

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**Annual Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

For the fiscal year ended

December 31, 2010

Commission file number 1-10706

**COMERICA INCORPORATED**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**38-1998421**

(IRS Employer Identification Number)

**Comerica Bank Tower**

**1717 Main Street, MC 6404**

**Dallas, Texas 75201**

(Address of Principal Executive Offices) (Zip Code)

**(214) 462-6831**

(Registrant's Telephone Number, Including Area Code)

**Securities registered pursuant to Section 12(b) of  
the Exchange Act:**

- Common Stock, \$5 par value
- Warrants to Purchase Common Stock (expiring November 14, 2018)  
These securities are registered on the New York Stock Exchange.

**Securities registered pursuant to Section 12(g) of the  
Exchange Act:**

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated  
filer

Accelerated  
filer

Non-accelerated filer   
(Do not check if a smaller  
reporting company)

Smaller reporting  
company

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

At June 30, 2010 (the last business day of the registrant's most recently completed second fiscal quarter), the registrant's common stock, \$5 par value, held by non-affiliates had an aggregate market value of approximately \$6,296,303,671 based on the closing price on the New York Stock Exchange on that date of \$36.83 per share and approximately 170,955,842 shares of common stock held by non-affiliates. For purposes of this Form 10-K only, it has been assumed that all common shares Comerica's Trust Department holds for Comerica and Comerica's employee plans, and all common shares the registrant's directors and executive officers hold, are shares held by affiliates.

At February 17, 2011, the registrant had outstanding 176,767,145 shares of its common stock, \$5 par value.

**Documents Incorporated by Reference:**

1. Parts I and II:  
Items 1, 5-8 and 9A—Annual Report to Shareholders for the year ended December 31, 2010.
2. Part III:  
Items 10-14—Proxy Statement for the Annual Meeting of Shareholders to be held April 26, 2011.

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## **PART I**

### **Item 1. Business.**

#### **GENERAL**

Comerica Incorporated (“Comerica”) is a financial services company, incorporated under the laws of the State of Delaware, and headquartered in Dallas, Texas. As of December 31, 2010, it was among the 25 largest commercial bank holding companies in the United States. Comerica was formed in 1973 to acquire the outstanding common stock of Comerica Bank, which at such time was a Michigan banking corporation and one of Michigan’s oldest banks (formerly Comerica Bank-Detroit). On October 31, 2007, Comerica Bank, a Michigan banking corporation, was merged with and into Comerica Bank, a Texas banking association (“Comerica Bank”). As of December 31, 2010, Comerica owned directly or indirectly all the outstanding common stock of 2 active banking and 48 non-banking subsidiaries. At December 31, 2010, Comerica had total assets of approximately \$53.7 billion, total deposits of approximately \$40.5 billion, total loans (net of unearned income) of approximately \$40.2 billion and shareholders’ equity of approximately \$5.8 billion.

#### *Pending Acquisition*

On January 18, 2011, Comerica announced it had entered into a definitive agreement, dated January 16, 2011, with Sterling Bancshares, Inc. (“Sterling”) pursuant to which Comerica will acquire all of the outstanding shares of Sterling common stock in a stock-for-stock transaction. Under the terms of the agreement, each outstanding share of Sterling common stock will be exchanged for 0.2365 shares of Comerica’s common stock upon closing. Following closing of the transaction, Sterling will be a wholly owned subsidiary of Comerica. The transaction is expected to be completed by mid-year 2011 and is subject to customary closing conditions, including the requisite approval of Sterling shareholders and required regulatory approvals. Sterling is a Houston-based bank holding company with total assets of \$5.2 billion at December 31, 2010, which operates banking centers in Houston, San Antonio, Dallas and Fort Worth, Texas.

#### **BUSINESS STRATEGY**

Comerica has strategically aligned its operations into three major business segments: the Business Bank, the Retail Bank, and Wealth & Institutional Management. In addition to the three major business segments, the Finance Division is also reported as a segment.

The Business Bank is primarily comprised of the following businesses: middle market, commercial real estate, national dealer services, international finance, global corporate, leasing, financial services, and technology and life sciences. This business segment meets the needs of medium-size businesses, multinational corporations and governmental entities by offering various products and services, including commercial loans and lines of credit, deposits, cash management, capital market products, international trade finance, letters of credit, foreign exchange management services and loan syndication services.

The Retail Bank includes small business banking and personal financial services, consisting of consumer lending, consumer deposit gathering and mortgage loan origination. In addition to a full range of financial services provided to small business customers, this business segment offers a variety of consumer products, including deposit accounts, installment loans, credit cards, student loans, home equity lines of credit and residential mortgage loans.

Wealth & Institutional Management offers products and services consisting of fiduciary services, private banking, retirement services, investment management and advisory services, investment banking and discount securities brokerage services. This business segment also offers the sale of annuity products, as well as life, disability and long-term care insurance products.

The Finance segment includes Comerica's securities portfolio and asset and liability management activities. This segment is responsible for managing Comerica's funding, liquidity and capital needs, performing interest sensitivity analysis and executing various strategies to manage Comerica's exposure to liquidity, interest rate risk and foreign exchange risk.

The Other category includes discontinued operations, the income and expense impact of equity and cash, tax benefits not assigned to specific business segments and miscellaneous other expenses of a corporate nature.

In addition, Comerica has positioned itself to deliver financial services in its four primary geographic markets: Midwest, Western, Texas and Florida.

The Midwest market consists of Michigan, Ohio and Illinois. Currently, Michigan operations represent the significant majority of the Midwest market.

The Western market consists of the states of California, Arizona, Nevada, Colorado and Washington. Currently, California operations represent the significant majority of the Western market.

The Texas and Florida markets consist of the states of Texas and Florida, respectively.

In addition to the four primary geographic markets, Comerica also considers Other Markets and International as market segments. Other Markets include businesses with a national perspective, Comerica's investment management and trust alliance businesses as well as activities in all other markets in which Comerica has operations, except for the International market. The International market represents the activities of Comerica's international finance division, which provides banking services primarily to foreign-owned, North American-based companies and secondarily to international operations of North American-based companies.

We provide financial information for our segments and information about our non-U.S. revenues and long-lived assets: (1) under the caption, "Strategic Lines of Business" on pages 26 through 30 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference; and (2) in Note 23 of the Notes to Consolidated Financial Statements located on pages 136 through 141 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

We provide information about the net interest income and noninterest income we received from our various classes of products and services: (1) under the caption, "Analysis of Net Interest Income—Fully Taxable Equivalent (FTE)" on page 17 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which page is hereby incorporated by reference; (2) under the caption "Net Interest Income" on pages 18 through 19 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference; and (3) under the caption "Noninterest Income" on pages 21 through 22 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

We provide information on risks attendant to foreign operations: (1) under the caption, "Provision for Credit Losses" on pages 19 through 21 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference; (2) under the caption "Geographic Market Segments" on page 28 through 30 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference; (3) under the caption, "International Cross-Border Outstandings" on page 35 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which page is hereby incorporated by reference; and (4) under the caption "Allowance for Credit Losses" on pages 41 through 42 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

## **COMPETITION**

The financial services business is highly competitive. Comerica's banking subsidiaries compete primarily with banks based in its primary areas of operations in the United States for loans, deposits and trust accounts. Through its offices in Arizona, California, Colorado, Delaware, Florida, Illinois, Massachusetts, Michigan, Minnesota, North Carolina, Nevada, New Jersey, New York, Ohio, Tennessee, Texas, Virginia and Washington, Comerica competes with other financial institutions for various deposits, loans and/or other products and services.

Based on the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Act") and the Gramm-Leach-Bliley Act as described below, Comerica believes that the level of competition in all geographic markets will increase in the future. In addition to banks, Comerica's banking subsidiaries also face competition from other financial intermediaries, including savings and loan associations, consumer finance companies, leasing companies, venture capital funds, credit unions, investment banks, insurance companies and securities firms. Competition among providers of financial products and services continues to increase, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The industry continues to consolidate, which affects competition by eliminating some regional and local institutions, while strengthening the franchises of acquirers.

## **SUPERVISION AND REGULATION**

Banks, bank holding companies and financial institutions are highly regulated at both the state and federal level. Comerica is subject to supervision and regulation at the federal level by the Board of Governors of the Federal Reserve System ("FRB") under the Bank Holding Company Act of 1956, as amended.

The Gramm-Leach-Bliley Act expanded the activities in which a bank holding company registered as a financial holding company can engage. The conditions to be a financial holding company include, among others, the requirement that each depository institution subsidiary of the holding company be well capitalized and well managed.

Comerica became a financial holding company in 2000. As a financial holding company, Comerica may affiliate with securities firms and insurance companies and engage in activities that are financial in nature. Activities that are "financial in nature" include, but are not limited to: securities underwriting; securities dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking; travel agent services; and activities that the FRB has determined to be financial in nature or incidental or complementary to a financial activity, provided that it does not pose a substantial risk to the safety or soundness of the depository institution or the financial system generally. A bank holding company that is not also a financial holding company is limited to engaging in banking and other activities previously determined by the FRB to be closely related to banking.

Comerica Bank is chartered by the State of Texas and at the state level is supervised and regulated by the Texas Department of Banking. Comerica Bank is a member of the Federal Reserve System ("FRS") and supervised and regulated by the Federal Reserve Bank of Dallas. Comerica Bank & Trust, National Association is chartered under federal law and is subject to supervision and regulation by the Office of the Comptroller of the Currency ("OCC"). Comerica Bank & Trust, National Association is also a member of the FRS. The deposits of Comerica Bank and Comerica Bank & Trust, National Association are insured by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC") to the extent provided by law.

The FRB supervises non-banking activities conducted by companies directly and indirectly owned by Comerica. In addition, Comerica's non-banking subsidiaries are subject to supervision and regulation by various state, federal and self-regulatory agencies, including, but not limited to, the Financial Industry Regulatory Authority (in the case of Comerica Securities, Inc. and Comerica Capital Markets Corporation), the Office of

Financial and Insurance Services of the State of Michigan (in the case of Comerica Securities, Inc. and Comerica Insurance Services, Inc.), and the Securities and Exchange Commission (in the case of Comerica Securities, Inc., Comerica Capital Markets Corporation and World Asset Management, Inc.).

In most cases, no FRB approval is required for Comerica to acquire a company engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the FRB. Prior FRB approval, however, is required before Comerica may acquire the beneficial ownership or control of more than 5% of the voting shares or substantially all of the assets of a financial or bank holding company or a bank. Comerica's current rating under the Community Reinvestment Act of 1977 ("CRA") is "outstanding". If any subsidiary bank of Comerica were to receive a rating under the CRA of less than "satisfactory", Comerica would be prohibited from engaging in certain activities. In addition, Comerica is "well capitalized" and "well managed" under FRB standards. If any subsidiary bank of Comerica were to cease being "well capitalized" or "well managed" under applicable regulatory standards, the FRB could place limitations on Comerica's ability to conduct the broader financial activities permissible for financial holding companies or impose limitations or conditions on the conduct or activities of Comerica or its affiliates. If the deficiencies persisted, the FRB could order Comerica to divest any subsidiary bank or to cease engaging in any activities permissible for financial holding companies that are not permissible for bank holding companies, or Comerica could elect to conform its non-banking activities to those permissible for a bank holding company that is not also a financial holding company.

Various governmental requirements, including Sections 23A and 23B of the Federal Reserve Act and the FRB's Regulation W, limit borrowings by Comerica and its nonbank subsidiaries from its affiliate insured depository institutions, and also limit various other transactions between Comerica and its nonbank subsidiaries, on the one hand, and its affiliate insured depository institutions, on the other. For example, Section 23A of the Federal Reserve Act limits the aggregate outstanding amount of any insured depository institution's loans and other "covered transactions" with any particular nonbank affiliate to no more than 10% of the institution's total capital and limits the aggregate outstanding amount of any insured depository institution's covered transactions with all of its nonbank affiliates to no more than 20% of its total capital. "Covered transactions" are defined by statute to include a loan or extension of credit, as well as a purchase of securities issued by an affiliate, a purchase of assets (unless otherwise exempted by the Federal Reserve Board) from the affiliate, the acceptance of securities issued by the affiliate as collateral for a loan, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. Section 23A of the Federal Reserve Act also generally requires that an insured depository institution's loans to its nonbank affiliates be, at a minimum, 100% secured, and Section 23B of the Federal Reserve Act generally requires that an insured depository institution's transactions with its nonbank affiliates be on arms-length terms. The Financial Reform Act significantly expands the coverage and scope of the limitations on affiliate transactions within a banking organization. For example, commencing in July 2011, the Financial Reform Act will require that the 10% of capital limit on covered transactions begin to apply to financial subsidiaries.

Set forth below are summaries of selected laws and regulations applicable to Comerica and its domestic banks and other subsidiaries. The summaries are not complete, are qualified in their entirety by references to the particular statutes and regulations, and are not intended as legal advice. A change in applicable law or regulation could have a material effect on the business of Comerica.

#### *Interstate Banking and Branching*

The Interstate Banking and Branching Efficiency Act (the "Interstate Act"), as amended by the Financial Reform Act, permits a bank holding company, with Federal Reserve Board approval, to acquire banking institutions located in states other than the bank holding company's home state without regard to whether the transaction is prohibited under state law, but subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, prior to and following the proposed acquisition, control no more than 10% of the total amount of

deposits of insured depository institutions in the United States and no more than 30% of such deposits in that state (or such amount as established by state law if such amount is lower than 30%). The Interstate Act, as amended, also authorizes banks to operate branch offices outside their home states by merging with out-of-state banks, purchasing branches in other states and by establishing de novo branches in other states, subject to various conditions. In the case of purchasing branches in a state in which it does not already have banking operations, the “host” state must have “opted-in” to the Interstate Act by enacting a law permitting such branch purchases. The Dodd-Frank Act expanded the de novo interstate branching authority of banks beyond what had been permitted under the Interstate Act by eliminating the requirement that a state expressly “opt-in” to de novo branching, in favor of a rule that de novo interstate branching is permissible if under the law of the state in which the branch is to be located, a state bank chartered by that state would be permitted to establish the branch. Effective July 21, 2011, the Dodd-Frank Act also requires that a bank holding company or bank be well-capitalized and well-managed (rather than simply adequately capitalized and adequately managed) in order to take advantage of these interstate banking and branching provisions.

As permitted by the Interstate Act, Comerica has consolidated most of its banking business into one bank, Comerica Bank, with branches in Texas, Michigan, California, Florida and Arizona.

#### *Dividends*

Comerica is a legal entity separate and distinct from its banking and other subsidiaries. Most of Comerica’s revenues result from dividends its bank subsidiaries pay it. There are statutory and regulatory requirements applicable to the payment of dividends by subsidiary banks to Comerica, as well as by Comerica to its shareholders. Certain, but not all, of these requirements are discussed below.

Comerica Bank and Comerica Bank & Trust, National Association are required by federal law to obtain the prior approval of the FRB and/or the OCC, as the case may be, for the declaration and payment of dividends, if the total of all dividends declared by the board of directors of such bank in any calendar year will exceed the total of (i) such bank’s retained net income (as defined and interpreted by regulation) for that year plus (ii) the retained net income (as defined and interpreted by regulation) for the preceding two years, less any required transfers to surplus or to fund the retirement of preferred stock. At January 1, 2011, Comerica’s subsidiary banks could declare aggregate dividends of approximately \$364 million from retained net profits of the preceding two years. Comerica’s subsidiary banks declared dividends of \$28 million in 2010, \$49 million in 2009, and \$264 million in 2008 without the need for prior governmental approvals.

Further, federal regulatory agencies can prohibit a banking institution or bank holding company from engaging in unsafe and unsound banking practices and could prohibit the payment of dividends under circumstances in which such payment could be deemed an unsafe and unsound banking practice. In addition, Comerica Bank is also subject to limitations under Texas state law regarding the amount of earnings that may be paid out as dividends, and requiring prior approval for payments of dividends that exceed certain levels.

#### *Source of Strength*

FRB regulations require that bank holding companies serve as a source of strength to each subsidiary bank and commit resources to support each subsidiary bank. This support may be required at times when a bank holding company may not be able to provide such support without adversely affecting its ability to meet other obligations. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC (either as a result of the failure of a banking or thrift subsidiary or related to FDIC assistance provided to such a subsidiary in danger of failure), the other banking subsidiaries may be assessed for the FDIC’s loss, subject to certain exceptions.

## *FDICIA*

The Federal Deposit Insurance Corporation Improvement Act (“FDICIA”) requires, among other things, the federal banking agencies to take “prompt corrective action” in respect of depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital tiers: “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” A depository institution’s capital tier will depend upon where its capital levels are in relation to various relevant capital measures, which, among others, include a Tier 1 and total risk-based capital measure and a leverage ratio capital measure.

Regulations establishing the specific capital tiers provide that, for a depository institution to be well capitalized, it must have a total risk-based capital ratio of at least 10% and a Tier 1 risk-based capital ratio of at least 6%, a Tier 1 leverage ratio of at least 5% and not be subject to any specific capital order or directive. For an institution to be adequately capitalized, it must have a total risk-based capital ratio of at least 8%, a Tier 1 risk-based capital ratio of at least 4%, and a Tier 1 leverage ratio of at least 4% (and in some cases 3%). Under certain circumstances, the appropriate banking agency may treat a well capitalized, adequately capitalized or undercapitalized institution as if the institution were in the next lower capital category.

As of December 31, 2010, Comerica and its banking subsidiaries exceeded the ratios required for an institution to be considered “well capitalized” under these regulations.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to limitations on growth and certain activities and are required to submit an acceptable capital restoration plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution’s capital. In addition, for a capital restoration plan to be acceptable, the institution’s parent holding company must guarantee for a specific time period that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company under the guaranty is limited to the lesser of (i) an amount equal to 5% of the depository institution’s total assets at the time it became undercapitalized, or (ii) the amount that is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable with respect to such institution as of the time it fails to comply with the plan. If a depository institution fails to submit or implement an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions are subject to a number of requirements and restrictions. Specifically, such a depository institution may be required to do one or more of the following, among other things: sell sufficient voting stock to become adequately capitalized, reduce the interest rates it pays on deposits, reduce its rate of asset growth, dismiss certain senior executive officers or directors, or stop accepting deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator or such other action as the FDIC and the applicable federal banking agency shall determine appropriate.

FDICIA also contains a variety of other provisions that may affect the operations of depository institutions including reporting requirements, regulatory standards for real estate lending, “truth in savings” provisions, the requirement that a depository institution give 90 days prior notice to customers and regulatory authorities before closing any branch, and a prohibition on the acceptance or renewal of brokered deposits by depository institutions that are not well capitalized or are adequately capitalized and have not received a waiver from the FDIC.

### *Capital Requirements*

Comerica and its bank subsidiaries are subject to risk-based capital requirements and guidelines imposed by the FRB and/or the OCC.

For this purpose, a depository institution's or holding company's assets and certain specified off-balance sheet commitments are assigned to four risk categories, each weighted differently based on the level of credit risk that is ascribed to such assets or commitments. A depository institution's or holding company's capital, in turn, is divided into two tiers: core ("Tier 1") capital, which includes common equity, non-cumulative perpetual preferred stock, and a limited amount of cumulative perpetual preferred stock and related surplus (excluding auction rate issues) and minority interests in equity accounts of consolidated subsidiaries, less goodwill, certain identifiable intangible assets and certain other assets; and supplementary ("Tier 2") capital, which includes, among other items, perpetual preferred stock not meeting the Tier 1 definition, mandatory convertible securities, subordinated debt, and allowances for loan and lease losses, subject to certain limitations, less certain required deductions. Bank holding companies that engage in trading activities, whose trading activities exceed specified levels, also are required to maintain capital for market risk. Market risk includes changes in the market value of trading account, foreign exchange, and commodity positions, whether resulting from broad market movements (such as changes in the general level of interest rates, equity prices, foreign exchange rates, or commodity prices) or from position specific factors.

Comerica, like other bank holding companies, currently is required to maintain Tier 1 and "total capital" (the sum of Tier 1 and Tier 2 capital) equal to at least 4% and 8% of its total risk-weighted assets (including certain off-balance-sheet items, such as standby letters of credit), respectively. At December 31, 2010, Comerica met both requirements, with Tier 1 and total capital equal to 10.13% and 14.54% of its total risk-weighted assets, respectively.

Comerica is also required to maintain a minimum "leverage ratio" (Tier 1 capital to adjusted total assets) of 3% to 5%, depending upon criteria defined and assessed by the FRB. Comerica's leverage ratio of 11.26% at December 31, 2010 reflects the nature of Comerica's balance sheet and demonstrates a commitment to capital adequacy.

As an additional means to identify problems in the financial management of depository institutions, FDICIA requires federal bank regulatory agencies to establish certain non-capital safety and soundness standards for institutions any such agency supervises. The standards relate generally to, among others, earnings, liquidity, operations and management, asset quality, various risk and management exposures (*e.g.*, credit, operational, market, interest rate, etc.) and executive compensation. The agencies are authorized to take action against institutions that fail to meet such standards.

