CHARTER COMMUNICATIONS, INC. /MO/
Form 4
January 17, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Dykhouse Richard R

(Last) (First) (Middle)

C/O CHARTER COMMUNICATIONS, INC., 400 ATLANTIC STREET, 10TH FLOOR

(Street)

STAMFORD, CT 06901

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CHARTER COMMUNICATIONS, INC. /MO/ [CHTR]

3. Date of Earliest Transaction (Month/Day/Year)
01/15/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP/Gen Counsel/Corp Secretary

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securiti (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Sha
Stock Options (3-Year Cliff)	$ 136.425	01/15/2014		A		24,536		01/15/2017 (1)	01/15/2024	Class A Common Stock	24,5
Restricted Stock Units (3-Year Cliff)	$ 0 (2)	01/15/2014		A		1,100		01/15/2017 (3)	(4)	Class A Common Stock	1,10

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Dykhouse Richard R C/O CHARTER COMMUNICATIONS, INC. 400 ATLANTIC STREET, 10TH FLOOR STAMFORD, CT 06901			EVP/Gen Counsel/Corp Secretary	

Signatures

/s/Richard R. Dykhouse	01/16/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Stock Options granted on January 15, 2014 under the Charter Communications, Inc. 2009 Stock Incentive Plan; 100% of the grant will vest on the third anniversary of the grant date, January 15, 2017. Such options will terminate 10 years from date of grant unless terminated sooner in accordance with the plan or grant agreement.

(2) Restricted Stock Unit Grant - Price Not Applicable.

(3) Restricted Stock Units granted on January 15, 2014 under the Charter Communications, Inc. 2009 Stock Incentive Plan; 100% of the grant will vest on the third anniversary of the grant date, January 15, 2017.

(4) Not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

 ont style="font-family:inherit;font-size:10pt;color:#000000;text-decoration:none;">December 31, 2014. Refer to the "Energy Lending" subheading later in this section for further discussion of the Corporation's portfolio of loans related to energy.

The allowance for credit losses on lending-related commitments includes specific allowances, based on individual evaluations of certain letters of credit in a manner consistent with business loans, and allowances based on the pool of the remaining letters of credit and all unused commitments to extend credit within each internal risk rating.

The allowance for credit losses on lending-related commitments was $39 million at March 31, 2015 compared to $41 million at December 31, 2014. The $2 million decrease in the allowance for credit losses on lending-related commitments primarily reflected the impact of decreases in the level of unfunded commitments and issued letters of credit.

For additional information regarding the allowance for credit losses, refer to page F-37 in the "Critical Accounting Policies" section and pages F-54 through F-55 in Note 1 to the consolidated financial statements of the Corporation's 2014 Annual Report.

Nonperforming Assets

Nonperforming assets include loans on nonaccrual status, troubled debt restructured loans (TDRs) which have been renegotiated to less than the original contractual rates (reduced-rate loans) and foreclosed property. TDRs include performing and nonperforming loans. Nonperforming TDRs are either on nonaccrual or reduced-rate status. Nonperforming assets do not include purchased credit impaired (PCI) loans.

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The following table presents a summary of nonperforming assets and past due loans.

(dollar amounts in millions)	March 31, 2015		December 31, 2014	
Nonaccrual loans:				
Business loans:				
Commercial	$113		$109	
Real estate construction	1		2	
Commercial mortgage	82		95	
International	1		—	
Total nonaccrual business loans	197		206	
Retail loans:				
Residential mortgage	37		36	
Consumer:				
Home equity	31		30	
Other consumer	1		1	
Total consumer	32		31	
Total nonaccrual retail loans	69		67	
Total nonaccrual loans	266		273	
Reduced-rate loans	13		17	
Total nonperforming loans	279		290	
Foreclosed property	9		10	
Total nonperforming assets	$288		$300	
Nonperforming loans as a percentage of total loans	0.57	%	0.60	%
Nonperforming assets as a percentage of total loans and foreclosed property	0.59		0.62	
Allowance for loan losses as a percentage of total nonperforming loans	216		205	
Loans past due 90 days or more and still accruing	$12		$5	
Loans past due 90 days or more and still accruing as a percentage of total loans	0.03	%	0.01	%

Nonperforming assets decreased $12 million to $288 million at March 31, 2015, from $300 million at December 31, 2014. The decrease in nonperforming assets primarily reflected a decrease in nonaccrual commercial mortgage loans ($13 million). Nonperforming assets as a percentage of total loans and foreclosed property was 0.59 percent at March 31, 2015, compared to 0.62 percent at December 31, 2014.

The following table presents a summary of TDRs at March 31, 2015 and December 31, 2014.

