document is filed herewith pursuant to Rule 425 under the Securities Act of 1933:

Slides presented to officers of Sterling Bancshares, Inc. on February 21, 2011

Any statements in this filing that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipates, believes, feels, expects, estimates, seeks, strives, plans, intends, outlook, forecast, mission, assume, achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, trend, objective, words and similar expressions, or future or conditional verbs such as will, would, should, could, might, can, may or similar expressions relate to Comerica, Sterling, the proposed transaction or the combined company following the transaction often identify forward-looking statements. These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this presentation and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, products or services, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Such statements reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Factors that could cause or contribute to such differences include, but are not limited to, the possibility that expected benefits may not materialize in the timeframe expected or at all, or may be more costly to achieve; that the transaction may not be timely completed, if at all; that prior to the completion of the transaction or thereafter, Comerica's and Sterling's respective businesses may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; that required regulatory, shareholder or other approvals are not obtained or other closing conditions are not satisfied in a timely manner or at all; reputational risks and the reaction of the companies' customers to the transaction; diversion of management time on merger-related issues; and those factors referenced in Comerica's and Sterling's filings with the Securities and Exchange Commission (the "SEC"). Forward-looking statements speak only as of the date they are made. Comerica and Sterling do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. For any forward-looking statements made in this presentation or in any documents, Comerica and Sterling claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

In connection with the proposed merger transaction, Comerica has filed with the SEC a Registration Statement on Form S-4 that includes a preliminary Proxy Statement of Sterling, and a preliminary Prospectus of Comerica, as well as other relevant documents concerning the proposed transaction. **SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE PRELIMINARY PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER, THE DEFINITIVE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

A free copy of the preliminary Proxy Statement/Prospectus, and, when it becomes available, a free copy of the definitive Proxy Statement/Prospectus, as well as other filings containing information about Comerica and Sterling, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Comerica at www.comerica.com under the tab Investor Relations and then under the heading SEC Filings or from Sterling by accessing Sterling's website at www.banksterling.com under the tab Investor Relations and then under the heading SEC Filings.

Comerica and Sterling and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Sterling in connection with the proposed merger. Information about the directors and executive officers of Comerica is set forth in the proxy statement for Comerica's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 19, 2010 and on a Form 8-K filed with the SEC on January 27, 2011. Information about the directors and executive officers of Sterling is set forth in the proxy statement for Sterling's 2010 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 5, 2010 and on Forms 8-K filed with the SEC on June 25, 2010, July 12, 2010 and January 21, 2011. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the above-referenced preliminary Proxy Statement/Prospectus and the definitive Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of these documents may be obtained as described in the preceding paragraph.

Sterling Bank All Officer Meeting
February 21, 2011
Comerica Incorporated
Pat Faubion
President
Texas Market

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Safe Harbor Statement; Disclaimer

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reaction
of
the
companies

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Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

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Comerica: A Brief Overview

Among the top 25 U.S. bank holding companies

Largest U.S. bank with corporate headquarters in Texas

\$54 billion in assets

Founded over 160 years ago

Major lines of business include:

Major markets include:
Continued investments in growth markets
Strong capital position
At December 31, 2010

Business Bank

Wealth and Institutional Management

Retail Bank

Texas

Florida

California

Arizona

Michigan

4
WIM
\$410MM 15%
Retail Bank
\$705MM 25%
Business
Bank

\$1,673MM

60%

Our Core Businesses

2010 Full Year Revenue

By

Business

Segment

1

As of December 31, 2010: YTD revenues of \$2.4 billion from continuing operations (FTE) including Finance & Other Business

Business Bank

Wide spectrum of credit and non-credit financial products, cash

management and international

trade services

Retail Bank

Personalized financial products &

services to consumers and small

businesses

Wealth & Institutional

Management (WIM)

Serves the needs of affluent

clients, foundations,

organizations and corporations

1

5
Florida
\$57MM 2%
Int'l
\$108MM 4%
Other Markets
\$227MM 8%

Texas
\$409MM 15%
Western
\$774MM 28%
Midwest
\$1,213MM
43%

Where We Operate

1
Source: The 2009 U.S. Census Bureau

2
As of December 31, 2010: YTD revenues of \$2.4 billion from continuing operations (FTE) including Finance & Other Businesses based on office of origination; Midwest includes: MI, OH, IL; Western includes: CA, AZ, NV, CO, WA; Other Markets include separately identified above in addition to businesses with a national perspective

Exporting our 162 year relationship banking expertise to high growth markets
Operate in seven of the eleven largest U.S. cities
California, Arizona, Texas and Florida expected to account for over one-half of U.S. population growth between 2000 and 2030

Geographic footprint diversifies earnings mix
2010 Full Year Revenue

By Market Segment

2
1
1

6
Established: 1988
Largest U.S. bank with corporate
headquarters in TX
Average deposits
5
up 44% from FY06

National Specialty groups include:

Heavy Equipment

Energy

Acquisition of Sterling Bank
announced January 18, 2011

Diverse economy

Ranked

#2

in

the

US

by

State

GDP

1

Job growth rate for 2010 is 2.3%,
exceeding

the

national

average

of

0.9%

2

Home

prices

relatively

stable

Comerica Texas Economic Activity

Index

4

is 8% above the cycle low

1

Source: 2010 Bureau of Economic Analysis

2

Source: Bureau of Labor Statistics as of 12/31/10

3

FHFA Purchase Only Home Price Index

4

As of October 2010

5

Full-Year 2010 YTD average

Texas Market:

Prepared for Growth

TX Banking Centers and Period Avg Deposits (\$Bn)

61

68

95

79

87

90

20

30

40

50

60

70

80

90

2005

2006

2007

2008

2009

2010

\$2

\$3

\$4

\$5

\$6

TX Banking Centers

Deposits

3

7

Comerica Key Differentiators

Focused on growing and maintaining long-term relationships

Relationship Managers known for ingenuity, flexibility & responsiveness

Emphasis on having a clear understanding of our customers & their banking needs

Wide array of products and services

Community bank feel

Weathered credit cycle well relative to peers

Consistent credit standards

Granular portfolio

Main Street Bank

Well Positioned for Growth

Relationships are Priority One

Superior Credit Management

Size

Solid Capital Position

Regulatory Reform

Impact expected to be less than other
major banks

Quality of capital is strong

8
Long-term Corporate Strategy
This strategy is based on 6
interdependent pillars
applied across 5
geographic markets
on behalf of Comerica s 3

primary Business Divisions

Business

Bank

Retail Bank

Wealth

Management

9

Relationships

Client focused, concentrated on growing and maintaining long-term relationships

A platform that leverages our three Lines of Business to cross-sell services

Long-tenured bankers, known for ingenuity, flexibility and responsiveness

Community Bank service and focus (local execution)

Balance

Focused on balancing our geographic mix

Headquarters move to Dallas, Texas

51% of Banking Center Network in growth markets

Invest with a targeted presence in strong, growing markets
Long-term Corporate Strategy

Growth

Measured investments in targeted markets and Lines of Business

Emphasis on Cross-sells across the Lines of Business

Emphasis on importance of deposit base

Risk Management

Maintain a strong, quality capital position

Active credit management

Proactive changes in credit exposure prior to the downturn

Enhanced Portfolio Analytics

Long-term Corporate Strategy

10

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Diversity

Highly recognized by several diversity ranking publications

Focus on internal human capital and external supplier diversity

Accountability

Strategic guidelines for each Line of Business

Monthly financial reporting and forecasting

Focus on employee development and succession planning

Long-term Corporate Strategy

12

Financial Highlights

\$ in millions

1

See Supplemental Financial Data slides for reconciliation of non-GAAP financial measures

Pace of Loan Decline Slowed

4Q10

3Q10	
4Q09	
Average Total Loans	
\$39,999	
\$40,102	
\$42,753	
Average Commercial Loans	
21,464	
20,967	
21,971	
Period-end Commercial Loans	
22,145	
21,432	
21,690	
Deposit Levels Strong	
Average Core Deposits	
\$39,896	
\$38,786	
\$36,742	
Average Noninterest-bearing deposits	
15,607	
14,920	
14,430	
Credit Quality Improvement Continued	
Provision for Credit Losses	
\$54	
\$116	
\$259	
Net Loan Charge-offs	
113	
132	
224	
Watch List	
5,542	
6,171	
7,730	
Solid Capital	
Tier 1 Capital Ratio	
10.13%	
9.96%	
12.46%	
Tangible common equity ratio	
10.54%	
10.39%	
7.99%	
1	

13
\$ in millions
Credit Quality Positive Trends Continued
4Q10
3Q10
2Q10
1Q10

4Q09

Net credit-related charge-offs
to average total loans

\$113

1.13%

\$132

1.32%

\$146

1.44%

\$173

1.68%

\$225

2.10%

Provision for Loan Losses

\$57

\$122

\$126

\$175

\$256

Nonperforming assets

to total loans & foreclosed property

\$1,235

3.06%

\$1,311

3.24%

\$1,214

2.98%

\$1,251

3.06%

\$1,292

3.06%

Nonperforming assets inflow

\$180

\$294

\$199

\$245

\$266

Foreclosed property

\$112

\$120

\$93

\$89

\$111

Loans past due 90 days or more
and still accruing

\$62

\$104

\$115

\$83

\$101

Total Watch list loans

\$5,542

\$6,171

\$6,651

\$7,502

\$7,730

We believe we will continue to see improving credit quality reflecting positive migration trends with some variability quarter to quarter