#### *FDIC Insurance Assessments*

Comerica's subsidiary banks are subject to FDIC deposit insurance assessments to maintain the Deposit Insurance Fund ("DIF"). Additionally, from the fourth quarter of 2008 through June 30, 2010, Comerica and its subsidiary banks elected to participate in the FDIC's Transaction Account Guarantee Program that requires the payment of additional insurance premiums to the FDIC. In April 2010, the FDIC adopted an interim rule extending the Transaction Account Guarantee Program ("TAGP") through December 31, 2010 for financial institutions that desired to continue TAGP participation. Comerica and its subsidiary banks elected to opt-out of the FDIC's TAGP extension, effective July 1, 2010. In July 2010, the Financial Reform Act reinstated, for all financial institutions, unlimited deposit insurance on noninterest-bearing accounts for the period from December 31, 2010 through December 31, 2012.

As of December 31, 2010, Comerica's banking subsidiaries held approximately \$40 billion of DIF-assessable deposits. Prior to 2007, Comerica's banking subsidiaries had not paid nor been assessed deposit insurance assessments on DIF-assessable deposits under the FDIC's risk related assessment system. The FDIC's risk related assessment system was revised effective January 1, 2007, however, and Comerica's banking subsidiaries were assessed deposit insurance premiums on a quarterly basis, beginning in June 2007. In 2008, these assessment premiums totaled \$26.8 million and were first applied against the remaining credit of \$17.1 million. During the second quarter of 2009, the FDIC levied an industry-wide special assessment charge on

insured financial institutions as part of the agency's efforts to rebuild DIF. In November 2009, the FDIC amended regulations that required insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010-2012. The prepaid assessments will be applied against future quarterly assessments (as they may be so revised) until the prepaid assessment is exhausted or the balance of the prepayment is returned, whichever occurs first. Comerica paid such prepaid assessment on December 30, 2009, along with its regular quarterly risk-based deposit insurance assessment for the third quarter of 2009. In 2009, these assessment premiums totaled \$281 million, including the second quarter special assessment of \$29 million and prepaid assessments of \$200 million (which includes assessments that will be expensed by Comerica during 2010-2012). In 2010, the assessment premiums applied against the prepayment totaled \$50 million. The remaining prepayment at December 31, 2010 was \$150 million, against which 2011 and 2012 DIF assessments will be applied.

In addition, on January 12, 2010, the FDIC announced that it would seek public comment on whether financial institutions with compensation plans that encourage risky behavior should be charged higher deposit assessment rates than such financial institutions would otherwise be charged.

The FDIC is not precluded from changing assessment rates or from further revising the risk-based assessment system during the prepayment period or thereafter. Thus, Comerica may also be required to pay significantly higher FDIC insurance assessments premiums in the future because market developments significantly depleted DIF and reduced the ratio of reserves to insured deposits.

#### *Enforcement Powers of Federal Banking Agencies*

The FRB and other federal banking agencies have broad enforcement powers, including the power to terminate deposit insurance, impose substantial fines and other civil penalties and appoint a conservator or receiver. Failure to comply with applicable laws or regulations could subject Comerica or its banking subsidiaries, as well as officers and directors of these organizations, to administrative sanctions and potentially substantial civil and criminal penalties.

#### *Capital Purchase Program*

Pursuant to the Capital Purchase Program, on November 14, 2008, Comerica issued to the U.S. Treasury, in exchange for aggregate consideration of \$2.25 billion, (1) 2.25 million shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series F, no par value (the "Series F Preferred Stock"), and (2) a warrant to purchase 11,479,592 shares of Comerica's common stock at an exercise price of \$29.40 per share (the "Warrant"). The number of shares of common stock to be issued pursuant to the Warrant and the exercise price of the Warrant are subject to anti-dilution and other adjustments from time to time following, among other things, stock splits, subdivisions or combinations, certain issuances of common stock or convertible securities and certain repurchases of common stock. The Series F Preferred Stock (a) had a liquidation amount per share equal to \$1,000 for an aggregate value of \$2.25 billion and (b) paid a cumulative annual dividend of five percent (5%) for the first five years and nine percent (9%) on an annual basis thereafter. The Warrant expires ten years from the issuance date. Both the Series F Preferred Stock and the Warrant were accounted for as components of Comerica's regulatory Tier 1 capital. The letter agreement between the U.S. Treasury and Comerica, dated November 14, 2008, including the securities purchase agreement (the "Purchase Agreement") concerning the issuance and sale of the Series F Preferred Stock and the Warrant, granted the holders of the Series F Preferred Stock, the Warrant and Comerica common stock to be issued under the Warrant certain registration rights and imposed restrictions on dividend and stock repurchases. For example, during Comerica's participation in the Capital Purchase Program, Comerica was limited, without the consent of the U.S. Treasury, in its ability to (i) increase its quarterly dividend above \$0.33 per common share (the quarterly dividend rate in effect as of November 14, 2008) or (ii) repurchase any of its shares with limited exceptions, most significantly purchases in connection with benefit plans. In addition, the terms of Purchase Agreement subjected Comerica to certain executive compensation limitations as set forth in the EESA.

On March 17, 2010, Comerica fully redeemed the Series F Preferred Stock previously issued to the U.S. Treasury, and Comerica exited the Capital Purchase Program. Also, in May 2010, Comerica registered the Warrant with the Securities and Exchange Commission and the U.S. Treasury auctioned the Warrant to the public. Prior to such registration and public sale, the Warrant was separated into 11,479,592 warrants to purchase one share of Comerica's common stock at an exercise price of \$29.40 per share. The warrants are listed and traded on the New York Stock Exchange. For additional details about the Capital Purchase Program, please refer to pages 36 through 38 under the caption "Capital" and Note 14 on pages 117 through 118 of the Consolidated Financial Statements contained in Comerica's Annual Report to Shareholders for the year ended December 31, 2010.

#### *Temporary Liquidity Guarantee Program*

Among other programs and actions taken by the U.S. regulatory agencies during the financial crisis, the FDIC implemented the Temporary Liquidity Guarantee Program ("TLGP") to strengthen confidence and encourage liquidity in the banking system. The TLGP was comprised of the Debt Guarantee Program ("DGP") and the Transaction Account Guarantee Program ("TAGP"). The DGP guaranteed all newly issued senior unsecured debt (e.g., promissory notes, unsubordinated unsecured notes and commercial paper) up to prescribed limits issued by participating entities beginning on October 14, 2008 and continuing through October 31, 2009. For eligible debt issued by that date, the FDIC provided the guarantee coverage until the earlier of the maturity date of the debt or December 31, 2012 (or June 30, 2012 for debt issued prior to April 1, 2009). The TAGP offered full guarantee for noninterest-bearing transaction accounts held at FDIC-insured depository institutions. The unlimited deposit coverage was voluntary for eligible institutions and was in addition to the \$250,000 FDIC deposit insurance per account that was included as part of the EESA. The TAGP coverage became effective on October 14, 2008.

Initially, the TLGP programs, the DGP and TAGP, were provided at no cost for the first 30 days. On November 3, 2008, the FDIC extended the opt-out period to December 5, 2008 to provide eligible institutions additional time to consider the terms before making a final decision regarding participation in the program through December 31, 2009. On December 5, 2008, Comerica announced that it and two of its subsidiaries, Comerica Bank and Comerica Bank & Trust, National Association, formally elected to continue their participation in the TLGP. Participants in the DGP were charged an annualized fee ranging from 50 basis points (bps) to 100 bps (depending on the maturity of the debt issued) multiplied by the amount of debt issued, and calculated for the maturity period of that debt, or through June 30, 2012, whichever is earlier. Based on the terms of the DGP, Comerica Bank could have issued up to approximately \$5.2 billion of qualifying senior debt securities covered by the DGP. As of December 31, 2010, there is no senior unsecured debt outstanding under the DGP.

Effective October 1, 2009, in order to assure an orderly phase out of the TAGP, FDIC extended the TAGP for six months until June 30, 2010. Any insured depository institution that was participating in the TAGP program as of October 1, 2009 was permitted to continue in the TAGP during the extension period that ends on June 30, 2010. The annual assessment rate that applied to participating institutions during the extension period is either 15 basis points, 20 basis points or 25 basis points, depending on the "Risk Category" assigned to the institution under the FDIC's risk-based premium system. Any institution participating in the TAGP program as of October 1, 2009 that desired to opt out of the TAG extension was required to submit its opt-out election to the FDIC on or before November 2, 2009, and any such election to opt out was effective on January 1, 2010. In April 2010, the FDIC adopted an interim rule extending the TAGP through December 31, 2010 for financial institutions that desired to continue TAGP participation. Comerica, Comerica Bank and Comerica Bank & Trust, National Association elected to opt out of such TAGP's extension period, so they ceased to participate in the TAGP as of July 1, 2010.

However, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Financial Reform Act") reinstated, for all financial institutions, unlimited deposit insurance on noninterest-bearing and

certain interest-bearing demand deposit accounts for the period from December 31, 2010 through December 31, 2012. For further discussion of the Financial Reform Act, refer to “The Dodd-Frank Wall Street Reform and Consumer Protection Act” section below in this “Supervisory and Regulation” section.

For additional details about the Temporary Liquidity Guarantee Program, see pages 35 and 36 under the caption “Deposits and Borrowed Funds.”

#### *The Dodd-Frank Wall Street Reform and Consumer Protection Act*

Due to the recent financial crisis, there have been significant changes in the competitive landscape of the financial services industry and an overhaul of the legislative and regulatory landscape with the passage of the Financial Reform Act, which was signed into law on July 21, 2010. The Financial Reform Act provides for, among other matters, increased regulatory supervision and examination of financial institutions, the imposition of more stringent capital requirements on financial institutions and increased regulation of derivatives and hedging transactions. Provided below is an overview of key elements of the Financial Reform Act relevant to Comerica. Most of the provisions contained in the Financial Reform Act became effective immediately upon enactment; however, many have delayed effective dates. Implementation of the Financial Reform Act will require many new mandatory and discretionary rules to be made by federal regulatory agencies over the next several years. The estimates of the impact on Comerica discussed below are based on the limited information currently available and, given the uncertainty of the timing and scope of the impact, are subject to change until final rulemaking is complete.

- **Interest on Demand Deposits:** Allows interest on commercial demand deposits, which could lead to increased cost of commercial demand deposits, depending on the interplay of interest, deposit credits and service charges.
- **Unlimited Deposit Insurance Extension:** Provides unlimited deposit insurance on noninterest-bearing accounts from December 31, 2010 to December 31, 2012. There will not be a separate assessment for unlimited deposit insurance coverage for this period.
- **Deposit Insurance:** Changes the definition of assessment base from domestic deposits to net assets (average consolidated total assets less average tangible equity), increases the deposit insurance fund’s minimum reserve ratio and permanently increases general deposit insurance coverage from \$100,000 to \$250,000. Comerica expects 2011 FDIC insurance expense to remain consistent with the 2010 expense.
- **Derivatives:** Allows continued trading of foreign exchange and interest rate derivatives. Requires banks to shift energy, uncleared commodities and agriculture derivatives to a separately capitalized subsidiary within their holding company. Directly impacts client-driven energy derivatives business (approximately \$1 million in annual revenue, based on full-year 2010 estimates).
- **Interchange Fee:** Limits debit card transaction processing fees that card issuers can charge to merchants. Based on the options currently contemplated in the draft, estimated annual revenue from debit card PIN and signature-based interchange fees in 2011 is expected to decrease by approximately \$13 million to \$15 million.
- **Trust Preferred Securities:** Prohibits holding companies with more than \$15 billion in assets from including trust preferred securities as Tier 1 capital, and allows for a phase-in period of three years, beginning on January 1, 2013. As of December 31, 2010, Comerica had no trust preferred securities outstanding.

The Financial Reform Act also:

- requires that publicly traded companies give stockholders a non-binding vote on executive compensation and “golden parachute” payments, and authorizes the Securities and Exchange Commission to promulgate rules that would allow stockholders to nominate their own candidates using a company’s proxy materials;
- established a new Bureau of Consumer Financial Protection with broad powers to supervise and enforce consumer protection laws. The Bureau of Consumer Financial Protection has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The Bureau of Consumer Financial Protection has examination and enforcement authority over all banks and savings institutions with more than \$10 billion in assets;
- weakened the federal preemption rules that have been applicable for national banks and gives state attorneys general the ability to enforce federal consumer protection laws; and
- created a financial stability oversight council that may recommend to the Federal Reserve increasingly strict rules for capital, leverage, liquidity, risk management and other requirements as companies grow in size and complexity.

The environment in which financial institutions will operate after the recent financial crisis, including legislative and regulatory changes affecting capital, liquidity, supervision, permissible activities, corporate governance and compensation, and changes in fiscal policy may have long-term effects on the business model and profitability of financial institutions that cannot now be foreseen.

#### *Other Recent Legislative and Regulatory Developments*

In response to global credit and liquidity issues involving a number of financial institutions, the United States government, particularly the United States Department of the Treasury (the “U.S. Treasury”) and the FDIC, have taken a variety of extraordinary measures over the last couple years designed to restore confidence in the financial markets and to strengthen financial institutions, including capital injections, guarantees of bank liabilities and the acquisition of illiquid assets from banks. Moreover, the environment in which banking organizations are operating after the financial crisis has been impacted by recent developments, including legislative and regulatory changes affecting capital, liquidity, supervision, permissible activities, and corporate governance and compensation.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 (the “EESA”) was signed into law. Pursuant to the EESA, the U.S. Treasury was granted the authority to take a range of actions for the purpose of stabilizing and providing liquidity to the U.S. financial markets and has proposed several programs, including the purchase by the U.S. Treasury of certain troubled assets from financial institutions (the “Troubled Asset Relief Program”) and the direct purchase by the U.S. Treasury of equity of healthy financial institutions (the “Capital Purchase Program”). The EESA also temporarily raised the limit on federal deposit insurance coverage provided by the FDIC from \$100,000 to \$250,000 per depositor.

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the “ARRA”) was signed into law. Section 7001 of the ARRA amended Section 111 of the EESA in its entirety. On June 10, 2009, the U.S. Treasury released an interim final rule (the “IFR”), effective June 15, 2009, that provided guidance on the compensation and governance standards for Troubled Asset Relief Program (“TARP”) recipients, and promulgated regulations to implement the restrictions and standards set forth in Section 7001 of the ARRA. Among other things, the IFR and ARRA significantly expanded the executive compensation restrictions previously imposed by the EESA. Such restrictions apply to any entity that has received or will receive financial

assistance under TARP, and shall generally continue to apply for as long as any obligation arising from financial assistance provided under TARP, including preferred stock issued under the Capital Purchase Program, remains outstanding. As a result of our participation in the Capital Purchase Program, the restrictions and standards set forth in Section 7001 of the ARRA, as well as the IFR promulgated by the U.S. Treasury, were applicable to Comerica prior to the redemption of the Series F Preferred Stock on March 17, 2010.

On May 20, 2009, the Helping Families Save Their Homes Act of 2009, which extended the temporary increase in the standard maximum deposit insurance amount provided by the FDIC to \$250,000 per depositor through December 31, 2013, was signed into law. This extension of the temporary \$250,000 coverage limit (pursuant to the EESA) became effective immediately upon the President's signature. The legislation provides that the standard maximum deposit insurance amount provided by the FDIC will return to \$100,000 on January 1, 2014.

On October 22, 2009, the Federal Reserve issued a comprehensive proposal on incentive compensation policies (the "Incentive Compensation Proposal") intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. This guidance sets expectations for banking organizations concerning their incentive compensation arrangements and related risk-management, control, and governance processes. The Incentive Compensation Proposal, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon three primary principles: (i) balanced risk-taking incentives, (ii) compatibility with effective controls and risk management, and (iii) strong corporate governance. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. In addition, under the Incentive Compensation Proposal, the Federal Reserve in appropriate circumstances may take enforcement action against a banking organization.

On November 12, 2009, the Federal Reserve adopted amendments to its Regulation E, effective July 1, 2010, that prohibit financial institutions from charging clients overdraft fees on automated teller machines ("ATM") and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those type of transactions. Pursuant to the adopted regulation, clients must opt-in to an overdraft service in order for the financial institution to collect overdraft fees. If a consumer does not opt in, any ATM transaction or debit that overdraws the consumer's account will be denied. Overdrafts on the payment of checks and regular electronic bill payments are not covered by this new rule. Before opting in, the consumer must be provided a notice that explains the financial institution's overdraft services, including the fees associated with the service, and the consumer's choices. Financial institutions must provide consumers who do not opt in with the same account terms, conditions and features (including pricing) that they provide to consumers who do opt in.

On January 14, 2010, the current administration announced a proposal to impose a fee (the "Financial Crisis Responsibility Fee") on those financial institutions that benefited from recent actions taken by the U.S. government to stabilize the financial system. If implemented as initially proposed, the Financial Crisis Responsibility Fee will be applied to firms with over \$50 billion in consolidated assets, and, therefore, by its terms would apply to Comerica. The Financial Crisis Responsibility Fee was not included in the Financial Reform Act. On February 14, 2011, the administration included a revised Financial Crisis Responsibility Fee in its proposed fiscal 2012 budget.

Effective July 1, 2010, the Federal Reserve Board amended Regulation E to prohibit charging overdraft fees for ATM or point-of-sale debit card transactions unless the customer opts-in to the overdraft service. See above in "Other Recent Legislative and Regulatory Developments" for more information on the Regulation E amendments as previously adopted by the Federal Reserve on November 12, 2009.

In June 2010, the Federal Reserve, OCC and FDIC issued a comprehensive final guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do

not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. The Federal Reserve will review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

During the third quarter 2010, the Basel Committee on Banking Supervision revised the Capital Accord ("Basel III"), which narrows the definition of capital and increases capital requirements for specific exposures. The new capital requirements will be phased-in over six years beginning in 2013. The final package of Basel III reforms was endorsed by G20 leaders on November 12, 2010, and is subject to individual adoption by member nations, including the United States. If these revisions are adopted as endorsed, we estimate they would have a negligible impact on our regulatory capital ratios based on our current understanding of the revisions to capital qualification. However, the ultimate impact of the new capital and liquidity standards cannot be determined at this time and will depend on a number of factors, including treatment and implementation by the U.S. banking regulators. We await clarification from our banking regulators on their interpretation of Basel III and any additional requirements to the stated thresholds.

On February 7, 2011, the Board of Directors of the FDIC approved a joint proposed rulemaking to implement Section 956 of the Financial Reform Act. Although the FDIC Board acted on the proposal on February 7, 2011, the proposal is a joint rule making by the five federal members of the Federal Financial Institutions Examination Council (FDIC, FRS, OCC, Office of Thrift Supervision and National Credit Union Administration), the Securities and Exchange Commission, and the Federal Housing Finance Agency, who must each independently approve the proposed rule before it is published in the Federal Register for comment. Section 956 prohibits incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses. Consistent with the Financial Reform Act, the proposed rule does not apply to banks with total consolidated assets of less than \$1 billion, and contains heightened standards for institutions with \$50 billion or more in total consolidated assets, which includes Comerica. For these larger institutions, the rule requires that at least 50 percent of incentive-based payments be deferred for a minimum of three years for designated executives. Moreover, boards of directors of these larger institutions must identify employees who individually have the ability to expose the institution to substantial risk, and must determine that the incentive compensation for these employees appropriately balances risk and rewards according to enumerated standards. The proposed rule would move the U.S. closer to aspects of international compensation standards by (i) requiring deferral of a substantial portion of incentive compensation for executive officers of particularly large institutions described above; (ii) prohibiting incentive-based compensation arrangements for covered persons that would encourage inappropriate risks by providing excessive compensation; (iii) prohibiting incentive-based compensation arrangements for covered persons that would expose the institution to inappropriate risks by providing compensation that could lead to a material financial loss; (iv) requiring policies and procedures for incentive-based compensation arrangements that are commensurate with the size and complexity of the institution; and (v) requiring annual reports on incentive compensation structures to the institution's appropriate Federal regulator.

### *Future Legislation*

Changes to the laws of the states and countries in which Comerica and its subsidiaries do business could affect the operating environment of bank holding companies and their subsidiaries in substantial and unpredictable ways. Moreover, in light of recent events and current conditions in the U.S. financial markets and economy, Congress and regulators have continued to increase their focus on the regulation of the financial services industry. Comerica cannot accurately predict whether legislative changes will occur or, if they occur, the ultimate effect they would have upon the financial condition or results of operations of Comerica.

### **UNDERWRITING APPROACH**

The loan portfolio is a primary source of profitability and risk, so proper loan underwriting is critical to Comerica's long-term financial success. Comerica extends credit to businesses, individuals and public entities based on sound lending principles and consistent with prudent banking practice. During the loan underwriting process, a qualitative and quantitative analysis of potential credit facilities is performed, and the credit risks associated with each relationship are evaluated. Important factors considered as part of the underwriting process for new loans and loan renewals include:

- People: Including the competence, integrity and succession planning of customers;
- Purpose: The legal, logical and productive purposes of the credit facility;
- Payment: Including the source, timing and probability of payment;
- Protection: Including obtaining alternative sources of repayment, securing the loan, as appropriate, with collateral and/or third-party guarantees and ensuring appropriate legal documentation is obtained.
- Perspective: The risk/reward relationship and pricing elements (cost of funds; servicing costs; time value of money; credit risk).