(in millions)	March 31, 2015	December 31, 2014
Nonperforming TDRs:		
Nonaccrual TDRs	$55	$58
Reduced-rate TDRs	13	17
Total nonperforming TDRs	68	75
Performing TDRs (a)	33	43
Total TDRs	$101	$118

(a) TDRs that do not include a reduction in the original contractual interest rate which are performing in accordance with their modified terms.

Performing TDRs primarily included $22 million in Small Business Banking, $6 million in Middle Market, and $4 million in Commercial Real Estate at March 31, 2015.

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The following table presents a summary of changes in nonaccrual loans.

	Three Months Ended	
(in millions)	March 31, 2015	December 31, 2014
Balance at beginning of period	$273	$329
Loans transferred to nonaccrual (a)	39	41
Nonaccrual business loan gross charge-offs (b)	(21)	(16)
Loans transferred to accrual status (a)	(4)	(18)
Nonaccrual business loans sold (c)	(2)	(24)
Payments/other (d)	(19)	(39)
Balance at end of period	$266	$273
(a) Based on an analysis of nonaccrual loans with book balances greater than $2 million.		
(b) Analysis of gross loan charge-offs:		
Nonaccrual business loans	$21	$16
Retail loans	2	4
Total gross loan charge-offs	$23	$20
(c) Analysis of loans sold:		
Nonaccrual business loans	$2	$24
Performing criticized loans	7	5
Total criticized loans sold	$9	$29

(d) Includes net changes related to nonaccrual loans with balances less than $2 million, payments on nonaccrual loans with book balances greater than $2 million, transfers of nonaccrual loans to foreclosed property and retail loan gross charge-offs. Excludes business loan gross charge-offs and nonaccrual business loans sold.

There were five borrowers with balances greater than $2 million, totaling $39 million, transferred to nonaccrual status in the first quarter 2015, a decrease of $2 million when compared to $41 million in the fourth quarter 2014. The transfers to nonaccrual greater than $2 million in the first quarter 2015 included one $3 million transfer of a loan related to energy.

The following table presents the composition of nonaccrual loans by balance and the related number of borrowers at March 31, 2015 and December 31, 2014.

	March 31, 2015		December 31, 2014	
(dollar amounts in millions)	Number of Borrowers	Balance	Number of Borrowers	Balance
Under $2 million	1,445	$145	1,492	$154
$2 million - $5 million	12	37	15	48
$5 million - $10 million	5	38	3	22
$10 million - $25 million	3	46	2	23
Greater than $25 million	—	—	1	26
Total	1,465	$266	1,513	$273

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The following table presents a summary of nonaccrual loans at March 31, 2015 and loans transferred to nonaccrual and net loan charge-offs for the three months ended March 31, 2015, based primarily on North American Industry Classification System (NAICS) categories.

	March 31, 2015		Three Months Ended March 31, 2015			
(dollar amounts in millions) Industry Category	Nonaccrual Loans		Loans Transferred to Nonaccrual (a)		Net Loan Charge-Offs (Recoveries)	
Residential Mortgage	$37	14 %	$—	— %	$(1)	(13)%
Services	35	13	2	6	4	50
Real Estate	34	13	—	—	—	—
Contractors (b)	25	9	—	—	—	—
Health Care and Social Assistance	19	7	—	—	—	—
Retail	15	6	11	28	3	38
Manufacturing	15	6	9	23	(3)	(38)
Holding and Other Investment Companies	14	5	—	—	—	—
Wholesale Trade	10	4	14	36	3	38
Natural Resources	4	2	—	—	—	—
Restaurants and Food Service	4	1	—	—	—	—
Transportation and Warehousing	3	1	—	—	—	—
Mining, Quarrying and Oil & Gas Extraction	1	1	3	7	2	25
Other (c)	50	18	—	—	—	—
Total	$266	100 %	$39	100 %	$8	100 %

(a) Based on an analysis of nonaccrual loans with book balances greater than $2 million.
(b) Included approximately $20 million of nonaccrual loans related to energy at March 31, 2015.
(c) Consumer, excluding residential mortgage and certain personal purpose nonaccrual loans and net charge-offs, are included in the "Other" category.

Loans past due 90 days or more and still accruing interest generally represent loans that are well collateralized and in a continuing process of collection. Loans past due 90 days or more and still accruing interest increased $7 million to $12 million at March 31, 2015, compared to $5 million at December 31, 2014. Loans past due 30-89 days decreased $18 million to $145 million at March 31, 2015, compared to $163 million at December 31, 2014.

The following table presents a summary of total criticized loans. Criticized loans with balances of $2 million or more on nonaccrual status or whose terms have been modified in a TDR are individually subjected to quarterly credit quality reviews, and the Corporation may establish specific allowances for such loans.