14
108
91
62
86
36
60

40
140
148
162
87
110
73
72
\$0
\$100
\$200
\$300
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
Positive trends in credit quality resulted in significant decline in the provision for loan losses Allowance for credit losses of \$936MM
Decreased \$59MM, reflecting the positive trend in all credit metrics, particularly the watch list
Allowance for loan losses to total loans 2.24%
Allowance for loan losses to nonperforming loans of 80%
Recoveries of \$27MM, an increase of \$14MM
Loan Sales of \$70MM, an increase of \$51MM
Provision for Loan Losses
Provision and Net Charge-offs
\$ in millions; 4Q10 vs 3Q10
Credit Quality Positive Trends Continued
CRE Net Charge-Offs
Non CRE Net Charge-Offs
312
311
256
175
126
122

15
Credit Quality Ratios vs. Peers
0
2
4
6
8

2Q08
3Q08
4Q08
1Q09
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10

Peer Range
Peer Average

CMA

Peer

Source:

SNL;

All

nonperforming

asset

ratios

exclude

HBAN

as

their figures were not reported

NCO ratio defined as annualized loans and leases charged off, net of recoveries, as a % of average loans and leases

NPA ratio defined as nonperforming assets / (Gross loans +foreclosed assets)

0

2

4

6

8

2Q08

3Q08

4Q08

1Q09

2Q09

3Q09

4Q09

1Q10

2Q10

3Q10

Peer Range

Peer Average

CMA

Net Charge-off Ratio vs. Peers

Nonperforming Asset Ratio vs. Peers

Credit metrics amongst the best in our peer group

Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION

16
0%
2%
4%
6%
8%
10%

12%

4Q09

1Q10

2Q10

3Q10

4Q10

Strong Capital Ratios

Tier

I

Common

Capital

Ratio

1

Peer Median

Comerica

Among the best capitalized in

peer group

Quality of capital is solid

Tier 1 made up of 100% common

equity as of 10/1/10

Fully redeemed preferred stock

issued to U.S. Treasury in 1Q10

Redeemed \$500MM of 6.57%

Trust Preferreds (TruPS) on

10/01/10

Doubled quarterly common stock

dividend to \$0.10 per share

Authorized share and warrant

repurchases

Strong capital supports future

growth

Source: SNL Financial

Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION (4Q10 averages exclude MI and MTB)

1

See Supplemental Financial Data slides for reconcilements of non-GAAP financial measures

17

Sterling Bank Acquisition

A Unique Opportunity

Accelerates Comerica's growth strategy in Texas

Significantly boosts Texas presence with solid deposit base and well located branch network

Houston deposit market share triples

Entry into San Antonio market

Complements Dallas-Fort Worth locations

Enhances growth opportunities with focus on Middle Market and Small Business

Leverages additional marketing capacity to offer a wide array of products and services through a larger distribution channel

Timely: economic, regulatory and market environment

Maintains strong pro forma capital position

Expect seamless integration: Manageable size within footprint

18
C&D \$2.3B
6%
Residential
Mortgage &
Consumer
\$3.9B 10%

C&I \$24.3B

60%

CRE-Owner

Occupied

\$7.8B 19%

CRE \$1.9B

5%

Sterling Bank Acquisition

Opportunity to Leverage C&I Expertise

As of December 31, 2010; \$Billions

CRE: Non-owner occupied Commercial Real Estate; C&I: Commercial and Industrial includes Lease Financing and International Loans; C&D: Construction and Development

Residential

Mortgage &

Consumer

\$0.4B 15%

C&I \$0.6B

23%

C&D \$0.2B 8%

CRE- Owner

Occupied

\$0.6B 22%

CRE \$1.0B

32%

Sterling Bank

\$2.8B Loans

Comerica Bank

\$40.2B Loans

Comerica Bank

Texas Market

\$6.8B Loans

C&D \$1.0B

14%

Residential

Mortgage &

Consumer

\$0.4B 7%

C&I \$4.3B

63%

CRE-Owner

Occupied

\$0.8B 12%

CRE \$0.3B 4%

19
Sterling Bank Acquisition
Attractive Deposit Mix
Time
\$0.7B 17%
Non-
interest

bearing
\$1.3B 31%

Money
Market,
NOW &
Savings
\$2.2B 50%

Brokered
CD
\$0.1B 2%

Sterling Bank
\$4.3B Deposits

As of 12/31/2010; \$Billions

Money
Market,
NOW &
Savings
\$2.3B 40%
Time \$1.2B

22%
Non-
interest
bearing
\$2.2B 38%

Money
Market,
NOW
&Savings
\$19.0B 47%
Time \$5.9B
15%

Non-interest
bearing
\$15.6B 38%
Comerica Bank
\$40.5B Deposits

Comerica Bank
Texas Market
\$5.7B Deposits

4Q10 Interest-bearing deposit costs:

40 basis points

54 basis points

76 basis points

20
Sterling Bank Acquisition
Expanding in Attractive Markets
Houston
San Antonio
Austin
Fort Worth

Dallas

Sterling Bank Branch

Comerica Banking Center

Source: SNL Financial as of 06/30/2010

Rank and share % data not provided for San Antonio Market as it includes branches in Kerrville. San Antonio and Kerrville are not listed in SNL Financial as a combined MSA

2

2

Deposits

Branches

\$mm

Rank

Share %

Texas Market

CMA

94

5,230

10

1.18

SBIB

60

4,142

13

0.94

Pro forma

154

9,372

6

2.12

Houston MSA

CMA

34

1,389

12

1.15

SBIB

33

3,269

6

2.70

Pro forma

67

4,658

6

3.85

Dallas -

Fort Worth MSA

CMA

49

3,460

5
2.31
SBIB
13
266
45
0.18
Pro forma
62
3,726
5
2.49
Entry into San Antonio Market
CMA
0
0
SBIB
14
607
Pro forma
14
607
Austin MSA
CMA
11
381
11
1.66

21

Sterling Acquisition

Fits Comerica's Main Street Bank Strategy

Accelerates growth in Texas urban markets

Nearly doubles branch presence in Houston

Entry into San Antonio market

#6 largest deposit market share in state
Financially attractive

Expect to be break even in first full year
and increasingly accretive
thereafter

Conservative assumptions (synergies and credit marks)

Price/Tangible Book Value of about 2.3x and deposit premium of about
17% --
fair value consistent with recent Texas healthy bank transactions
Expect seamless integration

Size: Manageable

Location: Within footprint

Culture: Business banking
Maintains strong capital position

Pro forma 12/31/10 Tier 1 Capital Ratio 10.0%

1

Pro forma as of 06/30/2010 based on SNL Financial data

2

First full-year assumed to be fiscal year 2012; Break even analysis excludes merger and integration costs

1

2

22

Consistent strategy

Based on relationship banking model

Core businesses and geographies unchanged

Recession-tested business model
Expense management
Solid capital position
Investing to accelerate growth and balance

Banking center expansion in high growth markets

New and enhanced products and services

Expansion in Texas with pending Sterling Bancshares acquisition

Poised for the Future

Main Street Bank

Well Positioned for Growth

23
The
Tier
1
common
capital
ratio

removes
preferred
stock
and
qualifying
trust
preferred
securities
from
Tier
1
capital
as
defined
by
and
calculated
in
conformity
with
bank
regulations.

The
tangible
common
equity
ratio
removes
preferred
stock
and
the
effect
of
intangible assets from capital and the effect of intangible assets from total assets.

The Corporation believes these measurements are meaningful measures of capital adequacy used by investors, regulators, management and others to evaluate the adequacy of common equity and to compare against other companies in the industry.

1
Regulatory Capital, Tier 1 Capital and risk-weighted assets as defined and calculated in accordance with regulation.

12/31/10

9/30/10

6/30/10

3/31/10

12/31/09

Total Regulatory Capital

\$8,651

\$8,566

\$9,001

\$9,062

\$10,468

Tier 1 capital
 Less: Fixed rate cumulative perpetual preferred stock
 Less: Trust preferred securities
 \$6,027
 --
 --
 \$5,940
 --
 --
 \$6,371
 --
 495
 \$6,311
 --
 495
 \$7,704
 2,151
 495
 Tier 1 common capital
 Risk-weighted assets
 Tier 1 common capital ratio
 6,027
 59,506
 10.13%
 5,940
 59,608
 9.96%
 5,876
 59,877
 9.81%
 5,816
 60,792
 9.57%
 5,058
 61,815
 8.18%
 Total shareholders
 equity
 Less: Fixed rate cumulative perpetual preferred stock
 Less: Goodwill
 Less: Other intangible assets
 \$5,793
 --
 150
 6
 \$5,857
 --
 150
 6
 \$5,792

--
 150
 6
 \$5,668
 --
 150
 7
 \$7,029
 2,151
 150
 8
 Tangible common equity
 \$5,637
 \$5,701
 \$5,636
 \$5,511
 \$4,720
 Total assets
 Less: Goodwill
 Less: Other intangible assets
 \$53,667
 150
 6
 \$55,004
 150
 6
 \$55,885
 150
 6
 \$57,106
 150
 7
 \$59,249
 150
 8
 Tangible assets
 \$53,511
 \$54,848
 \$55,729
 \$56,949
 \$59,091
 Tangible common equity ratio
 10.54%
 10.39%
 10.11%
 9.68%
 7.99%

1
 1
 Supplemental Financial Data

Reconciliation of non-GAAP financial measures with financial measures defined by GAAP (\$ in millions)

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Additional Information For Shareholders

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