Comerica prices credit facilities to reflect risk, the related costs and the expected return, while maintaining competitiveness with other banks. Loans with variable and fixed rates are underwritten to achieve expected risk-adjusted returns on the credit facilities and for the full relationship including the borrower's ability to repay the principal and interest based on such rates.

### *Credit Administration*

Comerica maintains a Credit Administration Department ("Credit Administration") which is responsible for the oversight and monitoring of our loan portfolio. Credit Administration assists with underwriting by providing objective financial analysis, including an assessment of the borrower's business model, balance sheet, cash flow and collateral. Each borrower relationship is assigned an internal risk rating by Credit Administration. Further, Credit Administration updates the assigned internal risk rating for every borrower relationship as new information becomes available, either as a result of periodic reviews of the credit quality or as a result of a change in borrower performance. The goal of the internal risk rating framework is to improve Comerica's risk management capability, including its ability to identify and manage changes in the credit risk profile of its portfolio, predict future losses and price the loans appropriately for risk.

### *Credit Policy*

Comerica maintains a comprehensive set of credit policies. Comerica's credit policies provide individual loan officers, as well as loan committees, approval authorities based on our internal risk rating system and establish maximum exposure limits based on risk ratings and Comerica's legal lending limit. Credit

Administration, in conjunction with the businesses units, monitors compliance with the credit policies and modifies the existing policies as necessary. New or modified policies/guidelines require approval by the Strategic Credit Committee, chaired by Comerica's Chief Credit Officer and comprising senior credit and market executives.

#### *Commercial and Industrial Loan Portfolio*

Commercial and Industrial Loans are underwritten using a comprehensive analysis of the borrower's operations. The underwriting process includes an analysis of some or all of the factors listed below:

- The borrower's business model.
- Periodic review of financial statements including financial statements audited by an independent certified public accountant when substantial credit exposure exists.
- The pro-forma financial condition including financial projections.
- The borrower's sources and uses of funds.
- The borrower's debt service capacity.
- The guarantor's financial strength.
- A comprehensive review of the quality and value of collateral, including independent third-party appraisals of machinery and equipment and commercial real estate, as appropriate, to determine the advance rates.
- Physical inspection of collateral and audits of receivables, as appropriate.

#### *Commercial Real Estate (CRE) Loan Portfolio*

Comerica's CRE loan portfolio consists of real estate construction and commercial mortgage loans and includes both loans to real estate investors and developers, and loans secured by owner-occupied real estate. Comerica's CRE loan underwriting policies are consistent with the approach described above and provide maximum loan-to-value ratios that limit the size of a loan to a maximum percentage of the value of the real estate collateral securing the loan. The loan-to-value percentage varies by the type of collateral and is limited by advance rates established by our regulators. Our loan-to-value limitations are, in certain cases, more restrictive than those required by regulators and are determined by other risk factors such as the financial strength of the borrower or guarantor, the equity provided to the project and the viability of the project itself. CRE loans generally require cash equity. CRE loans are normally originated with full recourse or limited recourse to all principals and owners. There are limitations to the size of a single project loan and to the aggregate dollar exposure to a single guarantor.

#### *Consumer and Residential Mortgage Loan Portfolios*

Comerica's consumer and residential mortgage loans are originated consistent with the underwriting approach described above, but also includes an assessment of each borrower's personal financial condition, including verification of income, assets and FICO score. Comerica does not originate subprime loans. Although a standard industry definition for subprime loans (including subprime mortgage loans) does not exist, Comerica defines subprime loans as specific product offerings for higher risk borrowers, including individuals with one or a combination of high credit risk factors. These credit factors include low FICO scores, poor patterns of payment history, high debt-to-income ratios and elevated loan-to-value. We consider subprime FICO scores to be those

below 620 on a secured basis (excluding loans with cash or near-cash collateral and adequate income to make payments) and below 660 for unsecured loans. Adjustable rate loans are limited to standard conventional loan programs.

## **EMPLOYEES**

As of December 31, 2010, Comerica and its subsidiaries had 8,636 full-time and 729 part-time employees.

## **AVAILABLE INFORMATION**

Comerica maintains an Internet website at [www.comerica.com](http://www.comerica.com) where the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge, as soon as reasonably practicable after those reports are filed with or furnished to the U.S. Securities and Exchange Commission. The Code of Business Conduct and Ethics for Employees, the Code of Business Conduct and Ethics for Members of the Board of Directors and the Senior Financial Officer Code of Ethics adopted by Comerica are also available on the Internet website and are available in print to any shareholder who requests them. Such requests should be made in writing to the Corporate Secretary at Comerica Incorporated, Comerica Bank Tower, 1717 Main Street, MC 6404, Dallas, Texas 75201.

### **Item 1A. Risk Factors.**

This Report includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. In addition, Comerica may make other written and oral communications from time to time that contain such statements. All statements regarding Comerica's expected financial position, strategies and growth prospects and general economic conditions Comerica expects to exist in the future are forward-looking statements. The words, "anticipates," "believes," "feels," "expects," "estimates," "seeks," "strives," "plans," "intends," "outlook," "forecast," "position," "target," "mission," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to Comerica or its management, are intended to identify forward-looking statements.

Comerica cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date the statement is made, and Comerica does 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. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors mentioned elsewhere in this Report or previously disclosed in Comerica's SEC reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) or on Comerica's website at [www.comerica.com](http://www.comerica.com)), the factors contained below, among others, could cause actual results to differ materially from forward-looking statements, and future results could differ materially from historical performance.

- **General political, economic or industry conditions, either domestically or internationally, may be less favorable than expected.**

Local, domestic, and international economic, political and industry specific conditions affect the financial services industry, directly and indirectly. Conditions such as or related to inflation, recession, unemployment, volatile interest rates, international conflicts and other factors, such as real estate values, energy costs, fuel prices and government spending and the U.S. national debt, outside of our control may, directly and indirectly, adversely affect Comerica. As has been the case with impact of recent economic conditions, economic downturns could result in the delinquency of outstanding loans, which could have a material adverse impact on Comerica's earnings.

- **Governmental monetary and fiscal policies may adversely affect the financial services industry, and therefore impact Comerica's financial condition and results of operations.**

Monetary and fiscal policies of various governmental and regulatory agencies, in particular the Federal Reserve Board, affect the financial services industry, directly and indirectly. The Federal Reserve Board regulates the supply of money and credit in the United States and its monetary and fiscal policies determine in a large part Comerica's cost of funds for lending and investing and the return that can be earned on such loans and investments. Changes in such policies, including changes in interest rates, will influence the origination of loans, the value of investments, the generation of deposits and the rates received on loans and investment securities and paid on deposits. Changes in monetary and fiscal policies are beyond Comerica's control and difficult to predict. Comerica's financial condition and results of operations could be materially adversely impacted by changes in governmental monetary and fiscal policies.

- **Volatility and disruptions in global capital and credit markets may adversely impact Comerica's business, financial condition and results of operations.**

Global capital and credit markets are sometimes subject to periods of extreme volatility and disruption. Disruptions, uncertainty or volatility in the capital and credit markets may limit Comerica's ability to access capital and manage liquidity, which may adversely affect Comerica's business, financial condition and results of operations. Further, Comerica's customers may be adversely impacted by such conditions, which could have a negative impact on Comerica's business, financial condition and results of operations.

- **The soundness of other financial institutions could adversely affect Comerica.**

Comerica's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Comerica has exposure to many different industries and counterparties, and it routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led, and may further lead, to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions could expose Comerica to credit risk in the event of default of its counterparty or client. In addition, Comerica's credit risk may be impacted when the collateral held by it cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to Comerica. There is no assurance that any such losses would not adversely affect, possibly materially in nature, Comerica.

- **Changes in regulation or oversight, including actions recently taken or proposed by the United States Department of Treasury, the Texas Department of Banking, the Federal Deposit Insurance Corporation, the Federal Reserve Bank or other governmental entities, may have a material adverse impact on Comerica's operations.**

Comerica is subject to extensive regulation, supervision and examination by the United States Department of Treasury, the Texas Department of Banking, the FDIC, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission and other regulatory bodies. Such regulation and supervision governs the activities in which Comerica may engage. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on Comerica's operations, investigations and limitations related to Comerica's securities, the classification of Comerica's assets and determination of the level of Comerica's allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material adverse impact on Comerica's business, financial condition or results of operations.

In particular, Congress and other regulators have recently increased their focus on the regulation of the financial services industry:

On May 20, 2009, the Helping Families Save Their Homes Act of 2009, which extended the temporary increase in the standard maximum deposit insurance amount provided by the FDIC to \$250,000 per depositor through December 31, 2013, was signed into law. This extension of the temporary \$250,000 coverage limit (pursuant to the EESA) became effective immediately upon the President's signature.

During the second quarter of 2009, the FDIC levied an industry-wide special assessment charge on insured financial institutions as part of the agency's efforts to rebuild DIF. In November 2009, the FDIC amended regulations that required insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010-2012. The prepaid assessments will be applied against future quarterly assessments (as they may be so revised) until the prepaid assessment is exhausted or the balance of the prepayment is returned, whichever occurs first. The FDIC is not precluded from changing assessment rates or from further revising the risk-based assessment system during the prepayment period or thereafter. Thus, we may also be required to pay significantly higher FDIC insurance assessments premiums in the future because market developments significantly depleted DIF and reduced the ratio of reserves to insured deposits.

Comerica's participation in the TAGP required the payment of additional insurance premiums to the FDIC through June 30, 2010, in addition to the FDIC's regular and special assessments. Additionally, in July 2010, the Financial Reform Act reinstated, for all financial institutions, unlimited deposit insurance on noninterest-bearing accounts for the period from December 31, 2010 through December 31, 2012.

In November 2009, the Federal Reserve adopted amendments to its Regulation E that were effective on July 1, 2010. The changes affect the circumstances when Comerica is able to charge its clients overdraft fees.

On January 14, 2010, the current administration announced a proposal to impose a fee (the "Financial Crisis Responsibility Fee") on those financial institutions that benefited from recent actions taken by the U.S. government to stabilize the financial system. If implemented as initially proposed, the Financial Crisis Responsibility Fee will be applied to firms with over \$50 billion in consolidated assets, and, therefore, by its terms would apply to Comerica. On February 14, 2011, the administration included a revised Financial Crisis Responsibility Fee in its proposed fiscal 2012 budget.

On July 21, 2010, the Financial Reform Act was signed into law. The Financial Reform Act implements a variety of far-reaching changes and has been called the most sweeping reform of the financial services industry since the 1930s. Many of the provisions of the Financial Reform Act will directly affect Comerica's ability to conduct its business, including, but not limited to:

- Creation of a financial stability oversight council that may recommend to the Federal Reserve Board increasingly strict rules for capital, leverage, liquidity, risk management and other requirements as companies grow in size and complexity;
- Application of the same leverage and risk-based capital requirements that apply to insured depository institutions to most bank holding companies, such as Comerica, which, among other things, will, after a three-year phase-in period which begins January 1, 2013, remove trust preferred securities as a permitted component of a holding company's Tier 1 capital;
- Increases in the FDIC assessment for depository institutions with assets of \$10 billion or more, such as Comerica Bank, and increases the minimum reserve ratio for the FDIC's Deposit Insurance Fund from 1.15% to 1.35%;

- Repeal of the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts;
- Establishment of a consumer financial protection bureau with broad authority to implement new consumer protection regulations and, for bank holding companies with \$10 billion or more in assets, to examine and enforce compliance with federal consumer laws; and
- Amendment of the Electronic Fund Transfer Act (EFTA) to, among other things, give the Federal Reserve Board the authority to issue rules which are expected to limit debit-card interchange fees.

Many provisions in the Financial Reform Act remain subject to regulatory rule-making and implementation, the effects of which are not yet known.

In December 2009, the Basel Committee on Banking Supervision (the Basel Committee) released proposed Basel III guidance on bank capital and liquidity. In September 2010, the Basel Committee proposed higher global minimum capital standards, including a minimum Tier 1 common capital ratio and additional capital and liquidity requirements, with rules expected to be implemented between 2013 and 2019. Adoption in the U.S. is expected to occur over a similar timeframe, but the final form of the U.S. rules is uncertain.

The effects of such recently enacted legislation and regulatory actions on Comerica cannot reliably be determined at this time. Moreover, as some of the legislation and regulatory actions previously implemented in response to the recent financial crisis expire, the impact of the conclusion of these programs on the financial sector and on the economic recovery is unknown. Any delay in the economic recovery or a worsening of current financial market conditions could adversely affect Comerica. We can neither predict when or whether future regulatory or legislative reforms will be enacted nor what their contents will be. The impact of any future legislation or regulatory actions on Comerica's businesses or operations cannot be reliably determined at this time, and such impact may adversely affect Comerica.

- **Unfavorable developments concerning credit quality could adversely affect Comerica's financial results.**

Although Comerica regularly reviews credit exposure related to its customers and various industry sectors in which it has business relationships, default risk may arise from events or circumstances that are difficult to detect or foresee. Under such circumstances, Comerica could experience an increase in the level of provision for credit losses, nonperforming assets, net charge-offs and reserve for credit losses, which could adversely affect Comerica's financial results.

- **Comerica's proposed acquisition of Sterling Bancshares, Inc. may present certain risks to Comerica's business and operations.**

On January 16, 2011, Comerica and Sterling entered into a merger agreement providing for the acquisition of Sterling by Comerica. The proposed acquisition presents the following risks, among others:

- 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, due to challenges associated with integrating complex systems, technology, banking centers, and other assets of

Sterling in a manner that minimizes any adverse effect on customers, suppliers, employees, and other constituencies and integrating Sterling's workforce while maintaining focus on providing consistent, high quality customer service;

- that required regulatory, shareholder or other approvals, including the approval of the Federal Reserve Board and the approval of Sterling shareholders, 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; and
  - whether or not completed, the proposed acquisition may require diversion of the attention of Comerica's management and other key employees from ongoing business activities, including the pursuit of other opportunities that could be beneficial to Comerica.
- **Comerica may be subject to more stringent capital and liquidity requirements.**

As discussed above, the Financial Reform Act creates a financial stability oversight council that may recommend to the Federal Reserve increasingly strict rules for capital requirements as companies grow in size and complexity and applies the same leverage and risk-based capital requirements that apply to insured depository institutions to most bank holding companies, which, among other things, will, after a three-year phase-in period which begins January 1, 2013, remove trust preferred securities as a permitted component of a holding company's Tier 1 capital. These requirements, and any other new regulations, could adversely affect Comerica's ability to pay dividends, or could require Comerica to reduce business levels or to raise capital, including in ways that may adversely affect its results of operations or financial condition.

In addition, on September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced agreement on the calibration and phase-in arrangements for a strengthened set of capital requirements, known as Basel III. When fully phased in, Basel III will introduce a minimum Tier 1 common equity ratio to 4.5%, net of regulatory deductions, and establish a capital conservation buffer of an additional 2.5% of common equity to risk-weighted assets above the regulatory minimum capital requirement, establishing a minimum common equity ratio plus capital conservation buffer at 7%. This capital conservation buffer will impose capital distribution constraints when the Tier 1 capital ratio falls under 8.5% and the total capital ratio falls under 10.5%. In addition, Basel III introduces a countercyclical capital buffer of up to 2.5% of common equity or other loss absorbing capital above the regulatory capital minimum plus the capital conservation buffer for periods of excess credit growth. Basel III also introduces a non-risk adjusted Tier 1 leverage ratio based on a measure of total exposure rather than total assets, and new liquidity standards. The Basel III capital and liquidity standards will be phased in over a period of several years. The text of the final Basel III capital and liquidity rules was published on December 16, 2010, and is now subject to individual adoption by member nations, including the United States.

Banking regulators could implement changes to the capital adequacy standards applicable to Comerica and Comerica Bank in light of Basel III. The ultimate impact of the new capital and liquidity standards cannot be determined at this time and will depend on a number of factors, including treatment and implementation by the U.S. banking regulators.

- **Problems faced by residential real estate developers could adversely impact Comerica.**

Problems in the United States' residential real estate development industry, specifically in Michigan (Midwest market) and both northern and southern California (Western market), have materially and adversely impacted Comerica in recent periods. Recent economic conditions have resulted in decreased demand for residential housing, which, in turn, has adversely affected the development and construction

efforts of residential real estate developers. Consequently, the ability of such residential real estate developer borrowers to repay these loans and the value of property used as collateral for such loans has been adversely affected. These problems facing residential real estate developers have had, and the continuation or worsening of such problems may have, a material and adverse impact on the financial results of Comerica.

- **Businesses or industries in which Comerica has lending concentrations, including, but not limited to, the automotive production industry and the real estate business, could suffer a significant decline which could adversely affect Comerica.**

Comerica's business customer base consists, in part, of lending concentrations in volatile businesses and industries such as the automotive production industry and the real estate business. Recent economic conditions have significantly impacted such businesses, which has adversely affected Comerica. In the event of further decline in any one of those customers' businesses or industries, Comerica could experience increased credit losses, and its business could be materially adversely affected.

- **The introduction, implementation, withdrawal, success and timing of business initiatives and strategies, including, but not limited to, the opening of new banking centers, may be less successful or may be different than anticipated, which could adversely affect Comerica's business.**

Comerica makes certain projections and develops plans and strategies for its banking and financial products. If Comerica does not accurately determine demand for its banking and financial product needs, it could result in Comerica incurring significant expenses without the anticipated increases in revenue, which could result in a material adverse effect on its business.

- **Utilization of technology to efficiently and effectively develop, market and deliver new products and services.**

The financial services industry experiences rapid technological change with regular introductions of new technology-driven products and services. The efficient and effective utilization of technology enables financial institutions to better serve customers and to reduce costs. Comerica's future success depends, in part, upon its ability to address the needs of its customers by using technology to market and deliver products and services that will satisfy customer demands and create additional efficiencies in Comerica's operations. Comerica may not be able to effectively develop new technology-driven products and services or be successful in marketing these products and services to its customers, which could have a material adverse impact on Comerica's financial condition and results of operations.

- **Operational difficulties or information security problems could adversely affect Comerica's business and operations.**

Comerica is exposed to many types of operational risk, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or recordkeeping errors or those resulting from computer or telecommunications systems malfunctions. Comerica may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control, which may include, for example, computer viruses or electrical or telecommunications outages or natural disasters. Such disruptions may give rise to losses in service to customers and loss or liability to Comerica. In addition there is the risk that Comerica's controls and procedures as well as business continuity and data security systems prove to be inadequate. Any such occurrences or failures could materially and adversely affect Comerica's business and operations by exposing it to potential liability to customers, reputational damage and regulatory intervention.

- **Changes in the financial markets, including fluctuations in interest rates and their impact on deposit pricing, could adversely affect Comerica's net interest income and balance sheet.**

The operations of financial institutions such as Comerica are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Prevailing economic conditions, the trade, fiscal and monetary policies of the federal government and the policies of various regulatory agencies all affect market rates of interest and the availability and cost of credit, which in turn significantly affect financial institutions' net interest income. Volatility in interest rates can also result in disintermediation, which is the flow of funds away from financial institutions into direct investments, such as federal government and corporate securities and other investment vehicles, which, because of the absence of federal insurance premiums and reserve requirements, generally pay higher rates of return than financial institutions. Comerica's financial results could be materially adversely impacted by changes in financial market conditions.

- **Competitive product and pricing pressures among financial institutions within Comerica's markets may change.**

Comerica operates in a very competitive environment, which is characterized by competition from a number of other financial institutions in each market in which it operates. Comerica competes with large national and regional financial institutions and with smaller financial institutions in terms of products and pricing. If Comerica is unable to compete effectively in products and pricing in its markets, business could decline, which could have a material adverse effect on Comerica's business, financial condition or results of operations.

- **Changes in customer behavior may adversely impact Comerica's business, financial condition and results of operations.**

Comerica uses a variety of financial tools, models and other methods to anticipate customer behavior as a part of its strategic planning and to meet certain regulatory requirements. Individual, economic, political, industry-specific conditions and other factors outside of Comerica's control, such as fuel prices, energy costs, real estate values or other factors that affect customer income levels, could alter predicted customer borrowing, repayment, investment and deposit practices. Such a change in these practices could materially adversely affect Comerica's ability to anticipate business needs and meet regulatory requirements.

Current economic conditions have negatively affected consumer confidence levels. A worsening of these conditions would likely aggravate the adverse effects of these difficult market conditions on Comerica, Comerica's customers and others in the financial institutions industry.