(dollar amounts in millions)	March 31, 2015	December 31, 2014
Total criticized loans	$2,067	$1,893
As a percentage of total loans	4.2 %	3.9 %

The $174 million increase in criticized loans in the three months ended March 31, 2015, included approximately $50 million of loans related to energy.

The following table presents a summary of changes in foreclosed property.

	Three Months Ended	
(in millions)	March 31, 2015	December 31, 2014
Balance at beginning of period	$9	$10
Acquired in foreclosure	2	4
Write-downs	—	—
Foreclosed property sold (a)	(2)	(5)
Balance at end of period	$9	$9
(a) Net gain on foreclosed property sold	$—	$1

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Commercial and Residential Real Estate Lending

The following table summarizes the Corporation's commercial real estate loan portfolio by loan category.

(in millions)	March 31, 2015	December 31, 2014
Real estate construction loans:		
Commercial Real Estate business line (a)	$1,575	$1,606
Other business lines (b)	342	349
Total real estate construction loans	$1,917	$1,955
Commercial mortgage loans:		
Commercial Real Estate business line (a)	$1,807	$1,790
Other business lines (b)	6,751	6,814
Total commercial mortgage loans	$8,558	$8,604

(a) Primarily loans to real estate developers.

(b) Primarily loans secured by owner-occupied real estate.

The Corporation limits risk inherent in its commercial real estate lending activities by limiting exposure to those borrowers directly involved in the commercial real estate markets and adhering to conservative policies on loan-to-value ratios for such loans. Commercial real estate loans, consisting of real estate construction and commercial mortgage loans, totaled $10.5 billion at March 31, 2015, of which $3.4 billion, or 32 percent, were to borrowers in the Commercial Real Estate business line, which includes loans to real estate developers. The remaining $7.1 billion, or 68 percent, of commercial real estate loans in other business lines consisted primarily of owner-occupied commercial mortgages, which bear credit characteristics similar to non-commercial real estate business loans. In the Texas market, commercial real estate loans totaled $2.5 billion at March 31, 2015, of which $1.2 billion were to borrowers in the Commercial Real Estate business line. The remaining $1.3 billion consisted primarily of owner-occupied commercial mortgages. Loans in the Commercial Real Estate business line secured by properties located in Texas totaled $905 million at March 31, 2015, primarily including $499 million for multifamily properties, $121 million for retail properties and and $93 million for commercial properties.

The real estate construction loan portfolio primarily contains loans made to long-time customers with satisfactory completion experience. Credit quality in the real estate construction loan portfolio was strong, with $1 million on nonaccrual status at both March 31, 2015 and December 31, 2014 and no real estate construction loan charge-offs in either of the three-month periods ended March 31, 2015 and 2014.

Loans in the commercial mortgage portfolio generally mature within three to five years. Of the $1.8 billion of commercial mortgage loans in the Commercial Real Estate business line outstanding at both March 31, 2015 and December 31, 2014, $20 million and $22 million were on nonaccrual status at March 31, 2015 and December 31, 2014, respectively. Commercial mortgage loan net recoveries in the Commercial Real Estate business line were $1 million for the three months ended March 31, 2015, compared to net charge-offs of $5 million for the three months ended March 31, 2014. In other business lines, $62 million and $73 million of commercial mortgage loans were on nonaccrual status at March 31, 2015 and December 31, 2014, respectively. Commercial mortgage loan net recoveries in other business lines were $2 million for the three months ended March 31, 2015, compared to zero for the three months ended March 31, 2014.

The following table summarizes the Corporation's residential mortgage and home equity loan portfolios by geographic market.

	March 31, 2015				December 31, 2014			
(dollar amounts in millions)	Residential Mortgage Loans	% of Total	Home Equity Loans	% of Total	Residential Mortgage Loans	% of Total	Home Equity Loans	% of Total
Geographic market:								
Michigan	$409	22 %	$788	47 %	$417	23 %	$795	48 %
California	847	46	583	35	831	46	564	34
Texas	339	18	253	15	337	18	247	15
Other Markets	264	14	54	3	246	13	52	3

Total	$1,859	100	%	$1,678	100	%	$1,831	100	%	$1,658	100	%

Residential real estate loans consist of traditional residential mortgages and home equity loans and lines of credit. Residential mortgages totaled $1.9 billion at March 31, 2015, and were primarily larger, variable-rate mortgages originated and retained for certain private banking relationship customers. Of the $1.9 billion of residential mortgage loans outstanding, $37 million were on nonaccrual status at March 31, 2015. The home equity portfolio totaled $1.7 billion at March 31, 2015, of which $1.6 billion was outstanding under primarily variable-rate, interest-only home equity lines of credit and $71 million were closed-end home equity loans. Of the $1.7 billion of home equity loans outstanding, $31 million were on nonaccrual status at March 31,

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2015. A majority of the home equity portfolio was secured by junior liens at March 31, 2015. The residential real estate portfolio is principally located within the Corporation's primary geographic markets. Substantially all residential real estate loans past due 90 days or more are placed on nonaccrual status, and substantially all junior lien home equity loans that are current or less than 90 days past due are placed on nonaccrual status if full collection of the senior position is in doubt. At no later than 180 days past due, such loans are charged off to current appraised values less costs to sell.