- **Management's ability to maintain and expand customer relationships may differ from expectations.**

The financial services industry is very competitive. Comerica not only vies for business opportunities with new customers, but also competes to maintain and expand the relationships it has with its existing customers. While management believes that it can continue to grow many of these relationships, Comerica will continue to experience pressures to maintain these relationships as its competitors attempt to capture its customers. Failure to create new customer relationships and to maintain and expand existing customer relationships to the extent anticipated may adversely impact Comerica's earnings.

- **Management's ability to retain key officers and employees may change.**

Comerica's future operating results depend substantially upon the continued service of its executive officers and key personnel. Comerica's future operating results also depend in significant part upon its ability to attract and retain qualified management, financial, technical, marketing, sales and support personnel.

Competition for qualified personnel is intense, and Comerica cannot ensure success in attracting or retaining qualified personnel. Comerica's ability to retain key officers and employees may be further impacted by legislation and regulation affecting the financial services industry. There may be only a limited number of persons with the requisite skills to serve in these positions, and it may be increasingly difficult for Comerica to hire personnel over time. Comerica's business, financial condition or results of operations could be materially adversely affected by the loss of any of its key employees, or Comerica's inability to attract and retain skilled employees.

On February 7, 2011, the Board of Directors of the FDIC approved a joint proposed rulemaking to implement Section 956 of the Financial Reform Act. Although the FDIC Board acted on the proposal on February 7, 2011, the proposal is a joint rule making by the five federal members of the Federal Financial Institutions Examination Council (FDIC, FRS, OCC, Office of Thrift Supervision and National Credit Union Administration), the Securities and Exchange Commission, and the Federal Housing Finance Agency, who must each independently approve the proposed rule before it is published in the Federal Register for comment. Section 956 prohibits incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses. Consistent with the Financial Reform Act, the proposed rule does not apply to banks with total consolidated assets of less than \$1 billion, and contains heightened standards for institutions with \$50 billion or more in total consolidated assets, which includes Comerica. For these larger institutions, the rule requires that at least 50 percent of incentive-based payments be deferred for a minimum of three years for designated executives. Moreover, boards of directors of these larger institutions must identify employees who individually have the ability to expose the institution to substantial risk, and must determine that the incentive compensation for these employees appropriately balances risk and rewards according to enumerated standards.

- **Legal and regulatory proceedings and related matters with respect to the financial services industry, including those directly involving Comerica and its subsidiaries, could adversely affect Comerica or the financial services industry in general.**

Comerica has been, and may in the future be, subject to various legal and regulatory proceedings. It is inherently difficult to assess the outcome of these matters, and there can be no assurance that Comerica will prevail in any proceeding or litigation. Any such matter could result in substantial cost and diversion of Comerica's efforts, which by itself could have a material adverse effect on Comerica's financial condition and operating results. Further, adverse determinations in such matters could result in actions by Comerica's regulators that could materially adversely affect Comerica's business, financial condition or results of operations.

- **Methods of reducing risk exposures might not be effective.**

Instruments, systems and strategies used to hedge or otherwise manage exposure to various types of credit, market and liquidity, operational, compliance, business risks and enterprise-wide risk could be less effective than anticipated. As a result, Comerica may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risk, which could have a material adverse impact on Comerica's business, financial condition or results of operations.

- **Terrorist activities or other hostilities may adversely affect the general economy, financial and capital markets, specific industries, and Comerica.**

Terrorist attacks or other hostilities may disrupt Comerica's operations or those of its customers. In addition, these events have had and may continue to have an adverse impact on the U.S. and world economy in general and consumer confidence and spending in particular, which could harm Comerica's operations. Any of these events could increase volatility in the U.S. and world financial markets, which could harm

Comerica's stock price and may limit the capital resources available to Comerica and its customers. This could have a material adverse impact on Comerica's operating results, revenues and costs and may result in increased volatility in the market price of Comerica's common stock.

- **Catastrophic events, including, but not limited to, hurricanes, tornadoes, earthquakes, fires and floods, may adversely affect the general economy, financial and capital markets, specific industries, and Comerica.**

Comerica has significant operations and a significant customer base in California, Texas, Florida and other regions where natural and other disasters may occur. These regions are known for being vulnerable to natural disasters and other risks, such as tornadoes, hurricanes, earthquakes, fires and floods. These types of natural catastrophic events at times have disrupted the local economy, Comerica's business and customers and have posed physical risks to Comerica's property. A significant catastrophic event could materially adversely affect Comerica's operating results.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 2. Properties.**

The executive offices of Comerica are located in the Comerica Bank Tower, 1717 Main Street, Dallas, Texas 75201. Comerica Bank leases five floors of the building, plus an additional 34,238 square feet on the building's lower level, from an unaffiliated third party. The lease for such space used by Comerica and its subsidiaries extends through September 2023. Comerica and its subsidiaries also currently lease 11 floors in the Comerica Tower at One Detroit Center, 500 Woodward Avenue, Detroit, Michigan 48226. Such space is leased through Comerica Bank from an unaffiliated third party. The leases at that building extend through January 2012. Comerica is renovating its owned building at 411 W. Lafayette, Detroit, Michigan as its new Michigan headquarters and the majority of its employees at Comerica Tower will be relocated to that building. As of December 31, 2010, Comerica, through its banking affiliates, operated a total of 511 banking centers, trust services locations, and loan production or other financial services offices, primarily in the States of Texas, Michigan, California, Florida and Arizona. Of these offices, 222 were owned and 289 were leased. As of December 31, 2010, affiliates also operated from leased spaces in Denver, Colorado; Wilmington, Delaware; Oakbrook Terrace, Illinois; Boston and Waltham, Massachusetts; Minneapolis, Minnesota; Princeton and Sea Girt, New Jersey; Las Vegas, Nevada; New York, New York; Rocky Mount and Cary, North Carolina; Granville, Ohio; Memphis, Tennessee; Reston, Virginia; Bellevue and Seattle, Washington; Monterrey, Mexico; Toronto, Ontario, Canada and Windsor, Ontario, Canada. Comerica and its subsidiaries own, among other properties, a check processing center in Livonia, Michigan, a 10-story building in the central business district of Detroit, Michigan that houses certain departments of Comerica and Comerica Bank, and three buildings in Auburn Hills, Michigan, used mainly for lending functions and operations.

#### **Item 3. Legal Proceedings.**

Comerica and certain of its subsidiaries are subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. Comerica believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and, with respect to such legal proceedings, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interests of Comerica and its shareholders. On at least a quarterly basis, Comerica assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. On a case-by-case basis, reserves are established for those legal claims for which it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The actual costs of resolving these claims may be substantially higher or lower than the amounts

reserved. Based on current knowledge, and after consultation with legal counsel, management believes that current reserves are adequate, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on Comerica's consolidated financial condition.

The damages alleged by plaintiffs or claimants may be overstated, unsubstantiated by legal theory, unsupported by the facts, and/or bear no relation to the ultimate award that a court, jury or agency might impose. In view of the inherent difficulty of predicting the outcome of such matters, Comerica cannot state with confidence a range of reasonably possible losses, nor what the eventual outcome of these matters will be. However, based on current knowledge and after consultation with legal counsel, management believes the maximum amount of reasonably possible losses would not have a material adverse effect on Comerica's consolidated financial condition.

**Item 4. (Removed and Reserved).**

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

*Market Information and Holders of Common Stock*

The common stock of Comerica Incorporated is traded on the New York Stock Exchange (NYSE Trading Symbol: CMA). At February 17, 2011, there were approximately 12,167 record holders of Comerica's common stock.

*Sales Prices and Dividends*

Quarterly cash dividends were declared during 2010 and 2009 totaling \$0.25 and \$0.20 per common share per year, respectively. The following table sets forth, for the periods indicated, the high and low sale prices per share of Comerica's common stock as reported on the NYSE Composite Transactions Tape for all quarters of 2010 and 2009, as well as dividend information.

<u>Quarter</u>	<u>High</u>	<u>Low</u>	<u>Dividends Per Share</u>	<u>Dividend Yield*</u>
<b>2010</b>				
Fourth	\$ 43.44	\$ 34.43	\$ 0.10	1.0%
Third	40.21	33.11	0.05	0.5
Second	45.85	35.44	0.05	0.5
First	39.36	29.68	0.05	0.6
<b>2009</b>				
Fourth	\$ 32.30	\$ 26.49	\$ 0.05	0.7%
Third	31.83	19.94	0.05	0.8
Second	26.47	16.03	0.05	0.9
First	21.20	11.72	0.05	1.2

\* Dividend yield is calculated by annualizing the quarterly dividend per share and dividing by an average of the high and low price in the quarter.

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2010

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)</b>
Equity compensation plans approved by security holders(1)	18,929,599	\$48.40	7,474,605(2)(3)
Equity compensation plans not approved by security holders(4)	100,000	\$56.71	0
Total	<u>19,029,599</u>	<u>\$48.44</u>	<u>7,474,605</u>

- (1) Consists of options to acquire shares of common stock, par value \$5.00 per share, issued under the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan, Amended and Restated 1997 Long-Term Incentive Plan, the 1991 Long-Term Incentive Plan, the Amended and Restated Comerica Incorporated Stock Option Plan for Non-Employee Directors, and the Imperial Bank Stock Option Plan (assumed by Comerica in connection with its acquisition of Imperial Bank). Does not include 85,437 restricted stock units equivalent to shares of common stock issued under the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors and outstanding as of December 31, 2010, or 1,816,336 shares of restricted stock issued under Comerica's Amended and Restated 2006 Long-Term Incentive Plan and outstanding as of December 31, 2010. There are no shares available for future issuances under any of these plans other than the Comerica Incorporated Incentive Plan for Non-Employee Directors and Comerica's Amended and Restated 2006 Long-Term Incentive Plan. The Comerica Incorporated Incentive Plan for Non-Employee Directors was approved by the shareholders on May 18, 2004. The 2006 Long-Term Incentive Plan (currently known as the Amended and Restated 2006 Long-Term Incentive Plan) was approved by Comerica's shareholders on May 16, 2006, its amendment and restatement was approved by Comerica's shareholders on April 27, 2010 and its further amendment and restatement was approved by Comerica's Board of Directors on February 22, 2011.
- (2) Does not include shares of common stock purchased or available for purchase by employees under the Amended and Restated Employee Stock Purchase Plan, or contributed or available for contribution by Comerica on behalf of the employees. The Amended and Restated Employee Stock Purchase Plan was ratified and approved by the shareholders on May 18, 2004. Five million shares of Comerica's common stock have been registered for sale or awards to employees under the Amended and Restated Employee Stock Purchase Plan. As of December 31, 2010, 1,834,456 shares had been purchased by or contributed on behalf of employees, leaving 3,165,544 shares available for future sale or awards. If these shares available for future sale or awards under the Employee Stock Purchase Plan were included, the number shown in column (c) would be 10,640,149.
- (3) These shares are available for future issuance under Comerica's Amended and Restated 2006 Long-Term Incentive Plan in the form of options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other stock-based awards and under the Incentive Plan for Non-Employee Directors in the form of options, stock appreciation rights, restricted stock, restricted stock units and other equity-based awards. Under the Amended and Restated 2006 Long-Term Incentive Plan, not more than a total of 4.7 million shares may be used for awards other than options and stock appreciation rights and not more than one million shares are available as incentive stock options. Further, no award recipient may

receive more than 350,000 shares during any calendar year, and the maximum number of shares underlying awards of options and stock appreciation rights that may be granted to an award recipient in any calendar year is 350,000.

- (4) Consists of options to acquire shares of common stock, par value \$5.00 per share, issued under the Amended and Restated Comerica Incorporated Stock Option Plan for Non-Employee Directors of Comerica Bank and Affiliated Banks (terminated March 2004).

Most of the equity awards made by Comerica during 2010 were granted under the shareholder-approved Amended and Restated 2006 Long-Term Incentive Plan.

Plans not approved by Comerica's shareholders include:

*Amended and Restated Comerica Incorporated Stock Option Plan for Non-Employee Directors of Comerica Bank and Affiliated Banks (Terminated March 2004)*—Under the plan, Comerica granted options to acquire up to 450,000 shares of common stock, subject to equitable adjustment upon the occurrence of events such as stock splits, stock dividends or recapitalizations. After each annual meeting of shareholders, each member of the Board of Directors of a subsidiary bank of Comerica who was not an employee of Comerica or of any of its subsidiaries nor a director of Comerica (the "Eligible Directors") automatically was granted an option to purchase 2,500 shares of the common stock of Comerica. Option grants under the plan were in addition to annual retainers, meeting fees and other compensation payable to Eligible Directors in connection with their services as directors. The plan is administered by a committee of the Board of Directors. With respect to the automatic grants, the committee does not and did not have discretion as to matters such as the selection of directors to whom options will be granted, the timing of grants, the number of shares to become subject to each option grant, the exercise price of options, or the periods of time during which any option may be exercised. In addition to the automatic grants, the committee could grant options to the Eligible Directors in its discretion. The exercise price of each option granted was the fair market value of each share of common stock subject to the option on the date the option was granted. The exercise price is payable in full upon exercise of the option and may be paid in cash or by delivery of previously owned shares. The committee may change the option price per share following a corporate reorganization or recapitalization so that the aggregate option price for all shares subject to each outstanding option prior to the change is equivalent to the aggregate option price for all shares or other securities into which option shares have been converted or which have been substituted for option shares. The term of each option cannot be more than ten years. This plan was terminated by the Board of Directors on March 23, 2004. Accordingly, no new options may be granted under this plan.

*Director Deferred Compensation Plans*—Comerica maintains two deferred compensation plans for non-employee directors of Comerica, its subsidiaries and its advisory boards: the Amended and Restated Comerica Incorporated Common Stock Non-Employee Director Fee Deferral Plan (the "Common Stock Deferral Plan") and the Amended and Restated Comerica Incorporated Non-Employee Director Fee Deferral Plan (the "Mutual Fund Deferral Plan"). The Common Stock Deferral Plan allows directors to invest in units that correlate to, and are functionally equivalent to, shares of common stock of Comerica, while the Mutual Fund Deferral Plan allows directors to invest in units that correlate to, and are functionally equivalent to, the shares of certain mutual funds offered under such plan. The Common Stock Deferral Plan previously provided for the mandatory deferral of 50% of the annual retainer of each director of Comerica into shares of common stock of Comerica, but currently has no mandatory deferral. Until the mandatory deferral requirement was discontinued, directors could voluntarily defer the remaining 50% of their director fees (and all other non-employee directors of Comerica's subsidiaries could choose to defer up to 100% of their director fees) under the Common Stock Deferral Plan or the Mutual Fund Deferral Plan, or a combination of the two plans. Currently, all eligible non-employee directors may defer any portion or none of their director fees under the Common Stock Deferral Plan or the Mutual Fund Deferral Plan, or a combination of the two plans.

The directors' accounts under the Common Stock Deferral Plan are increased to the extent of dividends paid on Comerica common stock to reflect the number of additional shares of Comerica's common stock that could have been purchased had the dividends been paid on each share of common stock hypothetically underlying then-outstanding stock units in the directors' accounts. Similarly, the directors' accounts under the Mutual Fund Deferral Plan are increased in connection with the payment of dividends paid on the mutual fund shares to reflect the number of additional shares of mutual fund shares that could have been purchased had the dividends or other distributions been paid on each share of stock hypothetically underlying then-outstanding mutual fund units in the directors' accounts. Following the applicable deferral period, the distribution of a participant's Comerica stock unit account under the Common Stock Deferral Plan is made in Comerica's common stock (with fractional shares being paid in cash), while the distribution of a participant's mutual fund account under the Mutual Fund Deferral Plan is made in cash.

*Employee Deferred Compensation Plans*—Comerica maintains two deferred compensation plans for eligible employees of Comerica and its subsidiaries: the 1999 Comerica Incorporated Amended and Restated Common Stock Deferred Incentive Award Plan (the "Employee Common Stock Deferral Plan") and the 1999 Comerica Incorporated Deferred Compensation Plan (the "Employee Fund Plan"). Under the Employee Common Stock Deferral Plan, eligible employees may defer specified portions of their incentive awards into units that correlate to, and are functionally equivalent to, shares of common stock of Comerica. The employees' accounts under the Employee Common Stock Deferral Plan are increased in connection with the payment of dividends paid on Comerica's common stock to reflect the number of additional shares of Comerica's common stock that could have been purchased had the dividends been paid on each share of common stock hypothetically underlying then-outstanding stock units in the employees' accounts. The deferred compensation under the Employee Common Stock Deferral Plan is payable in shares of Comerica's common stock following termination of service as an employee.

Similarly, under the Employee Fund Plan, eligible employees may defer specified portions of their compensation, including salary, bonus and incentive awards, into units that correlate to, and are functionally equivalent to, shares of certain mutual funds offered under the Employee Fund Plan. Beginning in 1999, no such funds are Comerica stock funds. The employees' accounts under the Employee Fund Plan are increased in connection with the payment of dividends paid on the fund shares to reflect the number of additional shares of the fund stock that could have been purchased had the dividends been paid on each share of fund stock hypothetically underlying then-outstanding stock units in the employees' accounts. The deferred compensation under the Employee Fund Plan is payable in cash following termination of service as an employee.

For additional information regarding Comerica's equity compensation plans, please refer to Note 17 on pages 121 through 123 of the Consolidated Financial Statements contained in Comerica's Annual Report to Shareholders for the year ended December 31, 2010.

### *Purchases of Equity Securities by the Issuer and Affiliated Purchasers*

On November 16, 2010, the Board of Directors of Comerica authorized the purchase of up to 12,576,281 shares of its outstanding common stock, as well as outstanding warrants to purchase up to 11,479,592 shares of Comerica's common stock. There is no expiration date for Comerica's repurchase program. The repurchase program superseded Comerica's previous repurchase programs approved on November 13, 2007 and November 14, 2006, each of which authorized the repurchase of 10 million shares. Comerica made no open market repurchases of its common stock or warrants to purchase its common stock under its repurchase programs in the years ended December 31, 2010, December 31, 2009 or December 31, 2008. The following table summarizes Comerica's monthly repurchase activity during the quarter ended December 31, 2010.

<u>Month Ended</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares and Warrants Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares and Warrants that May Yet Be Purchased Under the Plans or Programs</u>
October 31, 2010	500	\$37.11	—	12,576,281
November 30, 2010	200	\$37.27	—	24,055,873
December 31, 2010	93	\$40.77	—	24,055,873
Total	793	\$37.58	—	

(1) Consists of shares purchased pursuant to deferred compensation plans and shares purchased from employees to pay for grant prices and/or taxes related to stock option exercises and restricted stock vesting under the terms of an employee share-based compensation plan.

For additional information regarding Comerica's repurchase program, please refer to Note 14 on pages 117 through 118 of the Consolidated Financial Statements contained in Comerica's Annual Report to Shareholders for the year ended December 31, 2010.

#### **Item 6. Selected Financial Data.**

The response to this item is included on page 13 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which page is hereby incorporated by reference.

#### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The response to this item is included on pages 14 through 71 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

The response to this item is included on pages 52 through 60 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

#### **Item 8. Financial Statements and Supplementary Data.**

The response to this item is included on pages 72 through 152 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, and in the Statistical Disclosure by Bank Holding Companies on pages 17 through 56 and 101 through 115 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

*Disclosure Controls and Procedures*

As required by Rule 13a-15(b) of the Exchange Act, management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by this Annual Report on Form 10-K, of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Comerica's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

*Internal Control Over Financial Reporting*

Management's annual report on internal control over financial reporting and the related attestation report of Comerica's registered public accounting firm are included on pages 147 and 148 of Comerica's Annual Report to Shareholders for the year ended December 31, 2010, which pages are hereby incorporated by reference.

As required by Rule 13a-15(d) of the Exchange Act, management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting to determine whether any changes occurred during the period covered by this Annual Report on Form 10-K that have materially affected, or are reasonably likely to materially affect, Comerica's internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that there has been no such change during the last quarter of the fiscal year covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, Comerica's internal control over financial reporting.

**Item 9B. Other Information.**

On February 22, 2011, the Board of Directors amended and restated the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan to provide that all future full value equity awards based on time vesting shall have a minimum vesting period of three years, and all future full value equity awards based on performance vesting shall have a minimum vesting period of one year.

The foregoing description is qualified in its entirety by reference to the text of the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

**PART III**

**Item 10. Directors and Executive Officers of the Registrant.**

Comerica has a Senior Financial Officer Code of Ethics that applies to the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Treasurer, the Executive Vice President of Finance and the Controller of Comerica, as applicable. The Senior Financial Officer Code of Ethics is available on Comerica's website at [www.comerica.com](http://www.comerica.com). If any substantive amendments are made to the Senior Financial Officer Code of Ethics or if Comerica grants any waiver, including any implicit waiver, from a provision of the Senior Financial Officer Code of Ethics to the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Treasurer, the Executive Vice President of Finance, or the Controller of Comerica, we will disclose the nature of such amendment or waiver on our web site.

The remainder of the response to this item will be included under the sections captioned “Information About Nominees and Incumbent Directors,” “Committees and Meetings of Directors,” “Committee Assignments,” “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance” of Comerica’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 26, 2011, which sections are hereby incorporated by reference.

**Item 11. Executive Compensation.**

The response to this item will be included under the sections captioned “Compensation Committee Interlocks and Insider Participation”, “Compensation of Executive Officers”, “Compensation Discussion and Analysis”, “Compensation of Directors”, “Governance, Compensation and Nominating Committee Report”, “2010 Summary Compensation Table”, “2010 Grants of Plan-Based Awards”, “Outstanding Equity Awards at Fiscal Year-End 2010”, “2010 Option Exercises and Stock Vested”, “Pension Benefits at Fiscal Year-End 2010”, “2010 Nonqualified Deferred Compensation”, and “Potential Payments upon Termination or Change of Control at Fiscal Year-End 2010” of Comerica’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 26, 2011, which sections are hereby incorporated by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information called for by this item with respect to securities authorized for issuance under equity compensation plans is included under Part II, Item 5 of this Annual Report on Form 10-K.

The response to the remaining requirements of this item will be included under the sections captioned “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” of Comerica’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 26, 2011, which sections are hereby incorporated by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The response to this item will be included under the sections captioned “Director Independence and Transactions of Directors with Comerica,” “Transactions of Executive Officers with Comerica” and “Information about Nominees and Incumbent Directors” of Comerica’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 26, 2011, which sections are hereby incorporated by reference.

**Item 14. Principal Accountant Fees and Services.**

The response to this item will be included under the section captioned “Independent Auditors” of Comerica’s definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 26, 2011, which section is hereby incorporated by reference.

**Comerica Incorporated and Subsidiaries**  
**FORM 10-K CROSS-REFERENCE INDEX**

<p>Certain information required to be included in this Form 10-K is included in the 2010 Annual Report to Shareholders or in the 2011 Proxy Statement used in connection with the 2010 Annual Meeting of Shareholders to be held on April 26, 2011.</p>	<p>The following cross-reference index shows the page location in the 2010 Annual Report to Shareholders or the section of the 2011 Proxy Statement of only that information which is to be incorporated by reference into this Form 10-K.</p>	<p>All other sections of the 2010 Annual Report to Shareholders or the 2011 Proxy Statement are not required in this Form 10-K and are not to be considered a part of this Form 10-K.</p>
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	<b>Page Number of 2010 Annual Report to Shareholders or Section of 2011 Proxy Statement</b>
<b>PART I</b>	
<b>ITEM 1.</b> Business	Included herein; 17-22; 26-30; 35-38; 41-42; 117-118; 136-141
<b>ITEM 1A.</b> Risk Factors	Included herein
<b>ITEM 1B.</b> Unresolved Staff Comments	Included herein
<b>ITEM 2.</b> Properties	Included herein
<b>ITEM 3.</b> Legal Proceedings	
<b>ITEM 4.</b> (Removed and Reserved)	Included herein
<b>PART II</b>	
<b>ITEM 5.</b> Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	Included herein; 117-118; 121-123
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<b>ITEM 9B.</b>	Other Information	Included herein
	<b>PART III</b>	
<b>ITEM 10.</b>	Directors and Executive Officers of the Registrant:	
	Information about Senior Financial Officer Code of Ethics	Included herein
	Other information called for by this item	Included herein
	Information about Nominees and Incumbent Directors, Committees and Meetings of Directors, Committee Assignments, Executive Officers, and Section 16(a) Beneficial Ownership Reporting Compliance	Included herein
<b>ITEM 11.</b>	Executive Compensation	Included herein
	Compensation Committee Interlocks and Insider Participation, Compensation of Executive Officers, Compensation Discussion and Analysis, Compensation of Directors, Governance, Compensation and Nominating Committee Report, 2010 Summary Compensation Table, 2010 Grants of Plan-Based Awards, Outstanding Equity Awards at Fiscal Year-End 2010, 2010 Option Exercises and Stock	Included herein

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Vested, Pension Benefits at  
Fiscal Year-End 2010,  
2010 Non-Qualified  
Deferred Compensation,  
and Potential Payments  
upon Termination or  
Change of Control at Fiscal  
Year-End 2010

<b>ITEM 12.</b> Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters: Information about Securities Authorized for Issuance Under Equity Compensation Plans Other information called for by this item	Included herein
<b>ITEM 13.</b> Certain Relationships and Related Transactions, and Director Independence	Security Ownership of Certain Beneficial Owners and Security Ownership of Management Director Independence and Transactions of Directors with Comerica, Transactions of Executive Officers with Comerica, and Information about Nominees and Incumbent Directors Independent Auditors
<b>ITEM 14.</b> Principal Accountant Fees and Services	Independent Auditors

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed as a part of this report:

1. Financial Statements: The financial statements that are filed as part of this report are listed under Item 8 in the Form 10-K Cross-Reference Index on pages 32-34.
2. All of the schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are either not required under the related instruction, the required information is contained elsewhere in the Form 10-K, or the schedules are inapplicable and therefore have been omitted.
3. Exhibits:
  - 2.1 Agreement and Plan of Merger, dated as of January 16, 2011, by and among Comerica Incorporated, Sterling Bancshares, Inc., and, from and after its accession to the Agreement, Sub (as defined therein) (the schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K) (filed as Exhibit 2.1 to Registrant's Current Report on Form 8-K dated January 16, 2011, and incorporated herein by reference).
  - 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 Amended and Restated Bylaws of Comerica Incorporated (amended and restated May 20, 2008) (filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K dated May 20, 2008, regarding the Registrant's Bylaws, and incorporated herein by reference).
- 4 [Reference is made to Exhibits 3.1 and 3.2 in respect of instruments defining the rights of security holders. 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 Securities and Exchange Commission upon request.]
- 4.1 Warrant Agreement, dated May 6, 2010, between the registrant and Wells Fargo Bank, N.A. (filed as Exhibit 4.1 to Registrant's Registration Statement on Form 8-A dated May 7, 2010, and incorporated herein by reference).
- 4.2 Form of Warrant (filed as Exhibit 4.1 to Registrant's Registration Statement on Form 8-A dated May 7, 2010, and incorporated herein by reference).
- 9 (not applicable)
- 10.1† Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan.
- 10.2† Comerica Incorporated 2006 Amended and Restated Management Incentive Plan (amended and restated November 18, 2008, with amendments effective December 31, 2008) (filed as Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.3† Amended and Restated Benefit Equalization Plan for Employees of Comerica Incorporated (amended and restated March 24, 2009, with amendments effective January 1, 2009) (filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated March 24, 2009, and incorporated herein by reference).
- 10.4† Comerica Incorporated Amended and Restated Employee Stock Purchase Plan (amended and restated November 16, 2010, with amendments effective January 1, 2011).
- 10.5† 1986 Stock Option Plan of Imperial Bancorp (as amended) (filed as Exhibit 10.23 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference).
- 10.6† Comerica Incorporated 1997 Amended and Restated Long-Term Incentive Plan (filed as Exhibit 10.1 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.).
- 10.7† Form of Standard Comerica Incorporated Non-Qualified Stock Option Agreement under the Amended and Restated Comerica Incorporated 1997 Long-Term Incentive Plan (filed as Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and incorporated herein by reference).
- 10.8† Form of Standard Comerica Incorporated Non-Qualified Stock Option Agreement under the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan (filed as Exhibit 10.7 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2006, and incorporated herein by reference).
- 10.9† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Comerica Incorporated 1997 Amended and Restated Long-Term Incentive Plan (filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and incorporated herein by reference).

- 10.10† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan (filed as Exhibit 99.1 to Registrant’s Current Report on Form 8-K dated January 22, 2007, and incorporated herein by reference).
- 10.11† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (non-cliff vesting) under the Amended and Restated Comerica Incorporated 1997 Long-Term Incentive Plan (filed as Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and incorporated herein by reference).
- 10.12† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (non-cliff vesting) under the Amended and Restated Comerica Incorporated 2006 Long-Term Incentive Plan (filed as Exhibit 10.11 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2006, and incorporated herein by reference).
- 10.13† Form of Standard Comerica Incorporated No Sale Agreement under the Comerica Incorporated Amended and Restated Management Incentive Plan (filed as Exhibit 10.5 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and incorporated herein by reference).
- 10.14† Form of Director Indemnification Agreement between Comerica Incorporated and certain of its directors (filed as Exhibit 10.6 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference).
- 10.15† Supplemental Benefit Agreement with Eugene A. Miller (filed as Exhibit 10.1 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, and incorporated herein by reference).
- 10.16† Supplemental Pension and Retiree Medical Agreement with Ralph W. Babb Jr. (filed as Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, and incorporated herein by reference).
- 10.17† Restrictive Covenants and General Release Agreement by and between Dennis J. Mooradian and Comerica Incorporated dated February 20, 2009 (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K on February 25, 2009, and incorporated herein by reference).
- 10.18† 1999 Comerica Incorporated Amended and Restated Deferred Compensation Plan (amended and restated on November 18, 2008, with amendments effective December 31, 2008)(filed as Exhibit 10.18 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.19† 1999 Comerica Incorporated Amended and Restated Common Stock Deferred Incentive Award Plan (amended and restated on November 18, 2008, with amendments effective December 31, 2008) (filed as Exhibit 10.19 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.20† Amended and Restated Comerica Incorporated Stock Option Plan For Non-Employee Directors (amended and restated May 22, 2001) (filed as Exhibit 10.12 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference).
- 10.21† Amended and Restated Comerica Incorporated Stock Option Plan For Non-Employee Directors of Comerica Bank and Affiliated Banks (amended and restated May 22, 2001) (filed as Exhibit 10.13 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference).
- 10.22† Amended and Restated Comerica Incorporated Non-Employee Director Fee Deferral Plan (amended and restated on November 18, 2008, with amendments effective December 31, 2008) (filed as Exhibit 10.22 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).

- 10.23† Amended and Restated Comerica Incorporated Common Stock Non-Employee Director Fee Deferral Plan (amended and restated on November 18, 2008, with amendments effective December 31, 2008) (filed as Exhibit 10.23 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.24† Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (amended and restated on November 18, 2008, with amendments effective December 31, 2008) (filed as Exhibit 10.24 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.25† Form of Standard Comerica Incorporated Non-Employee Director Restricted Stock Unit Agreement under the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (filed as Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, and incorporated herein by reference).
- 10.26† Form of Standard Comerica Incorporated Non-Employee Director Restricted Stock Unit Agreement under the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (Version 2) (filed as Exhibit 10.6 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and incorporated herein by reference).
- 10.27† Form of Change of Control Employment Agreement (BE4 and Higher Version) (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K dated November 18, 2008, and incorporated herein by reference).
- 10.28† Schedule of Named Executive Officers Party to Change of Control Employment Agreement (BE4 and Higher Version)
- 10.29† Form of Change of Control Employment Agreement (BE2—BE3 Version) (filed as Exhibit 10.2 to Registrant’s Current Report on Form 8-K dated November 18, 2008, and incorporated herein by reference).
- 10.30† Waiver of Senior Executive Officers dated November 14, 2008 (filed as Exhibit 10.2 to Registrant’s Current Report on Form 8-K dated November 13, 2008, regarding U.S. Department of Treasury’s Capital Purchase Program, and incorporated herein by reference).
- 10.31† Amendments to Benefit Plans and Related Consent of Senior Executive Officers dated November 14, 2008 (filed as Exhibit 10.3 to Registrant’s Current Report on Form 8-K dated November 13, 2008, regarding U.S. Department of Treasury’s Capital Purchase Program, and incorporated herein by reference).
- 10.32 Letter Agreement dated November 14, 2008 by and between the Registrant and the United States Department of the Treasury (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K dated November 13, 2008, regarding U.S. Department of Treasury’s Capital Purchase Program, and incorporated herein by reference).
- 10.33 Settlement Agreement dated as of November 3, 2006 and enforceable as of November 10, 2006 (filed as Exhibit 10.34 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2006, and incorporated herein by reference).
- 10.34 Implementation Agreement dated July 28, 2005 between Framlington Holdings Limited, Guarantors as named in the Agreement and AXA Investment Managers SA (restated to reflect amendments on September 7, 2005) (filed as Exhibit 10.4 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
- 10.35 Second Amendment Agreement dated October 31, 2005 in relation to an Implementation Agreement dated July 28, 2005 (as amended on September 7, 2005) (filed as Exhibit 10.5 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).

- 10.36 Form of Acceptance relating to the Cash Offer by AXA Investment Managers S.A. for the Entire Issued Share Capital of Framlington Group Limited (filed as Exhibit 10.7 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
- 10.37 FINRA Settlement Term Sheet, dated September 16, 2008 (filed as Exhibit 10.1 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference).
- 10.38 FINRA Letter of Acceptance, Waiver and Consent, effective January 5, 2009 (regarding settlement of auction rate securities investigation)(filed as Exhibit 10.39 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008, and incorporated herein by reference).
- 10.39† Form of Agreement Regarding Portion of Salary Payable in Phantom Stock Units (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K dated January 26, 2010, and incorporated herein by reference).
- 10.40† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan (long-term restricted version) (filed as Exhibit 10.41 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2009, and incorporated herein by reference).
- 10.41† Form of Change of Control Employment Agreement (BE4 and Higher Version without gross-up or window period—current) (filed as Exhibit 10.42 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2009, and incorporated herein by reference).
- 10.42† Restrictive Covenants and General Release Agreement by and between Joseph J. Buttigieg, III and Comerica Incorporated dated April 23, 2010 (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K dated April 23, 2010, and incorporated herein by reference).
- 10.43† Restrictive Covenants and General Release Agreement by and between Mary Constance Beck and Comerica Incorporated dated January 21, 2011 (filed as Exhibit 10.1 to Registrant’s Current Report on Form 8-K dated January 21, 2011, and incorporated herein by reference).
- 10.44† Form of Standard Comerica Incorporated Non-Qualified Stock Option Agreement under the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan (2011 version).
- 10.45† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan (2011 version).
- 10.46† Form of Standard Comerica Incorporated Restricted Stock Award Agreement (non-cliff vesting) under the Amended and Restated Comerica Incorporated 2006 Long-Term Incentive Plan (2011 version).
- 10.47† Form of Standard Comerica Incorporated Restricted Stock Unit Agreement under the Amended and Restated Comerica Incorporated 2006 Long-Term Incentive Plan (2011 version).
- 10.48† Form of Standard Comerica Incorporated Non-Employee Director Restricted Stock Unit Agreement under the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (Version 2.5).
- 10.49† Form of Standard Comerica Incorporated Non-Employee Director Restricted Stock Unit Agreement under the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors (Version 3) (filed as Exhibit 10.1 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, and incorporated herein by reference).
- 11 Statement regarding Computation of Net Income Per Common Share (incorporated by reference from Note 16 on pages 120 and 121 of Registrant’s 2010 Annual Report to Shareholders attached hereto as Exhibit 13).

12	(not applicable)
13	Incorporated Sections of Registrant’s 2010 Annual Report to Shareholders
14	(not applicable)
16	(not applicable)
18	(not applicable)
21	Subsidiaries of Registrant
22	(not applicable)
23.1	Consent of Ernst & Young LLP
24	(not applicable)
31.1	Chairman, President 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	Executive Vice President 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)
33	(not applicable)
34	(not applicable)
35	(not applicable)
99.1	Certification Pursuant to 31 C.F.R. § 30.15 (Principal Executive Officer)
99.2	Certification Pursuant to 31 C.F.R. § 30.15 (Principal Financial Officer)
100	(not applicable)
101*	Financial statements from Annual Report on Form 10-K of the Registrant for the year ended December 31, 2010, formatted in Extensible Business Reporting Language: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of 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.*

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† Management contract or compensatory plan or arrangement.

\* As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections.

File No. for all filings under Exchange Act: 1-10706.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 as of February 28, 2011.

### COMERICA INCORPORATED

By:                   /s/ Ralph W. Babb, Jr.                    
Ralph W. Babb, Jr.  
*Chairman, President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities indicated as of February 28, 2011.

<u>                  /s/ Ralph W. Babb, Jr.                  </u> Ralph W. Babb, Jr.	Chairman, President and Chief Executive Officer and Director (Principal Executive Officer)
<u>                  /s/ Elizabeth S. Acton                  </u> Elizabeth S. Acton	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>                  /s/ Muneera S. Carr                  </u> Muneera S. Carr	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
<u>                  /s/ James F. Cordes                  </u> James F. Cordes	Director
<u>                  /s/ Roger A. Cregg                  </u> Roger A. Cregg	Director
<u>                  /s/ T. Kevin DeNicola                  </u> T. Kevin DeNicola	Director
<u>                  /s/ Jacqueline P. Kane                  </u> Jacqueline P. Kane	Director
<u>                  /s/ Richard G. Lindner                  </u> Richard G. Lindner	Director
<u>                  /s/ Alfred A. Piergallini                  </u> Alfred A. Piergallini	Director
<u>                  /s/ Robert S. Taubman                  </u> Robert S. Taubman	Director
<u>                  /s/ Reginald M. Turner, Jr.                  </u> Reginald M. Turner, Jr.	Director
<u>                  /s/ Nina G. Vaca                  </u> Nina G. Vaca	Director

**COMERICA INCORPORATED**  
**2006 AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN**

**SECTION 1**  
**PURPOSE**

The purpose of Comerica's 2006 Amended and Restated Long-Term Incentive Plan is to align the interests of employees of the Corporation selected to receive awards with those of stockholders by rewarding long term decision-making and actions for the betterment of the Corporation. Accordingly, Eligible Individuals may receive Awards of Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units, Performance Awards and Other Stock-Based Awards. Equity-based compensation assists in the attraction and retention of qualified employees, and provides them with additional incentive to devote their best efforts to pursue and sustain the Corporation's superior long-term performance. This enhances the value of the Corporation for the benefit of its stockholders.

**SECTION 2**  
**DEFINITIONS**

A. "Affiliate" means (i) any corporation, partnership, joint venture or other entity that is controlled by the Corporation, whether directly or indirectly, and (ii) any corporation, partnership, joint venture or other entity in which the Corporation has a significant equity interest, as determined by the Committee; provided, however, that with respect to an Award of an Incentive Stock Option and an Award that is subject to Code Section 409A, the term "Affiliate" shall refer solely to a Subsidiary.

B. "Aggregated Plan" means all agreements, methods, programs, and other arrangements sponsored by the Corporation that would be aggregated with this Plan under Section 1.409A-1(c) of the Regulations.

C. "Award" means an Option, a Stock Appreciation Right, a Share of Restricted Stock, a Restricted Stock Unit, a Performance Award, including a Qualified Performance-Based Award, or an Other Stock-Based Award pursuant to the Plan. Each Award shall be evidenced by an Award Agreement.

D. "Award Agreement" means a written agreement, in a form approved by the Committee, which sets forth the terms and conditions of an Award, including, but not limited to, the Performance Period and/or Restriction Period, as appropriate. Agreements shall be subject to the express terms and conditions set forth herein, and to such other terms and conditions not inconsistent with the Plan as the Committee shall deem appropriate.

E. "Award Recipient" means an Eligible Individual who has been granted an Award under the Plan and has entered into an Award Agreement evidencing the grant of such Award or otherwise accepted the terms of an Award Agreement, including by electronic acceptance or acknowledgement.

F. "Beneficiary" means any person(s) designated by an Award Recipient on a beneficiary designation form submitted to the Plan Administrator, or, if no form has been submitted, any person(s) entitled to receive any amounts owing to such Award Recipient under this Plan upon his or her death by reason of having been named in the Award Recipient's will or trust agreement or having qualified as a taker of the Award Recipient's property under the laws of intestacy. If an Award Recipient authorizes any person, in writing, to exercise such individual's Options or Stock Appreciation Rights following the Award Recipient's death, the term "Beneficiary" shall include any person in whose favor such Options or Stock Appreciation Rights are exercised by the person authorized to exercise the Options or Stock Appreciation Rights.

G. "Board" means the Board of Directors of the Corporation.

H. "Cause" means (1) conviction of the Award Recipient for committing a felony under Federal law or the law of the state in which such action occurred, (2) dishonesty in the course of fulfilling the Award Recipient's employment duties, (3) willful and deliberate failure on the part of the Award Recipient to perform his or her employment duties in any material respect, or (4) before a Change of Control, such other events as shall be determined by the Committee. Before a Change of Control, the Committee shall, unless otherwise provided in an Individual Agreement with the Award Recipient, have the sole discretion to determine whether "Cause" exists, and its determination shall be final.

I. "Change of Control" shall have the meaning set forth in Exhibit A to this Plan.

J. "Code" means the Internal Revenue Code of 1986, as amended.

K. "Committee" means the Governance, Compensation and Nominating Committee of the Board or such other committee of the Board as the Board may from time to time designate, which, with respect to the establishment of Performance Measures, shall be composed solely of not less than two outside directors (as described under Regulations Section 1.162-27(e)(3)), and shall be appointed by and serve at the pleasure of the Board.