Energy Lending

The Corporation has a portfolio of energy-related loans that are included primarily in "commercial loans" in the consolidated balance sheets. The Corporation's energy lending team has over 30 years of experience, with a focus on middle market companies. Loans in the Middle Market - Energy business line (approximately 200 relationships) were $3.6 billion, or approximately 7 percent of total loans, at both March 31, 2015 and December 31, 2014, and total exposure, including unused commitments to extend credit and letters of credit, was $6.9 billion and $7.1 billion at March 31, 2015 and December 31, 2014, respectively. In addition to loans in the Middle-Market - Energy business line, the Corporation is monitoring a portfolio of approximately 165 relationships with approximately $750 million outstanding and total exposure of about $1.5 billion at March 31, 2015 to companies in Corporate Banking, general Middle-Market and Small Business that have a sizable portion of their revenue related to the energy business or could be otherwise disproportionately negatively impacted by prolonged low oil and gas prices.

The portfolio of energy-related loans in the Middle Market - Energy business line is diverse in nature, with outstanding balances by customer market segment distributed approximately as follows at March 31, 2015: 70 percent EP (comprising approximately 59 percent oil, 26 percent mixed and 15 percent natural gas), 15 percent energy services and 15 percent midstream. EP generally includes such activities as searching for potential oil and gas fields, drilling exploratory wells and operating active wells. The midstream sector is generally involved in the transportation, storage and marketing of crude and/or refined energy products. The Corporation's energy services customers provide services primarily to the EP sector. As of March 31, 2015, a majority of the Corporation’s EP customers had at least 50 percent of their oil and/or gas production hedged up to the end of 2015. Approximately 95 percent of the amount of loans outstanding in the Middle Market - Energy business line had varying levels and types of collateral at March 31, 2015, including oil and gas reserves and pipelines, equipment, accounts receivable, inventory and other assets, or some combination thereof. Commitments to EP borrowers are generally subject to borrowing base re-determinations about every six months, based on updated prices which consider the then-current energy prices, energy reserve levels and other factors. As of mid-April 2015, the Corporation had completed approximately 45 percent of semi-annual borrowing base re-determinations for EP borrowers in the Middle Market - Energy line of business, resulting in some internal risk rating downgrades and about a 10 percent reduction in total commitment size for the portion reviewed.

As of March 31, 2015, approximately 6 percent of the total energy and energy-related portfolio was classified as criticized, including $22 million on nonaccrual status. Charge-offs in the energy and energy-related portfolio totaled $2 million for the three months ended March 31, 2015.

Refer to the “Allowance for Credit Losses” subheading earlier in this section for a discussion of changes in the allowance for loan losses as a result of the above-described events.

Automotive Lending

Substantially all dealer loans are in the National Dealer Services business line. Loans in the National Dealer Services business line include floor plan financing and other loans to automotive dealerships. Floor plan loans, included in “commercial loans” in the consolidated balance sheets, totaled $3.5 billion at March 31, 2015, a decrease of $246 million compared to $3.8 billion at December 31, 2014. At both March 31, 2015 and December 31, 2014, other loans to automotive dealers in the National Dealer Services business line totaled $2.4 billion, including $1.5 billion of owner-occupied commercial real estate mortgage loans. Automotive lending also includes loans to borrowers involved with automotive production, primarily Tier 1 and Tier 2 suppliers. Loans to borrowers involved with automotive production totaled approximately $1.3 billion and $1.2 billion at March 31, 2015 and December 31, 2014, respectively.

International Exposure

International assets are subject to general risks inherent in the conduct of business in foreign countries, including economic uncertainties and each foreign government's regulations. Risk management practices minimize the risk inherent in international lending arrangements. These practices include structuring bilateral agreements or participating in bank facilities, which secure repayment from sources external to the borrower's country. Accordingly, such international outstandings are excluded from the cross-border risk of that country.

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The Corporation does not hold any sovereign exposure to Europe. The Corporation's international strategy as it pertains to Europe is to focus on European companies doing business in North America, with an emphasis on the Corporation's primary geographic markets. The following table summarizes cross-border exposure to entities domiciled in European countries.

(in millions)	March 31, 2015	December 31, 2014
European exposure:		
Commercial and industrial	$230	$211
Banks and other financial institutions	40	52
Total outstanding	270	263
Unfunded commitments and guarantees	381	382
Total European exposure (a)	$651	$645

(a) Primarily United Kingdom and the Netherlands

For further discussion of credit risk, see the "Credit Risk" section of pages F-21 through F-29 in the Corporation's 2014 Annual Report.

Market and Liquidity Risk

Market risk represents the risk of loss due to adverse movements in market rates or prices, including interest rates, foreign exchange rates, and commodity and equity prices. Liquidity risk represents the failure to meet financial obligations coming due resulting from an inability to liquidate assets or obtain adequate funding, and the inability to easily unwind or offset specific exposures without significant changes in pricing, due to inadequate market depth or market disruptions.

The Asset and Liability Policy Committee (ALCO) of the Corporation establishes and monitors compliance with the policies and risk limits pertaining to market and liquidity risk management activities. ALCO meets regularly to discuss and review market and liquidity risk management strategies, and consists of executive and senior management from various areas of the Corporation, including treasury, finance, economics, lending, deposit gathering and risk management. The Treasury Department mitigates market and liquidity risk through the actions it takes to manage the Corporation's market, liquidity and capital positions under the direction of ALCO.

Market Risk Analytics, of the Office of Enterprise Risk, supports ALCO in measuring, monitoring and managing interest rate and liquidity risks and coordinating all other market risks. Key activities encompass: (i) providing information and analysis of the Corporation's balance sheet structure and measurement of interest rate, liquidity and all other market risks; (ii) monitoring and reporting of the Corporation's positions relative to established policy limits and guidelines; (iii) developing and presenting analyses and strategies to adjust risk positions; (iv) reviewing and presenting policies and authorizations for approval; (v) monitoring of industry trends and analytical tools to be used in the management of interest rate, liquidity and all other market risks; and (vi) developing and monitoring the interest rate risk economic capital estimate.

Interest Rate Risk

Net interest income is the primary source of revenue for the Corporation. Interest rate risk arises in the normal course of business due to differences in the repricing and cash flow characteristics of assets and liabilities, primarily through the Corporation's core business activities of extending loans and acquiring deposits. The Corporation's balance sheet is predominantly characterized by floating-rate loans funded by a combination of core deposits and wholesale borrowings. Approximately 85 percent of the Corporation's loans were floating at March 31, 2015, of which approximately 75 percent were based on LIBOR and 25 percent were based on Prime. This creates sensitivity to interest rate movements due to the imbalance between the floating-rate loan portfolio and the more slowly repricing deposit products. In addition, growth and/or contraction in the Corporation's loans and deposits may lead to changes in sensitivity to interest rate movements in the absence of mitigating actions. Examples of such actions are purchasing investment securities, primarily fixed-rate, which provide liquidity to the balance sheet and act to mitigate the inherent interest sensitivity, and hedging the sensitivity with interest rate swaps. The Corporation actively manages its exposure to interest rate risk, with the principal objective of optimizing net interest income and the economic value of equity while operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity.

Since no single measurement system satisfies all management objectives, a combination of techniques is used to manage interest rate risk. These techniques examine the impact of interest rate risk on net interest income and the economic value of equity under a variety of alternative scenarios, including changes in the level, slope and shape of the yield curve, utilizing multiple simulation analyses. Simulation analyses produce only estimates of net interest income, as the assumptions used are inherently uncertain. Actual results may differ from simulated results due to many factors, including, but not limited to, the timing, magnitude and frequency of changes in interest rates, market conditions, regulatory impacts and management strategies.

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Sensitivity of Net Interest Income to Changes in Interest Rates