L. "Corporation" means Comerica Incorporated, a Delaware corporation, and its successors and assigns.

M. "Date of Grant" means the effective date of an Award granted by the Committee to an Award Recipient.

N. "Disabled" or "Disability" means "Totally Disabled" (or any derivation of such term) within the meaning of the Long-Term Disability Plan of Comerica Incorporated, or if there is no such plan, "Disability" as determined by the Committee. However, with respect to the rules relating to Incentive Stock Options, the term "Disabled" shall mean disabled as that term is utilized in Sections 422 and 22(e)(3) of the Code, or any successor Code provisions relating to ISOs. Furthermore, with respect to Awards subject to Section 409A of the Code, "Disabled" shall not have either

of the prior meanings, but shall mean an Award Recipient's inability to engage in any substantial gainful activity due to a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

O. "Disaffiliation" means a Subsidiary's or Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Corporation, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Corporation and its Affiliates.

P. "Eligible Individual" means any officers and employees of the Corporation or any of its Subsidiaries or Affiliates, and prospective officers and employees who have accepted offers of employment from the Corporation or its Subsidiaries or Affiliates. Notwithstanding the foregoing, an Eligible Individual for purposes of receipt of the grant of an ISO shall be limited to those individuals who are eligible to receive ISOs under rules set forth in the Code and applicable Regulations.

Q. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

R. "Fair Market Value" means the closing price of a Share on the New York Stock Exchange as reported on the Composite Tape as published in the Wall Street Journal; if, however, there is no trading of Shares on the date in question, then the closing price of the Shares as so reported, on the last preceding trading day shall instead be used to determine Fair Market Value. If Fair Market Value for any date in question cannot be determined as provided above, Fair Market Value shall be determined by the Committee in its good faith discretion based on a reasonable valuation method in accordance with the Regulations and applicable guidance promulgated under Code Section 409A.

S. "Incentive Stock Option" or "ISO Award" means an Option granted pursuant to the Plan that is designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.

T. "Nonqualified Stock Option" or "NQSO Award" means an Option granted pursuant to the Plan that is not intended to be, or does not qualify as, an Incentive Stock Option.

U. "Option" means a Nonqualified Stock Option or an Incentive Stock Option granted pursuant to Section 6(A) of the Plan.

V. "Other Stock-Based Award" means any right granted under Section 6(F) of the Plan.

W. "Performance Award" means any Award, including a Qualified Performance-Based Award, granted pursuant to Section 6(E) of the Plan.

X. “Performance Measures” means the performance goals established by the Committee and relating to a Performance Period in connection with the grant of an Award. In the case of any Qualified Performance-Based Award, such goals shall be (i) based on the attainment of specified levels of one or more of the following measures (a) earnings per share, (b) return measures (including, but not limited to, return on assets, equity or sales), (c) net income (before or after taxes), (d) cash flow (including, but not limited to, operating cash flow and free cash flow), (e) cash flow return on investments, which equals net cash flows divided by owner’s equity, (f) earnings before or after taxes, interest, depreciation and/or amortization, (g) internal rate of return or increase in net present value, (h) gross revenues, (i) gross margins or (j) stock price (including, but not limited to, growth measures and total stockholder return) and (ii) set by the Committee within the time period prescribed by Section 162(m) of the Code. Performance Measures may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated and may be based on or adjusted for any other objective goals, events, or occurrences established by the Committee for a Performance Period. Such Performance Measures may be particular to a line of business, Subsidiary or other unit or may be based on the performance of the Corporation generally. Such Performance Measures may cover the Performance Period(s) as specified by the Committee. Performance Measures may be adjusted by the Committee in its sole discretion to eliminate the unbudgeted effects of charges for restructurings, charges for discontinued operations, charges for extraordinary items and other unusual or non-recurring items of loss or expense, merger related charges, cumulative effect of accounting changes, the unbudgeted financial impact of any acquisition or divestiture made during the applicable Performance Period, and any direct or indirect change in the Federal corporate tax rate affecting the Performance Period, each as defined by generally accepted accounting principles and identified in the audited financial statements, notes to the audited financial statements, management’s discussion and analysis or other Corporation filings with the Securities and Exchange Commission

Y. “Performance Period” means the period designated by the Committee during which the Performance Measures applicable to an Award shall be measured. The Performance Period shall be established at or before the time of the grant of the Award, and the length of any Performance Period shall be within the discretion of the Committee.

Z. “Plan” means the Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan, as may be amended from time to time.

AA. “Qualified Performance-Based Award” means an Award intended to qualify for the Section 162(m) Exemption, as provided in Section 7.

BB. “Regulations” means the Treasury Regulations promulgated under the Code.

CC. “Restriction Period” means the period designated by the Committee during which Shares of a Restricted Stock Award remain forfeitable or a Restricted Stock Unit Award is subject to vesting requirements.

DD. “Restricted Stock” or “Restricted Stock Award” means an award of Shares pursuant to Section 6(C) of the Plan subject to the terms, conditions and such restrictions as may be determined by the Committee and set forth in the applicable Award Agreement. Shares of Restricted Stock shall constitute issued and outstanding Shares for all corporate purposes.

EE. “Restricted Stock Units” or “Restricted Stock Unit Award” means an Award granted pursuant to Section 6(D) of the Plan denominated in Shares subject to the terms, conditions and restrictions determined by the Committee and set forth in the applicable Award Agreement.

FF. “Retirement” means, unless otherwise provided in an Award Agreement or determined by the Committee, an Award Recipient’s Termination of Employment (or with respect to Awards subject to Code Section 409A, an Award Recipient’s Separation from Service) at or after age 65 or after attainment of both age 55 and ten (10) years of service with the Corporation and Affiliates.

GG. “Section 162(m) Exemption” means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code.

HH. “Separation from Service” means, with respect to any Award that is subject to Code Section 409A, the date on which the Corporation and the Award Recipient reasonably anticipate a permanent reduction in the level of bona fide services performed by the Award Recipient for the Corporation or any Affiliate to 20% or less of the average level of bona fide services performed by the Award Recipient for the Corporation or any Affiliate (whether as an employee or an independent contractor) in the immediately preceding thirty-six (36) months (or the full period of service to the Corporation and any Affiliate if the Award Recipient has been providing services to the Corporation and its Affiliates for less than thirty-six (36) months). The determination of whether a Separation from Service has occurred shall be made by the Plan Administrator in accordance with the provisions of Code Section 409A and the Regulations promulgated thereunder.

II. “Share” means a share of common stock, \$5.00 par value, of the Corporation or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 3(D) of the Plan.

JJ. “Specified Employee” means a key employee of the Corporation as defined in Code Section 416(i) without regard to paragraph (5) thereof. The determination of whether an Award Recipient is a Specified Employee shall be made by the Committee as of the specified employee identification date adopted by the

Corporation in accordance with the provisions of Code Section 409A and the Regulations promulgated thereunder.

KK. “Stock Appreciation Right” or “SAR Award” means a right granted under Section 6(B) of the Plan.

LL. “Subsidiary” means any entity (other than the Corporation) in an unbroken chain of entities beginning with the Corporation, provided each entity (other than the last entity) in the unbroken chain owns, at the time of the determination, ownership interests possessing fifty percent (50%) or more of the total combined voting power of all classes of ownership interests in one of the other entities in such chain; provided, however, with respect to any Award that is an Incentive Stock Option, the term “Subsidiary” shall refer solely to an entity that is taxed under Federal tax law as a corporation.

MM. “Tax Withholding Date” shall mean the earliest date the obligation to withhold tax with respect to an Award arises.

NN. “Term” means the maximum period during which an Option or Stock Appreciation Right may remain outstanding (subject to earlier termination upon Termination of Employment or otherwise) as specified in the applicable Award Agreement or, to the extent not specified in the Award Agreement, as provided in the Plan.

OO. “Termination of Employment” means the termination of the applicable Award Recipient’s employment with the Corporation and any of its Affiliates. An Award Recipient employed by an Affiliate or a division of the Corporation or any of its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Affiliate or division ceases to be an Affiliate or division, as the case may be, and the Award Recipient does not immediately thereafter become an employee of the Corporation or an Affiliate. Neither a temporary absence from employment because of illness, vacation or leave of absence nor a transfer among the Corporation and its Affiliates shall be considered a Termination of Employment.

### **SECTION 3 STOCK SUBJECT TO THE PLAN**

A. Plan Maximums. The maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be the sum of (i) thirteen-and-one-half million (13,500,000), (ii) any Shares available for future awards under the Amended and Restated Comerica Incorporated 1997 Long-Term Incentive Plan (the “Prior Plan”) as of the Effective Date, and (iii) any Shares that are represented by awards granted under the Prior Plan which are forfeited, expire or are cancelled without delivery of Shares or which result in the forfeiture of Shares back to the Corporation. No additional Shares will be granted pursuant to the terms of the Prior Plan as of the Effective Date of the Plan. The maximum number of Shares that may be delivered pursuant to Options intended to be Incentive Stock Options shall be one million (1,000,000) Shares. No more than 4.7 million (4,700,000) Shares may be issued during the term of the Plan

pursuant to Awards other than Options and Stock Appreciation Rights. Shares subject to an Award under the Plan may be authorized and unissued Shares or treasury Shares.

B. Individual Limits. No Award Recipient may be granted Awards with respect to more than 350,000 Shares in any calendar year, and the maximum number of Shares underlying Awards of Options and Stock Appreciation Rights that may be granted to an Award Recipient in any calendar year is 350,000.

C. Rules for Calculating Shares Delivered. Any Shares covered by an Award that has been granted shall be counted as used under the Plan as of the Date of Grant. To the extent that any Award is forfeited, or any Option or Stock Appreciation Right terminates, expires or lapses without being exercised, the Shares subject to such Awards not delivered as a result thereof shall again be available for Awards under the Plan. The following Shares, however, may not again be made available for issuance in respect of Awards under this Plan: (i) Shares not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right; (ii) Shares used to pay the exercise price or withholding taxes related to an outstanding Award; or (iii) Shares repurchased by the Corporation on the open market with the proceeds of an Option exercise price to settle an Option.

D. Adjustment Provision. In the event of (i) a stock dividend, stock split, reverse stock split, share combination, or recapitalization or similar event affecting the capital structure of the Corporation (each, a "Share Change"), or (ii) a merger, consolidation, acquisition of property or shares, separation, spinoff, reorganization, stock rights offering, liquidation, Disaffiliation, or similar event affecting the Corporation or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable, if any, to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 3(A) and 3(B) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards, and (D) the exercise price of outstanding Options and Stock Appreciation Rights, provided that the aggregate exercise price or aggregate grant price of the Options or Stock Appreciation Rights is not less than the aggregate exercise price or aggregate grant price before the Corporate Transaction. In the case of Corporate Transactions, such adjustments may include, without limitation, (1) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which stockholders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Option or Stock Appreciation Right shall conclusively be deemed valid); (2) the substitution of other property (including, without

limitation, cash or other securities of the Corporation and securities of entities other than the Corporation) for the Shares subject to outstanding Awards; and (3) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Corporation and securities of entities other than the Corporation), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Corporation securities). Any such adjustments shall be made in a manner that (i) with respect to Awards that are not considered to be deferred compensation within the meaning of Section 409A of the Code immediately prior to such adjustment, would not cause such Awards to become deferred compensation subject to Section 409A of the Code and (ii) with respect to Awards that are considered deferred compensation within the meaning of Section 409A of the Code, would not cause such Awards to be non-compliant with the requirements of Section 409A of the Code.

#### **SECTION 4 ADMINISTRATION**

A. Committee. The Plan shall be administered by the Committee. In addition to any implied powers and duties that may be needed to carry out the provisions of the Plan, the Committee shall have all the powers vested in it by the terms of the Plan, including exclusive authority to: select Eligible Individuals; to make Awards; to determine the type, size, terms and timing of Awards (which need not be uniform); to accelerate the vesting of Awards, including upon the occurrence of a Change of Control of the Corporation or an Award Recipient's Termination of Employment; to prescribe the form of the Award Agreement; to modify, amend or adjust the terms and conditions of any Award, subject to Sections 7 and 10; to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Award Agreement relating thereto); make any other determinations it believes necessary or advisable in connection with the administration of the Plan; correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement; establish any "blackout" period that the Committee in its sole discretion deems necessary or advisable; and to otherwise administer the Plan.

B. Procedures. Determinations of the Committee shall be made by a majority vote of its members at a meeting at which a quorum is present or pursuant to a unanimous written consent of its members. A majority of the members of the Committee shall constitute a quorum. Subject to Section 7(D), any authority granted to the Committee may also be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control. The Committee may authorize any one or more of its members, or any officer of the Corporation, to execute and deliver documents on behalf of the Committee.

Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may (i) allocate all or any portion of its responsibilities and powers to any one or more of its members and/or (ii) delegate all or any part of its responsibilities and powers to any person or persons selected by it, *provided* that, the Committee may not delegate its responsibilities and powers if such delegation would cause an Award made to an individual subject to Section 16 of the Exchange Act not to qualify for an exemption from Section 16(b) of the Exchange Act or cause an Award intended to be a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption. Any such allocation or delegation may be revoked by the Committee at any time.

All decisions made by the Committee (or any person or persons to whom the Committee has allocated or delegated all or any portion of its responsibilities and powers in accordance with this Plan) shall be final and binding on all persons, including the Corporation, its Affiliates, Subsidiaries, stockholders, Eligible Individuals, Award Recipients, Beneficiaries and other interested parties.

C. Discretion of the Committee. Subject to Section 1(G), any determination made by the Committee or by an appropriately delegated officer pursuant to delegated authority under the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Corporation, Award Recipients and Eligible Individuals.

D. Cancellation or Suspension of Awards. The Committee may cancel all or any portion of any Award, whether or not vested or deferred, as set forth below. Upon cancellation, the Award Recipient shall forfeit the Award and any benefits attributable to such canceled Award or portion thereof. The Committee may cancel an Award if, in its sole discretion, the Committee determines in good faith that the Award Recipient has done any of the following: (i) committed a felony; (ii) committed fraud; (iii) embezzled; (iv) disclosed confidential information or trade secrets; (v) was terminated for Cause; (vi) engaged in any activity in competition with the business of the Corporation or any Subsidiary or Affiliate of the Corporation; or (vii) engaged in conduct that adversely affected the Corporation. The Executive Vice President — Director of Human Resources, or such other person designated from time to time by the Chief Executive Officer of the Corporation (the “Delegate”), shall have the power and authority to suspend all or any portion of any Award if the Delegate makes in good faith the determination described in the preceding sentence. Any such suspension of an Award shall remain in effect until the suspension shall be presented to and acted on by the Committee at its next meeting. This Section 4(D) shall have no application for a two year period following a Change of Control of the Corporation.

## SECTION 5 ELIGIBILITY

Awards may only be made to Eligible Individuals.

## SECTION 6 AWARDS

A. Options. The Committee may grant Options to Eligible Individuals in accordance with the provisions of this subsection subject to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine to be appropriate.

1. Exercise Price. The exercise price per Share of an Option shall be determined by the Committee; *provided, however*, that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant of such Option, and such exercise price may not be decreased during the Term of the Option except pursuant to an adjustment in accordance with Section 3(D).

2. Option Term. The Term of each Option shall be fixed by the Committee and the maximum Term of each Option shall be ten (10) years.

3. Time and Manner of Exercise. The Committee shall determine the time or times at which an Option may be exercised, and the manner in which (including, without limitation, cash, Shares, other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price) payment of the exercise price with respect thereto may be made, or deemed to have been made. The Committee may authorize the use of any form of “cashless” exercise of an Option that is legally permissible.

4. Employment Status. Except as provided in paragraphs (a) through (d) below or as may otherwise be provided by the Committee (either at the time of grant of an Option or thereafter), an Award Recipient’s Options and Stock Appreciation Rights shall be immediately forfeited upon his or her Termination of Employment.

a. Retirement. An Award Recipient’s Retirement shall not affect any Option outstanding as of the Termination of Employment due to Retirement other than those granted in the calendar year of Retirement. All Options outstanding as of the Termination of Employment due to Retirement other than those granted in the calendar year of such Termination of Employment shall continue to vest pursuant to the vesting schedule applicable to such Options, and any vested Options outstanding as of the Termination of Employment due to Retirement (including any ISO held by an Award Recipient who is not Disabled) shall continue in full force and effect for the remainder of the Term of the Option. All Options granted in the calendar year of Termination of Employment due to

Retirement that have not otherwise vested as of such termination shall terminate upon the date of Retirement.

b. Disability. Upon the cessation of the Award Recipient's employment due to Disability, any Option held by such individual that was exercisable immediately before the Termination of Employment due to Disability shall continue to be exercisable until the earlier of (i) the third anniversary of the Award Recipient's Termination of Employment (or, in the case of any ISO held by an Award Recipient who is Disabled, the first anniversary of the Award Recipient's Termination of Employment) and (ii) the expiration of the Term of the Option.

c. Death. Upon the Award Recipient's death (whether during his or her employment with the Corporation or an Affiliate or during any otherwise applicable post-termination exercise period, which in the case of an ISO, shall not exceed three (3) months), any Option held by such individual that was exercisable immediately before the Termination of Employment shall continue to be exercisable by the Beneficiary(ies) of the decedent, until the earlier of (i) the first anniversary of the date of the Award Recipient's death and (ii) the expiration of the Term of the Option.

d. Other Terminations of Employment. Upon the Award Recipient's Termination of Employment for any reason other than Retirement, Disability, death or for Cause, any Option held by such individual that was exercisable immediately before the Termination of Employment shall continue to be exercisable until the earlier of (i) the expiration of the three-month period following the Award Recipient's Termination of Employment and (ii) the expiration of the Term of the Option.

e. Extension or Reduction of Exercise Period. In any of the foregoing circumstances, subject to Section 8, the Committee may extend or shorten the exercise period, but may not extend any such period beyond the Term of the Option as originally established (or, insofar as this paragraph relates to Stock Appreciation Rights, the Term of the SAR Award as originally established). Further, with respect to ISOs, as a condition of any such extension, the holder shall be required to deliver to the Corporation a release which provides that such individual will hold the Corporation and/or Affiliates harmless with respect to any adverse tax consequences the individual may suffer by reason of any such extension.

B. Stock Appreciation Right Awards. The Committee may grant Stock Appreciation Rights to Eligible Individuals in accordance with the provisions of this subsection subject to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine to be appropriate. The Term of each SAR Award shall be fixed by the Committee and the maximum Term of each SAR Award shall be ten (10) years. A Stock Appreciation Right granted under the Plan

shall confer on the Award Recipient a right to receive upon exercise thereof the excess (if any) of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right Award as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the Date of Grant of the Stock Appreciation Right. Subject to the terms of the Plan, the Committee shall determine the grant price, Term, manner of exercise, dates of exercise, methods of settlement (cash, Shares or a combination thereof) and any other terms and conditions of any SAR Award. The Committee may impose such conditions or restrictions on the exercise of any SAR Award as it may deem appropriate. Except as otherwise provided by the Committee or in an Award Agreement, any SAR Award must be exercised during the period of the Award Recipient's employment with the Corporation or Affiliate, *provided* that the provisions of Section 6(A)(4)(a)-(e) hereof shall apply for purposes of determining the exercise period in the event of the Award Recipient's Retirement, Disability, death or other Termination of Employment.

C. Restricted Stock Awards. The Committee may make Restricted Stock Awards to Eligible Individuals in accordance with the provisions of this subsection subject to such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine to be appropriate.

1. Nature of Restrictions. Restricted Stock Awards shall be subject to such restrictions, including Performance Measures, as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Subject to the Committee's authority under Section 6(C)(3) below, the minimum Restriction Period with respect to a Restricted Stock Award that is subject to restrictions that are Performance Measures shall be one (1) year, and the minimum Restriction Period with respect to a Restricted Stock Award that is subject to restrictions that are not Performance Measures shall be three (3) years. The Committee may, as of the Date of Grant, designate an Award of Restricted Stock that is subject to Performance Measures as a Qualified Performance-Based Award.

2. Stock Certificates. Restricted Stock Awards granted under the Plan shall be evidenced by the issuance of a stock certificate(s), which shall be held by the Corporation. Such certificate(s) shall be registered in the name of the Award Recipient and shall bear an appropriate legend which refers to the restrictions applicable to such Restricted Stock Award. Alternatively, shares of Restricted Stock under the Plan may be recorded in book entry form.

3. Forfeiture; Delivery of Shares. Except as may be otherwise provided in an Award Agreement, upon an Award Recipient's Termination of Employment (as determined under criteria established by the Committee) during the applicable Restriction Period, all Shares of Restricted Stock shall be immediately forfeited and revert to the Corporation; *provided, however*, that the

Committee may waive, in whole or in part, any or all remaining restrictions applicable to the Restricted Stock Award. Shares comprising any Restricted Stock Award held by the Corporation that are no longer subject to restrictions shall be delivered to the Award Recipient (or his or her Beneficiary) promptly after the applicable restrictions lapse or are waived.