The analysis of the impact of changes in interest rates on net interest income under various interest rate scenarios is management's principal risk management technique. Management models a base case net interest income under an unchanged interest rate environment and what is believed to be the most likely balance sheet structure. Existing derivative instruments entered into for risk management purposes are included in the analysis, but no additional hedging is currently forecasted. These derivative instruments currently comprise interest rate swaps that convert fixed-rate long-term debt to variable rates. This base case net interest income is then compared against interest rate scenarios in which rates rise or decline in a linear, non-parallel fashion from the base case over 12 months. In the scenarios presented, short-term interest rates increase 200 basis points, resulting in an average increase in short-term interest rates of 100 basis points over the period (+200 scenario). Due to the current low level of interest rates, the analysis reflects a declining interest rate scenario of a 25 basis point drop in short-term interest rates, to zero percent. Each scenario includes assumptions such as loan growth, investment security prepayment levels, depositor behavior, yield curve changes, loan and deposit pricing, and overall balance sheet mix and growth. In the +200 scenario, assumptions related to loan growth and deposit run-off are based on historical experience, resulting in a modest increase in loans and a modest decrease in deposits from the base case. Investment securities modeling includes the replacement of prepayments as well as an estimate of projected growth in High Quality Liquid Assets (HQLA) needed for compliance with the Liquidity Coverage Ratio (LCR), and expected funding maturities are included. In addition, the model reflects deposit pricing based on historical price movements with short-term interest rates and loan spreads held at current levels. Changes in economic activity may result in a balance sheet structure that is different from the changes management included in its simulation analysis and may translate into a materially different interest rate environment than those presented. For example, deposit balances have grown significantly over the past several years, creating uncertainty regarding future deposit balance levels. A decline in deposit balances beyond historical experience would reduce the estimated increase in net interest income in the +200 scenario.

The table below, as of March 31, 2015 and December 31, 2014, displays the estimated impact on net interest income during the next 12 months by relating the base case scenario results to those from the rising and declining rate scenarios described above.

	Estimated Annual Change					
	March 31, 2015			December 31, 2014		
(in millions)	Amount	%		Amount	%	
Change in Interest Rates:						
+200 basis points	$220	13	%	$224	13	%
-25 basis points (to zero percent)	(33	)	(2	)	(32	)	(2	)

Sensitivity decreased slightly from December 31, 2014 to March 31, 2015 primarily due to changes in the current balance sheet mix driving a revised forecast, offset by the modest impact from the addition of HQLA for the LCR. The risk to declining interest rates is limited as a result of the inability of the current low level of rates to fall significantly.

The table below, as of March 31, 2015, illustrates the estimated sensitivity of the above results to a change in deposit balance assumptions in the +200 scenario, with all other assumptions held constant. In this analysis, average noninterest-bearing deposit run-off in the 12-month period has been increased by $1 billion and $3 billion from the historical run-off experience included in the standard +200 scenario presented above and assumes the deposit run-off reduces excess reserves and increases purchased funds. The analysis is provided as an indicator of the sensitivity of net interest income to the modeled deposit run-off assumption. It is not meant to reflect management's expectation or best estimate. Actual run-off results may vary from those reflected.

	+200 Basis Points		
(in millions)	Estimated Annual Change		
March 31, 2015	Amount	%	
Incremental Average Decrease in Noninterest-bearing Deposit Balances:			
$1 billion	$209	12	%
$3 billion	187	11	

Sensitivity of Economic Value of Equity to Changes in Interest Rates

In addition to the simulation analysis on net interest income, an economic value of equity analysis provides an alternative view of the interest rate risk position. The economic value of equity is the difference between the estimate of the economic value of the Corporation's financial assets, liabilities and off-balance sheet instruments, derived through discounting cash flows based on actual rates at the end of the period and the estimated economic value after applying the estimated impact of rate movements. The economic value of equity analysis is based on an immediate parallel 200 basis point increase and 25 basis point decrease in interest rates.

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The table below, as of March 31, 2015 and December 31, 2014, displays the estimated impact on the economic value of equity from the interest rate scenario described above.

(in millions)	March 31, 2015 Amount	%	December 31, 2014 Amount	%
Change in Interest Rates:				
+200 basis points	$1,077	9 %	$1,218	10 %
-25 basis points (to zero percent)	(253)	(2)	(293)	(2)

The change in the sensitivity of the economic value of equity to a 200 basis point parallel increase in rates between December 31, 2014 and March 31, 2015 was primarily driven by changes in market interest rates at the middle to long end of the curve, which most significantly impact the value of deposits without a stated maturity.

Wholesale Funding

The Corporation may access the purchased funds market when necessary, which includes foreign office time deposits and short-term borrowings. Capacity for incremental purchased funds at March 31, 2015 included the ability to purchase federal funds, sell securities under agreements to repurchase, as well as issue deposits to institutional investors and issue certificates of deposit through brokers. Purchased funds totaled $215 million at March 31, 2015, compared to $251 million at December 31, 2014. At March 31, 2015, the Bank had pledged loans totaling $26 billion which provided for up to $20 billion of available collateralized borrowing with the FRB.

The Bank is a member of the FHLB of Dallas, Texas, which provides short- and long-term funding to its members through advances collateralized by real estate-related assets. Actual borrowing capacity is contingent on the amount of collateral available to be pledged to the FHLB. At March 31, 2015, real estate-related loans pledged to the FHLB as blanket collateral provided for potential future borrowings of approximately $5 billion. As of March 31, 2015, the Corporation did not have any outstanding borrowings from the FHLB. Additionally, the Bank has the ability to issue up to $15 billion of debt under an existing $15 billion note program which allows the issuance of debt with maturities between three months and 30 years.The Corporation also maintains a shelf registration statement with the Securities and Exchange Commission from which it may issue debt and/or equity securities.

The ability of the Corporation and the Bank to raise funds at competitive rates is impacted by rating agencies' views of the credit quality, liquidity, capital and earnings of the Corporation and the Bank. As of March 31, 2015, the four major rating agencies had assigned the following ratings to long-term senior unsecured obligations of the Corporation and the Bank. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

	Comerica Incorporated		Comerica Bank	
March 31, 2015	Rating	Outlook	Rating	Outlook
Standard and Poor’s	A-	Negative	A	Negative
Moody’s Investors Service (a)	A3	Stable	A2	Stable
Fitch Ratings	A	Stable	A	Stable
DBRS	A	Stable	A (High)	Stable

(a) In March 2015, Moody's Investors Service put global bank ratings on review following the publication of revised bank rating methodology. While the outlook for both Comerica Incorporated and Comerica Bank continue to be "Stable", Moody’s released a preliminary indication of an “A3” rating for Comerica Bank long-term senior unsecured debt.

The Corporation satisfies liquidity requirements with either liquid assets or various funding sources. Liquid assets, which totaled $13.0 billion at March 31, 2015, compared to $13.3 billion at December 31, 2014, before any applicable regulatory haircuts, provide a reservoir of liquidity. Liquid assets include cash and due from banks, federal funds sold, interest-bearing deposits with banks, other short-term investments and unencumbered investment securities. At March 31, 2015, the Corporation held deposits at the FRB of $4.7 billion, compared to $4.9 billion at December 31, 2014.

In September 2014, U.S. banking regulators issued a final rule implementing a quantitative liquidity requirement in the U.S. generally consistent with the LCR minimum liquidity measure established under the Basel III liquidity framework. Under the rule, the Corporation is subject to a modified LCR standard, which requires a financial institution to hold a minimum level of HQLA to fully cover modified net cash outflows under a 30-day systematic liquidity stress scenario. The rule is effective for the Corporation on January 1, 2016. During the transition year, 2016, the Corporation will be required to maintain a minimum LCR of 90 percent. Beginning January 1, 2017, and thereafter, the minimum required LCR will be 100 percent. The Corporation continues to evaluate the impact of the rule; however, we expect to meet the final requirements adopted by U.S. banking regulators within the required timetable. To reach full compliance and provide a buffer for normal volatility in balance sheet dynamics, the Corporation expects to add additional HQLA, which may be funded with additional debt, in the future. The Corporation does not currently expect compliance with the LCR rule will have a significant impact on net interest income.

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The Basel III liquidity framework includes a second minimum liquidity measure, the Net Stable Funding Ratio (NSFR), which requires the amount of available longer-term, stable sources of funding to be at least 100 percent of the required amount of longer-term stable funding over a one-year period. On October 31, 2014, the Basel Committee on Banking Supervision issued its final NSFR rule, which was originally introduced in 2010 and revised in January 2014. U.S. banking regulators have announced that they expect to issue proposed rules to implement the NSFR in advance of its scheduled global implementation in 2018. While uncertainty exists in the final form and timing of the U.S. rule implementing the NSFR and whether or not the Corporation will be subject to the full requirements, the Corporation is closely monitoring the development of the rule.

The Corporation regularly evaluates its ability to meet funding needs in unanticipated, stressed environments. In conjunction with the quarterly 200 basis point interest rate simulation analyses, discussed in the “Interest Rate Sensitivity” section of this financial review, liquidity ratios and potential funding availability are examined. Each quarter, the Corporation also evaluates its ability to meet liquidity needs under a series of broad events, distinguished in terms of duration and severity. The evaluation as of March 31, 2015 projected that sufficient sources of liquidity were available under each series of events.

CRITICAL ACCOUNTING POLICIES

The Corporation’s consolidated financial statements are prepared based on the application of accounting policies, the most significant of which are described in Note 1 to the consolidated financial statements included in the Corporation's 2014 Annual Report. These policies require numerous estimates and strategic or economic assumptions, which may prove inaccurate or subject to variations. Changes in underlying factors, assumptions or estimates could have a material impact on the Corporation’s future financial condition and results of operations. At December 31, 2014, the most critical of these significant accounting policies were the policies related to the allowance for credit losses, valuation methodologies, goodwill, pension plan accounting and income taxes. These policies were reviewed with the Audit Committee of the Corporation’s Board of Directors and are discussed more fully on pages F-37 through F-40 in the Corporation's 2014 Annual Report. As of the date of this report, there have been no significant changes to the Corporation's critical accounting policies or estimates.