D. Restricted Stock Unit Awards. The Committee may grant Awards of Restricted Stock Units to Eligible Individuals, subject to Section 8 hereof and such other terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine to be appropriate. A Restricted Stock Unit shall represent an unfunded, unsecured right to receive one Share or cash equal to the Fair Market Value of a Share.

1. Nature of Restrictions. Restricted Stock Unit Awards shall be subject to such restrictions, including Performance Measures, as the Committee may impose, which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Subject to the Committee's authority under Section 6 (D)(3) below, the minimum Restriction Period with respect to a Restricted Stock Unit Award that is subject to restrictions that are Performance Measures shall be one (1) year, and the minimum Restriction Period with respect to a Restricted Stock Unit Award that is subject to restrictions that are not Performance Measures shall be three (3) years. The Committee may, as of the Date of Grant, designate an Award of Restricted Stock as a Qualified Performance-Based Award.

2. Rights as a Stockholder. An Eligible Individual to whom Restricted Stock Units are granted shall not have any rights of a stockholder of the Corporation with respect to the Share represented by the Restricted Stock Unit Award. If so determined by the Committee, in its sole and absolute discretion, Restricted Stock Units may include a dividend equivalent right, pursuant to which the Award Recipient will either receive cash amounts (either paid currently or on a contingent basis) equivalent to the dividends and other distributions payable with respect to the number of Shares represented by the Restricted Stock Units, or additional Restricted Stock Units with a Fair Market Value equal to such dividends and other distributions, as specified in the Award Agreement. Dividend equivalent rights that the Committee determines are subject to Section 409A of the Code shall be paid or settled in accordance with Section 8 hereof.

3. Forfeiture/Settlement. Except as may be otherwise provided in an Award Agreement, upon an Award Recipient's Termination of Employment (as determined under criteria established by the Committee) during the applicable Restriction Period, all Restricted Stock Units shall be immediately forfeited; *provided, however*, that the Committee may waive, in whole or in part, any or all remaining vesting requirements or restrictions applicable to the Restricted Stock Unit Award. Subject to Section 11(D) hereof, an Award of Restricted Stock Units shall be settled in Shares as and when the Restricted Stock Units vest or at a later time permitted under Section 8 hereof and specified by the Committee in the Award Agreement.

E. Performance Awards. The Committee may grant Performance Awards (designated as Qualified Performance-Based Awards or not) to Eligible Individuals in accordance with the provisions of this Section 6(E), subject to Section 8 hereof and such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine to be appropriate. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Shares), other securities, other Awards, or other property, and (ii) shall confer on the Award Recipient the right to receive a dollar amount or number of Shares upon the attainment of Performance Measures during any Performance Period, as established by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, the Performance Measures to be achieved during any Performance Period, the length of any Performance Period and the amount of any payment or number of Shares in respect of a Performance Award shall be determined by the Committee.

F. Other Stock-Based Awards. The Committee may grant Other Stock-Based Awards to Eligible Individuals in accordance with the provisions of this Section 6(F), subject to Section 8 hereof and such other additional terms and conditions, including Performance Measures, not inconsistent with the provisions of the Plan, as the Committee shall determine. Other Stock-Based Awards may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan.

G. General. Except as otherwise specified in the Plan or an applicable Award Agreement, the following provisions shall apply to Awards granted under the Plan:

1. Consideration for Awards. Other than the payment of the exercise price or grant price in connection with the exercise of an Option or Stock Appreciation Right, Awards shall be made without monetary consideration or for such minimal monetary consideration as may be required by applicable law. In no event may any Option or Stock Appreciation Right granted under this Plan be amended, other than pursuant to Section 3(D), to decrease the exercise or grant price thereof, be cancelled in conjunction with the grant of any new Option or Stock Appreciation Right with a lower exercise or grant price, or otherwise be subject to any action that would be treated, for accounting purposes, as a “repricing” of such Option or Stock Appreciation Right, unless such amendment, cancellation, or action is approved by the Corporation’s stockholders.

2. Forms of Payment under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers of Shares to be made by the Corporation or an Affiliate upon the grant, exercise or satisfaction of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, or in installments, and may be made upon vesting or such

later date permitted under Section 8 hereof and specified in the applicable Award Agreement, and, in each case, in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments.

3. Limits on Transfer of Awards. No Award and no right under any such Award shall be transferable by an Award Recipient otherwise than by will or by the laws of intestacy; *provided, however*, that, an Award Recipient may, in the manner established by the Committee, designate a Beneficiary to exercise the rights of the Award Recipient and to receive any property distributable with respect to any Award upon the death of the Award Recipient. Each Award or right under any Award shall be exercisable during the Award Recipient's lifetime only by the Award Recipient or, if permissible under applicable law, by the Award Recipient's guardian or legal representative. No Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Corporation or any Affiliate.

4. Term of Awards. Subject to any specific provisions of the Plan, the term of each Award shall be for such period as may be determined by the Committee.

5. Securities Law Restrictions. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, or the rules, regulations and other requirements of the Securities and Exchange Commission, the New York Stock Exchange, any other exchange on which Shares may be eligible to be traded or any applicable federal or state securities laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

6. Deferring Awards. Under no circumstances may an Award Recipient elect to defer, until a time or times later than the exercise of an Option or a Stock Appreciation Right or the settlement or distribution of Shares or cash in respect of other Awards, receipt of all or a portion of the Shares or cash subject to such Award, or dividends and dividend equivalents payable thereon.

## **SECTION 7 QUALIFIED PERFORMANCE-BASED AWARDS**

A. Section 162(m) Exemption. The provisions of this Plan are intended to ensure that all Options and Stock Appreciation Rights granted hereunder to any Award Recipient who is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) or otherwise subject to Section 162(m) in the tax year in which such Option or Stock Appreciation Right is expected to be deductible to the Corporation qualify for the Section 162(m) Exemption, and all such Awards shall therefore be

considered Qualified Performance-Based Awards and this Plan shall be interpreted and operated consistent with that intention (including, without limitation, to require that all such Awards be granted by a committee composed solely of members who satisfy the requirements for being “outside directors” for purposes of the Section 162(m) Exemption (“Outside Directors”). When granting any Award other than an Option or Stock Appreciation Right, the Committee may designate such Award as a Qualified Performance-Based Award, based upon a determination that (i) the recipient is or may be a “covered employee” (within the meaning of Section 162(m)(3) of the Code) or otherwise subject to Section 162(m) with respect to such Award, and (ii) the Committee wishes such Award to qualify for the Section 162(m) Exemption, and the terms of any such Award (and of the grant thereof) shall be consistent with such designation (including, without limitation, that all such Awards be granted by a committee composed solely of Outside Directors).

B. Limitation on Amendment. Each Qualified Performance-Based Award (other than an Option or Stock Appreciation Right) shall be earned, vested and payable (as applicable) only upon the achievement of one or more Performance Measures, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate, and no Qualified Performance-Based Award may be amended, nor may the Committee exercise any discretionary authority it may otherwise have under this Plan with respect to a Qualified Performance-Based Award, in any manner that would cause the Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption; *provided, however*, that (i) the Committee may provide, either in connection with the grant of the applicable Award or by amendment thereafter, that achievement of such Performance Measure will be waived upon the death or Disability of the Award Recipient (or under any other circumstance with respect to which the existence of such possible waiver will not cause the Award to fail to qualify for the Section 162(m) Exemption), and (ii) any rights to vesting or accelerated payment on a Change of Control shall apply notwithstanding this Section 7(B).

C. Maximum Cash Award. For purposes of the Section 162(m) Exemption, the maximum amount of compensation payable with respect to an Award granted under the Plan to any Award Recipient who is a “covered employee” (as defined in Section 162(m) of the Code) that is denominated as a dollar amount will not exceed \$5,000,000 for any calendar year.

D. Limitation on Action by the Full Board. The full Board shall not be permitted to exercise authority granted to the Committee to the extent that the grant or exercise of such authority would cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption.

**SECTION 8**  
**SECTION 409A OF THE CODE**

It is the intention of the Corporation that no Award shall be “deferred compensation” subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. If the Committee determines that an Award is subject to Section 409A of the Code, then the Award shall be paid or settled only upon the Award Recipient’s death, Disability, or Separation from Service, or upon a Change of Control, or upon such date(s) or pursuant to a schedule designated by the Committee, as specified in the applicable Award Agreement, subject to the following provisions:

1. Delay for Specified Employees. Notwithstanding any provision of this Plan or the terms of an Award Agreement to the contrary, an Award that is granted to a Specified Employee and that is to be paid or settled upon such Specified Employee’s Separation from Service shall not be paid or settled prior to the earlier of (i) the first business date following six months after the date of such Specified Employee’s Separation from Service or (ii) the Specified Employee’s death.

2. Distribution in the Event of Income Inclusion Under Code Section 409A. If an Award fails to meet the requirements of Section 409A of the Code, the Award Recipient may receive payment in connection with the Award before the Award would otherwise be paid, provided, however, that the amount paid to the Award Recipient shall not exceed the lesser of: (i) the amount payable under such Award, or (ii) the amount to be reported pursuant to Section 409A of the Code on the applicable Form W-2 (or Form 1099) as taxable income to the Award Recipient.

3. Distribution Necessary to Satisfy Applicable Tax Withholding. If the Corporation is required to withhold amounts to pay the Award Recipient’s portion of the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121 (a) or 3121(v)(2) with respect to an amount that is or will be paid to the Award Recipient under the Award before the amount otherwise would be paid, the Committee may withhold an amount equal to the lesser of: (i) the amount payable under such Award, or (ii) the aggregate of the FICA taxes imposed and the income tax withholding related to such amount.

4. Delay in Payments Subject to Code Section 162(m). In the event the Corporation reasonably anticipates that the payment of benefits under an Award would result in the loss of the Corporation’s Federal income tax deduction with respect to such payment due to the application of Code Section 162(m), the Committee may delay the payment of all such benefits under the Award until (i) the first taxable year in which the Corporation reasonably anticipates, or should reasonably anticipate, that if the payment were made during such year, the deduction of such payment would not be barred by application of Code Section

162(m) or (ii) during the period beginning with the date of the Award Recipient's Separation from Service (or, for Specified Employees, the date which is six (6) months after the date of the Award Recipient's Separation from Service) and ending on the later of (A) the last day of the taxable year of the Corporation which includes such date or (B) the 15th day of the third month following the date of the Award Recipient's Separation from Service (or, for Specified Employees, the date which is six (6) months after the date of the Award Recipient's Separation from Service).

5. Delay for Payments in Violation of Federal Securities Laws or Other Applicable Law. In the event the Corporation reasonably anticipates that the payment of benefits under an Award would violate Federal securities laws or other applicable law, the Committee may delay the payment until the earliest date at which the Corporation reasonably anticipates that making of such payment would not cause such violation.

6. Delay for Insolvency or Compelling Business Reasons. In the event the Corporation determines that the making of any payment of benefits on the date specified under an Award would jeopardize the ability of the Corporation to continue as a going concern, the Committee may delay the payment of benefits until the first calendar year in which the Corporation notifies the Committee that the payment of benefits would not have such effect.

7. Administrative Delay in Payment. In the case of administrative necessity, the payment of benefits under an Award may be delayed up to the later of the last day of the calendar year in which payment would otherwise be made or the 15th day of the third calendar month following the date on which payment would otherwise be made. Further, if, as a result of events beyond the control of the Award Recipient (or following the Award Recipient's death, the Award Recipient's Beneficiary), it is not administratively practicable to calculate the amount of benefits due to the Award Recipient as of the date on which payment would otherwise be made, the payment may be delayed until the first calendar year in which calculation of the amount is administratively practicable.

8. No Award Recipient Election. Notwithstanding the foregoing provisions, if the period during which payment of benefits under an Award will be made occurs, or will occur, in two calendar years, the Award Recipient shall not be permitted to elect the calendar year in which the payment shall be made.

## **SECTION 9 WITHHOLDING OF TAXES**

The Corporation will, if required by applicable law, withhold the minimum statutory amount of Federal, state and/or local withholding taxes no later than the date as of which an amount first becomes includible in the gross income of an Award Recipient for Federal, state, local or foreign income or employment or other tax. Unless otherwise provided in the applicable Award Agreement, each Award Recipient may

satisfy any such tax withholding obligation by any of the following means, or by a combination of such means: (i) a cash payment; (ii) by delivery to the Corporation of already-owned Shares which have been held by the individual for at least six (6) months having a Fair Market Value, as of the Tax Withholding Date, sufficient to satisfy the amount of the withholding tax obligation arising from an exercise or vesting of an Award; (iii) by authorizing the Corporation to withhold from the Shares otherwise issuable to the individual pursuant to the exercise or vesting of an Award, a number of shares having a Fair Market Value, as of the Tax Withholding Date, which will satisfy the amount of the withholding tax obligation; or (iv) by a combination of such methods of payment. If the amount requested is not paid, the Corporation may refuse to satisfy the Award. The obligations of the Corporation under the Plan shall be conditional on such payment or arrangements, and the Corporation and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Award Recipient. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Shares.

## **SECTION 10 AMENDMENT AND TERMINATION**

A. Amendments to and Termination of the Plan. The Committee or the Board may amend, alter, or discontinue the Plan at any time by written resolution, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of the Award Recipients with respect to a previously granted Award without such Award Recipient's consent, except such an amendment made to comply with applicable law, including without limitation Section 409A of the Code, stock exchange rules or accounting rules. In addition, no such amendment shall be made without the approval of the Corporation's stockholders to the extent such approval is required by applicable law (including Section 422 of the Code) or the listing standards of the applicable stock exchange.

B. Amendments to Awards. Subject to Section 6(G)(1), the Committee may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall cause a Qualified Performance-Based Award to cease to qualify for the Section 162 (m) Exemption or, without the Award Recipient's consent, materially impair the rights of any Award Recipient with respect to an Award, except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules. Furthermore, no amendment may be made to a NQSO Award or a SAR Award which would cause the exercise price or the grant price (as applicable) to be less than 100% of the Fair Market Value of one Share as of the Date of Grant except as provided in Section 3(D).

C. Payment of Benefits Upon Termination of Plan. Upon termination of the Plan, the Corporation may settle any outstanding Award that is not subject to Code Section 409A as soon as is practicable following such termination and may settle any outstanding Award that is subject to Code Section 409A in accordance with one of the following:

1. the termination and liquidation of the Plan within twelve (12) months of a complete dissolution of the Corporation taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. § 503(b)(1)(A); provided that the amounts deferred under this Plan are included in the Participants' gross incomes in the latest of the following years (or, if earlier, the taxable year in which the amount is actually or constructively received): (i) the calendar year in which the Plan is terminated; (ii) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which the payment is administratively practicable.

2. the termination and liquidation of the Plan pursuant to irrevocable action taken by the Committee or the Corporation within the thirty (30) days preceding or the twelve (12) months following a Change of Control; provided that all Aggregated Plans are terminated and liquidated with respect to each Participant that experienced the Change of Control, so that under the terms of the termination and liquidation, all such Participants are required to receive all amounts of deferred compensation under this Plan and any other Aggregated Plans within twelve (12) months of the date the Committee or the Corporation irrevocably takes all necessary action to terminate and liquidate this Plan and the Committee or the Corporation, as the case may be, takes all necessary action to terminate and liquidate such other Aggregated Plans;

3. the termination and liquidation of the Plan, provided that: (i) the termination and liquidation does not occur proximate to a downturn in the Corporation's financial health; (2) the Committee or the Corporation, as the case may be, terminates and liquidates all Aggregated Plans; (3) no payments in liquidation of this Plan are made within twelve (12) months of the date the Committee or the Corporation irrevocably takes all necessary action to terminate and liquidate this Plan, other than payments that would be payable under the terms of this Plan if the action to terminate and liquidate this Plan had not occurred; (4) all payments are made within twenty four (24) months of the date on which the Committee or the Corporation irrevocably takes all action necessary to terminate and liquidate this Plan; and (5) the Corporation does not adopt a new Aggregated Plan at any time within three (3) years following the date on which the Committee or the Corporation irrevocably takes all action necessary to terminate and liquidate the Plan.

## **SECTION 11 MISCELLANEOUS PROVISIONS**

A. Conditions for Issuance. The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Corporation in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of the Plan or Award Agreements made pursuant thereto, with

respect to any Award other than an Award that is subject to Code Section 409A, the Corporation shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the applicable stock exchange; (ii) any registration or other qualification of such Shares of the Corporation under any state or Federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or Federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable, and, with respect to any Award that is subject to Code Section 409A, the Corporation shall not be required to issue or deliver any certificate or certificates for Shares under the Plan if the Corporation reasonably anticipates that such issuance or delivery would violate applicable Federal securities laws or other applicable law, provided the Corporation issues or delivers the Shares at the earliest date on which the Corporation reasonably anticipates that such issuance or delivery would not cause such violation.

B. Additional Compensation Arrangements. Nothing contained in the Plan shall prevent the Corporation or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees. Participation in the Plan shall not affect an individual's eligibility to participate in any other benefit or incentive plan of the Corporation.

C. No Contract of Employment or Rights to Awards. The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Corporation or any Subsidiary or Affiliate to terminate the employment of any employee at any time. No employee or other person shall have any claim or right to receive an Award under the Plan. Receipt of an Award shall not confer upon the Award Recipient any rights of a stockholder with respect to any Shares subject to such Award except as specifically provided in the Agreement relating to the Award.

D. Limitation on Dividend Reinvestment and Dividend Equivalents. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the reinvestment of dividend equivalent rights in additional Restricted Stock Units payable in Shares shall only be permissible if sufficient Shares are available under Section 3 for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Shares are not available, such reinvestment of dividends and dividend equivalent rights shall be made in the form of a grant of Restricted Stock Units equal in number to the Shares that would have been obtained by such reinvestment and the terms of which Restricted Stock Units shall provide for settlement in cash.

E. Subsidiary Employees. In the case of a grant of an Award to any employee of a Subsidiary of the Corporation, the Corporation may, if the Committee so directs, issue or transfer the Shares, if any, covered by the Award to the Subsidiary, for

such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the Shares to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All Shares underlying Awards that are forfeited or canceled shall revert to the Corporation.

F. Governing Law and Interpretation. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws, except to the extent preempted by Federal law. To the extent that any Award is subject to Code Section 409A, the terms of the Award Agreement and this Plan shall be construed and interpreted in accordance with Code Section 409A and the Regulations and interpretative guidance promulgated thereunder. The captions of this Plan are not part of the provisions hereof and shall have no force or effect.

G. Foreign Employees and Foreign Law Considerations. The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Corporation to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

H. Expenses. The expenses of the Plan shall be borne by the Corporation.

I. Acceptance of Terms. By accepting an Award under the Plan or payment pursuant to any Award, each Award Recipient, legal representative and Beneficiary shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under the Plan by the Committee or the Corporation. A breach by any Award Recipient, his or her Beneficiary (ies), or legal representative, of any restrictions, terms or conditions contained in the Plan, any Award Agreement, or otherwise established by the Committee with respect to any Award will, unless waived in whole or in part by the Committee, cause a forfeiture of such Award.

J. Vesting. Subject to Section 4(A) of this Plan, and except as otherwise required by applicable law or the applicable rules of a stock exchange, full value equity awards under this Plan that are based on time vesting shall have a minimum vesting period of three years, and full value equity awards under this Plan that are based on performance vesting shall have a minimum vesting period of one year; *provided, however*, that this Section 11(J) shall have no applicability to equity awards granted prior to February 22, 2011.

## SECTION 12 EFFECTIVE AND TERMINATION

The Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan was originally adopted by the Board on March 28, 2006, was effective on May 16, 2006, the date of stockholder approval, and was subsequently amended and restated effective November 14, 2006 and again amended and restated effective December 31, 2008. This Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan was adopted by the Board and approved by the Governance, Compensation and Nominating Committee on February 16, 2010, as an amendment and restatement of the prior version of the Plan, and will be effective on the date that it is approved by at least a majority of the shares of the Corporation present and entitled to vote, at a meeting of the Corporation's stockholders at which there is a quorum (the "Effective Date"). The Plan will terminate on the tenth (10<sup>th</sup>) anniversary of the Effective Date, unless earlier terminated in accordance with Section 10. Awards outstanding as of the date of termination of the Plan shall not be affected or impaired by the termination of the Plan.

### **Prior Plan Versions:**

***Compensation Committee/Governance, Compensation and Nominating Committee Approved:*** February 22, 2006 (Original Plan); Prior Amendments and Restatements were Approved November 14, 2006; and November 18, 2008 (effective December 31, 2008).

***Board Approved:*** March 28, 2006 (Original Plan); Prior Amendments and Restatements were Approved November 14, 2006; and November 18, 2008 (effective December 31, 2008).

***Stockholders Approved:*** May 16, 2006 (Original Plan).

### **2010 Amendment and Restatement:**

***Governance, Compensation and Nominating Committee Approved:*** February 16, 2010 (Original 2010 Restatement); a Further Amendment and Restatement was Approved February 22, 2011.