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SUPPLEMENTAL FINANCIAL DATA

The following table provides a reconciliation of non-GAAP financial measures used in this financial review with financial measures defined by GAAP.

(dollar amounts in millions)	March 31, 2015		December 31, 2014	
Tier 1 Common Capital Ratio:				
Tier 1 and Tier 1 common capital (a)	n/a		$7,169	
Risk-weighted assets (a)	n/a		68,273	
Tier 1 and Tier 1 common risk-based capital ratio	n/a		10.50	%
Tangible Common Equity Ratio:				
Common shareholders' equity	$7,500		$7,402	
Less:				
Goodwill	635		635	
Other intangible assets	15		15	
Tangible common equity	$6,850		$6,752	
Total assets	$69,336		$69,190	
Less:				
Goodwill	635		635	
Other intangible assets	15		15	
Tangible assets	$68,686		$68,540	
Common equity ratio	10.82	%	10.70	%
Tangible common equity ratio	9.97		9.85	
Tangible Common Equity per Share of Common Stock:				
Common shareholders' equity	$7,500		$7,402	
Tangible common equity	6,850		6,752	
Shares of common stock outstanding (in millions)	178		179	
Common shareholders' equity per share of common stock	$42.12		$41.35	
Tangible common equity per share of common stock	38.47		37.72	

(a) Tier 1 capital and risk-weighted assets as defined by Basel I risk-based capital rules.

n/a - not applicable.

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 Basel I risk-based capital rules in effect through December 31, 2014. Effective January 1, 2015, regulatory capital components and risk-weighted assets are defined by and calculated in conformity with Basel III risk-based capital rules. 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 and tangible common equity per share of common stock removes the effect of intangible assets from common shareholders' equity per share of common stock. 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.

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ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period can be found in the "Market and Liquidity Risk" section of "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Corporation maintains a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed by the Corporation in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management has evaluated, with the participation of the Corporation's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on the evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Corporation's disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting. During the period to which this report relates, there have not been any changes in the Corporation's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or that are reasonably likely to materially affect, such controls.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

For information regarding the Corporation's legal proceedings, see "Part I. Item 1. Note 12 – Contingent Liabilities," which is incorporated herein by reference.

ITEM 1A. Risk Factors

There has been no material change in the Corporation’s risk factors as previously disclosed in our Form 10-K for the fiscal year ended December 31, 2014 in response to Part I, Item 1A. of such Form 10-K. Such risk factors are incorporated herein by reference.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

For information regarding the Corporation's purchase of equity securities, see "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital," which is incorporated herein by reference.

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ITEM 6. Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of Comerica Incorporated (filed as Exhibit 3.2 to Registrant's Current Report on Form 8-K dated August 4, 2010, and incorporated herein by reference).
3.2	Certificate of Amendment to Restated Certificate of Incorporation of Comerica Incorporated (filed as Exhibit 3.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, and incorporated herein by reference).
3.3	Amended and Restated Bylaws of Comerica Incorporated (filed as Exhibit 3.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, and incorporated herein by reference).
4	[In accordance with Regulation S-K Item No. 601(b)(4)(iii), the Registrant is not filing copies of instruments defining the rights of holders of long-term debt because none of those instruments authorizes debt in excess of 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The Registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.]
10.1†	Amended and Restated Comerica Incorporated Non-Employee Director Fee Deferral Plan (amended and restated on January 27, 2015) (filed as Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, and incorporated herein by reference).
10.2†	Amended and Restated Comerica Incorporated Common Stock Non-Employee Director Fee Deferral Plan (amended and restated on January 27, 2015) (filed as Exhibit 10.14 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, and incorporated herein by reference).
10.3†	Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (filed herewith).
10.4†	2015 Comerica Incorporated Incentive Plan for Non-Employee Directors (filed herewith).
31.1	Chairman and CEO Rule 13a-14(a)/15d-14(a) Certification of Periodic Report (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002).
31.2	Vice Chairman and CFO Rule 13a-14(a)/15d-14(a) Certification of Periodic Report (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002).
32	Section 1350 Certification of Periodic Report (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002).
101	Financial statements from Quarterly Report on Form 10-Q of the Registrant for the quarter ended March 31, 2015, formatted in Extensible Business Reporting Language: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Statements of Changes in Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements.

† Management contract or compensatory plan or arrangement.

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SIGNATURE

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.

COMERICA INCORPORATED
(Registrant)

/s/ Muneera S. Carr
Muneera S. Carr
Executive Vice President and
Chief Accounting Officer and
Duly Authorized Officer

Date: April 29, 2015

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