***Board Approved:*** February 16, 2010 (Original 2010 Restatement); a Further Amendment and Restatement was Approved February 22, 2011.

***Stockholders Approved:*** April 27, 2010 (Original 2010 Restatement).

EXHIBIT A

CHANGE OF CONTROL

- A. For the purpose of this Plan, a “Change of Control” shall mean:
1. 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 20% or more of either (i) the then outstanding shares of common stock of the Corporation (the “*Outstanding Corporation Common Stock*”) or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “*Outstanding Corporation Voting Securities*”); *provided, however*, that for purposes of this subsection 1, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Corporation, (ii) any acquisition by the Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection A.3. of this Exhibit A; or
  2. Individuals who, as of the date hereof, constitute the Corporation’s Board of Directors (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
  3. Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the Corporation’s assets (a “*Business Combination*”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such Business

Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the company resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the company resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

4. Approval by the Corporation's stockholders of a complete liquidation or dissolution of the Corporation.

B. With respect to any Award subject to Section 409A of the Code, the above definition of "Change of Control" shall mean:

1. any one person, or more than one person acting as a group, acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation;
2. any one person, or more than one person acting as a group, acquires (or has acquired during any twelve (12) month period) ownership of stock of the Corporation possessing 30% or more of the total voting power of the stock of the Corporation;
3. a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment is not endorsed by a majority of the members of the Board before the date of the appointment or election; or
4. any one person, or more than one person acting as a group, acquires (or has acquired during any twelve (12) month period) assets from the Corporation that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Corporation immediately before such acquisition or acquisitions.

The determination of whether a Change of Control has occurred under this Section B of Exhibit A shall be made by the Committee in accordance with the provisions of Code Section 409A and the Regulations promulgated thereunder.

**Exhibit 10.4**

Original Plan approved by the Compensation Committee on 11/15/96  
Amended and Restated Plan (prior version) approved and ratified by the Compensation Committee on 3/22/04  
Amended and Restated Plan (prior version) approved and ratified by the Board of Directors on 3/23/04  
Amended and Restated Plan (prior version) approved and ratified by the Stockholders on 5/18/04  
Amended and Restated Plan (prior version) approved by the Governance, Compensation and Nominating  
Committee and the Board of Directors on 11/1/08

This Amended and Restated Plan approved by the Governance, Compensation and Nominating Committee on  
November 16, 2010, to be effective as of January 1, 2011  
This Amended and Restated Plan approved by the Board of Directors on November 16, 2010, to be effective as of  
January 1, 2011

**COMERICA INCORPORATED**  
**AMENDED AND RESTATED**  
**EMPLOYEE STOCK PURCHASE**  
**PLAN**  
**(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2011)**

**COMERICA INCORPORATED  
AMENDED AND RESTATED  
EMPLOYEE STOCK PURCHASE PLAN**

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## SECTION I - PURPOSE

The Board of Directors of Comerica Incorporated (the "Corporation") believes that the interests of the Corporation are served through share ownership of the Corporation by its employees. Such ownership strengthens the sense of identity between the Corporation and its employees and furthers a unity of purpose among the Corporation, its employees and its stockholders. It is the purpose of this Comerica Incorporated Amended and Restated Employee Stock Purchase Plan to provide a convenient means through which employees of the Corporation and its subsidiaries and affiliates may acquire shares in the Corporation.

## SECTION II - DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below.

A. "Account" means an account established for each Participant under the Plan to hold Corporation Shares acquired for the Participant's account with Payroll Withholding Contributions, Other Permitted Contributions, Service Award Contributions, Matching Contributions, Share Retention Contributions and/or Reinvested Cash Dividends.

B. "Beneficiary(ies)" means the individual(s) to whom the balance of the Participant's Account is to be distributed in the event assets remain in such Account at the time of the Participant's death, or by whom any rights of the Participant, after the Participant's death, may be exercised.

C. "Beneficiary Designation Form" means the form used to designate the Participant's Beneficiary(ies), as such form may be modified by the Committee or the Plan Administrator from time to time.

D. "Bi-Weekly Base Pay" means the gross amount of cash compensation a Participant receives during each bi-weekly pay period, including, without limitation, base pay, incentive compensation paid through the Management Incentive Plan, or through a specific business unit incentive plan, referral awards, ROAR payments, overtime, shift differential and commissions, lump sum merit bonuses (effective as of January 22, 1999) and/or such other payments as the Committee or the Plan Administrator may determine appropriate from time to time for such purposes. Bi-Weekly Base Pay shall not include any amount which is deferred under the Deferred Compensation Plan(s).

E. "Board" means the Board of Directors of Comerica Incorporated.

F. "Code" means the Internal Revenue Code of 1986, as amended. All references to sections of the Code shall be deemed to refer to any successor provisions to such sections.

G. "Committee" means the committee appointed by the Board to administer the Plan as provided herein. Unless otherwise determined by the Board, the Governance, Compensation and Nominating Committee of the Board shall be the Committee.

H. “Corporation” means Comerica Incorporated, a Delaware corporation. For purposes of Plan provisions relating to eligibility to participate or receive or make contributions, it shall also include subsidiaries and affiliates of the Corporation.

I. “Corporation Shares” means shares of \$5.00 par value common stock of the Corporation.

J. “Custodian Bank” means Comerica Bank, a Texas banking association, or such other institution as may be appointed by the Corporation to hold Corporation Shares in Accounts of Participants under the Plan.

K. “Deferred Compensation Plan(s)” means the 1999 Comerica Incorporated Deferred Compensation Plan, together with any and all amendments, restatements and/or modifications thereof, and/or the 1999 Comerica Incorporated Amended and Restated Common Stock Deferred Incentive Award Plan, together with any and all amendments, restatements and/or modifications thereof, or any plan adopted by the Corporation as a successor to the foregoing.

L. “Disability” has the meaning set forth in Section V(D) hereof.

M. “Employee” means an individual who renders service to the Corporation or one of its subsidiaries or affiliates as a common law employee or officer.

N. “Exchange Act” means the Securities Exchange Act of 1934, as amended.

O. “Management Incentive Plan” means the Amended and Restated Comerica Incorporated Management Incentive Plan, together with any and all amendments, restatements and/or modifications thereof, or any plan adopted by the Corporation as a successor to the foregoing.

P. “Matching Contribution” means, subject to the limitations of Section V(C) hereof, a contribution by the Corporation, the gross amount of which shall equal 15% of the aggregate amount of Payroll Withholding Contributions, Service Award Contributions and/or Other Permitted Contributions made during the previous quarter. The Matching Contribution, net of all applicable withholding and deductions, shall be used to purchase Corporation Shares.

Q. “Other Permitted Contribution” means a non-periodic contribution of a Participant to the Plan pursuant to guidelines approved by the Committee or the Plan Administrator from time to time.

R. “Participant” means an Employee or former Employee who has an Account under the Plan.

S. “Payroll Withholding Contribution” means a contribution of a Participant under the Plan equal to the percentage of the Participant’s gross Bi-Weekly Base Pay such Participant

has elected to contribute to the Plan; provided, however, that in the event the Participant's pay, less all applicable withholding and deductions, is less than the amount of his or her elected contribution, the contribution shall be reduced so as not to exceed 100% of the Participant's net pay. Payroll Withholding Contributions shall be withheld by the Corporation and forwarded to the Custodian Bank, which shall utilize such contributions to purchase Corporation Shares for allocation to the Employee's Account in accordance with the provisions of the Plan.

T. "Plan" means the Comerica Incorporated Amended and Restated Employee Stock Purchase Plan, as set forth herein and as hereinafter amended and/or restated from time to time.

U. "Plan Administrator" means, unless determined otherwise by the Board or the Committee, the Chief Human Resources Officer (or, if no individual is the Chief Human Resources Officer, then the designated acting Chief Human Resources Officer).

V. "Plan Year" means the fiscal year on which the records of the Plan are kept, which shall be the calendar year; provided, however, that the first Plan Year shall be the period commencing April 1, 1997 and ending December 31, 1997.

W. "Reinvested Cash Dividends" means cash dividends paid on Corporation Shares allocated to a Participant's Account which are utilized to purchase additional Corporation Shares for such Participant's Account.

X. "Retirement" has the meaning set forth in Section V(D) hereof.

Y. "Section 16 Insider" means any Participant who is designated by the Corporation as a reporting person under Section 16 of the Exchange Act.

Z. "Service Award" means a discretionary award, in the form of a Service Award Contribution, made by the Corporation in recognition of an Employee's service to the Corporation.

AA. "Service Award Contribution" means a discretionary contribution by the Corporation to be allocated to a Participant's Account in recognition of an Employee's service to the Corporation. The Service Award Contribution, net of any applicable withholding and deductions, shall be used to purchase Corporation Shares.

BB. "Share Retention Contribution" means, subject to fulfillment of the requirements in Section V(D) hereof, a contribution by the Corporation to be allocated to a Participant's Account in a Plan Year equal to 5% of the amount of Payroll Withholding Contributions, Service Award Contributions and/or Other Permitted Contributions made to such Participant's Account in the first of the two immediately preceding Plan Years as set forth in Section V(D). Share Retention Contributions shall be utilized to purchase additional Corporation Shares for the Participant's Account.

CC. "Two-Plan-Year-Period" means the two Plan Years immediately preceding the Plan Year in which a Share Retention Contribution is made.

### **SECTION III - INTRODUCTION**

A. Administration. The Plan shall be administered by the Committee; provided, however, that the Board shall have the authority to exercise any and all duties and responsibilities assigned to the Committee under the Plan. The Committee may delegate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it, including, without limitation, the Plan Administrator. In addition, unless determined otherwise by the Board or Committee, the Plan Administrator shall handle the day-to-day administration of the Plan. The Plan Administrator may employ accountants, legal counsel and any other experts he or she deems advisable to assist in the administration of the Plan.

B. Corporation Shares. The aggregate number of Corporation Shares which may be purchased, or awarded as Service Award Contributions, under the Plan shall not exceed 5,000,000.

C. Adjustments. In the event the number of outstanding Corporation Shares changes as a result of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution made to holders of Corporation Shares other than cash dividends, the number of Corporation Shares that may be purchased, or awarded as Service Award Contributions, under the Plan shall be automatically adjusted, and the Committee shall be authorized to make such other equitable adjustments as it deems necessary so that the value of the interest of the Participants shall not be decreased by reason of the occurrence of such event. Any such adjustment shall be deemed conclusive and binding on the Corporation, each Participant, his or her Beneficiaries and all other interested parties.

D. Supplements. From time to time, supplements may be attached by amendment to and form a part of this Plan and shall be given the same effect that such provision would have if it was incorporated within the basic text of the Plan. Such supplements may modify or supplement the provisions of the Plan as they apply to particular groups of Employees or groups of Participants, shall specify the persons affected by such supplements and shall supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between the Plan provisions and the provisions of such supplements.

E. Non-Resident Aliens. With respect to non-resident alien Employees, the Committee or Plan Administrator may adopt one or more sets of procedures and provisions, which may be different than those included in this Plan for other Participants, with each set of procedures and provisions applying to some or all of such non-resident alien Employees, as determined by the Committee in its sole discretion or the Plan Administrator in his or her sole discretion, in order to comply with the applicable laws of the respective jurisdiction(s) in which

such non-resident alien Employees live or work and/or to take into account other legal, tax, accounting and similar issues arising by virtue of the participation of such non-resident alien Employees. The adoption of any such procedures and provisions shall not be deemed an amendment to this Plan.

F. Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Delaware shall be the controlling law in all matters relating to this Plan.

#### **SECTION IV - PARTICIPATION**

A. Eligibility. Any person who is or becomes an Employee may commence participation in the Plan as soon as administratively feasible on or subsequent to such individual's date of hire; provided, however, that for purposes of the Plan, the Committee or the Plan Administrator may exclude from eligibility non-resident aliens (or classes of non-resident aliens), if any, if the requirements of local law, rules or regulations, including without limitation, the tax, labor, accounting or securities laws, rules, regulations or consequences, make participation by such non-resident aliens (or class(es) of non-resident aliens) impractical, as determined by the Committee in its sole discretion or the Plan Administrator in his or her sole discretion.

B. Enrollment. Enrollment in the Plan shall be accomplished by such procedures as are established by the Committee or the Plan Administrator from time to time. Unless determined otherwise by the Committee or the Plan Administrator, Payroll Withholding Contributions will commence as of the first pay period which begins not less than ten days following a Participant's communication of instructions to commence such contributions. Other Permitted Contributions will be made as soon as is administratively feasible, as determined by the Committee or the Plan Administrator, following the Corporation's receipt of instructions to commence such contributions.

C. Election Changes. A Participant may increase, decrease, cease or resume the amount of his or her Payroll Withholding Contributions by communicating further instructions pursuant to such procedures as are established by the Committee or the Plan Administrator from time to time. Election changes shall become effective as soon as administratively feasible after instructions have been properly communicated. There shall be no limitation on the number of election changes a Participant may make. A discontinuance of contributions in and of itself shall not constitute a withdrawal from the Plan.

#### **SECTION V - CONTRIBUTIONS**

A. Payroll Withholding Contributions. Any Payroll Withholding Contribution shall equal at least 0.5% but not exceed 100% of a Participant's Bi-Weekly Base Pay, net of all other applicable withholding and deductions. The Corporation shall remit these contributions to the Custodian Bank promptly.

B. Other Permitted Contributions. A Participant may make Other Permitted Contributions in a single sum at such time or times permitted by the Committee or the Plan Administrator.

C. Matching Contributions. The Corporation shall make a Matching Contribution equal to 15% of the Payroll Withholding Contributions, Service Award Contributions and/or Other Permitted Contributions made by, or on behalf of, each Participant during any calendar quarter, provided there have been no withdrawals from the Participant's Account during such quarter. Matching Contributions will not be made with respect to Share Retention Contributions. In addition, Matching Contributions will not be made with respect to Payroll Withholding Contributions, Service Award Contributions and/or Other Permitted Contributions made during any Plan Year to the extent such contributions exceed \$25,000 in the aggregate. Matching Contributions will be made at or after the end of each calendar quarter, but in no event later than the March 15<sup>th</sup> of the Plan Year immediately following the end of the applicable calendar quarter. Matching Contributions shall be net of all applicable withholding and deductions. A Participant shall be eligible to receive a Matching Contribution with respect to a calendar quarter if there have been no withdrawals during such quarter, even if the Participant's employment terminated during such quarter for any reason.

D. Share Retention Contributions. Subject to the conditions and limitations of this Section V(D), the Corporation shall allocate Share Retention Contributions to the Accounts of those Participants who qualify therefor. Subject to the conditions and limitations of this Section V(D), a Participant shall qualify for a Share Retention Contribution in a Plan Year if the Participant is employed on the last day of the relevant Two-Plan-Year-Period, and if, during such Two-Plan-Year-Period, there has not been a withdrawal of any of the following:

- (i) Payroll Withholding Contributions, Service Award Contributions or Other Permitted Contributions made during such period;
- (ii) Matching Contributions made during such period;
- (iii) Corporation Shares purchased with any contributions referred to in to Section V(D)(i) or (ii); or
- (iv) Corporation Shares purchased with dividends paid with respect to any shares referred to in Section V(D)(iii).

Share Retention Contributions will not be made with respect to Matching Contributions. In addition, Share Retention Contributions will not be made with respect to Payroll Withholding Contributions, Service Award Contributions and/or Other Permitted Contributions made during any Plan Year to the extent such contributions exceed \$25,000 in the aggregate. Except as otherwise provided herein, Share Retention Contributions shall be made as soon as reasonably practicable after the first day of the Plan Year following a Two-Plan-Year-Period, but in no event later than the March 15<sup>th</sup> of the Plan Year immediately following the end of the Two-Plan-Year-Period. Share Retention Contributions shall be net of all applicable withholding and deductions.

Notwithstanding anything in this Section V(D) to the contrary, a Participant whose employment terminates by reason of Retirement, death or Disability prior to the end of a Two-Plan-Year-Period shall be eligible to receive a Share Retention Contribution with respect to such partial Two-Plan-Year-Period (consisting of the Plan Year during which the Participant's employment so terminates and the immediately preceding Plan Year) if and only if there have been no withdrawals during such period (prior to termination of employment). The Share Retention Contribution made on behalf of any such eligible terminated Participant with respect to such period shall be prorated based on the number of days during the final Plan Year that the Participant was employed and shall be net of all applicable withholding and deductions. Notwithstanding any provision herein to the contrary, the Share Retention Contribution made on behalf of any such eligible terminated Participant shall be made as soon as reasonably practicable, but not later than the March 15th, after the first day of the Plan Year following the Plan Year that includes the Participant's Retirement, death or Disability.

For purposes of this Section V(D), a Participant's employment shall be considered to have terminated by reason of Retirement if he or she terminates employment with eligibility for, and elects to commence receipt of, an early or normal retirement benefit under a tax-qualified defined benefit retirement plan maintained by the Corporation, and a Participant's employment shall be considered to have terminated by reason of Disability if he or she terminates employment with eligibility for, and is awarded, disability benefits under a long-term disability plan maintained by the Corporation.<sup>1</sup>

E. Service Award Contributions. The Corporation may make Service Award Contributions to the Accounts of those Employees whom it wishes to recognize for service to the Corporation. Service Award Contributions are made at the discretion of the Corporation. All Corporation Service Awards related to Corporation Shares shall be made under this Plan through such Service Award Contributions.

F. Assignment of Rights Under the Plan. Unless otherwise determined by the Committee, a Participant's Account shall not be transferable by a Participant otherwise than by will or by the laws of intestacy; provided, however, that, a Participant may, in accordance with Section IX(A) and in the manner established by the Committee, designate one or more Beneficiaries to exercise the rights of the Participant and to receive any property payable or distributable with respect to such Participant's Account upon the death of the Participant. Except as otherwise set forth in the Plan, during the Participant's lifetime, only the Participant (or, if permissible under applicable law, the Participant's guardian or legal representative) may make elections or withdrawals with respect to such Participant's Account. Unless otherwise determined by the Committee, a Participant's Account, or rights with respect to such Account, may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge,

<sup>1</sup> Please note that determination of disability and award of disability benefits may occur retroactively long after the Participant's employment termination date and after the date that Share Retention Contribution determinations were otherwise made for the relevant Plan Year.

alienation, attachment or encumbrance thereof shall be void and unenforceable against the Corporation or any of its subsidiaries or affiliates.

## **SECTION VI - ACQUISITION OF CORPORATION SHARES**

A. Application of Current Contributions. Except to the extent otherwise provided in Section VIII(C), as soon as reasonably practicable following its receipt of Payroll Withholding Contributions, Other Permitted Contributions, Service Award Contributions, Matching Contributions and/or Share Retention Contributions, the Custodian Bank shall purchase the maximum number of Corporation Shares that the funds allocated to each Participant's Account may purchase at the then-prevailing market prices. Such purchases may be in the open market or directly from the Corporation. Corporation Shares so acquired shall be allocated to the relevant Participant's Account.

B. Reinvested Cash Dividends. Except to the extent otherwise provided in Section VIII(C), any cash dividends paid on Corporation Shares allocated to any Participant's Account shall be utilized by the Custodian Bank to purchase additional Corporation Shares at prices and in the manner specified above.

C. Book Entry. Unless otherwise determined by the Committee or the Plan Administrator, Corporation Shares held under the Plan shall be held in book entry form, and the Custodian Bank or its nominee shall be identified as the owner thereof while such Corporation Shares remain in the Plan.

## **SECTION VII - RIGHTS WITH RESPECT TO SHARES HELD IN PLAN**

All rights accruing to an owner of record of Corporation Shares shall belong to and be vested in the Participant for whose Account such Corporation Shares are being held by the Custodian Bank, including, without limitation, the right to receive all dividends payable in respect of such Corporation Shares, the right to receive all notices of stockholders' meetings, the right to vote and the right to tender or refrain from tendering such Corporation Shares in response to a tender offer.

## **SECTION VIII - WITHDRAWALS FROM PLAN**

A. In-Service Withdrawals. A Participant may withdraw all or any portion of the balance of his or her Account from the Plan during the Participant's employment. Unless determined otherwise by the Committee or the Plan Administrator, if the value of the Participant's Account at the time the in-service withdrawal is requested is less than the value of ten Corporation Shares at such time, distribution will be made to the Participant in cash. Otherwise, the Participant may elect to receive a distribution in the form of cash or Corporation Shares. Any brokerage commissions incurred in connection with the sale of Corporation Shares to facilitate a distribution shall be charged to the Participant's Account. A Participant shall not be entitled to receive a Matching Contribution with respect to any Payroll Withholding

Contributions, Service Award Contributions and/or Other Permitted Contributions made during a calendar quarter if the Participant has made an in-service withdrawal during such quarter.

B. Termination Withdrawals. A Participant or his or her Beneficiary(ies) must submit an application to withdraw the balance of his or her account not later than ninety days after the Participant's employment terminates due to death, Disability, Retirement, voluntary resignation, involuntary dismissal or any other reason, or within ninety days after the Participant or his or her legal representative receives notice that the Plan has terminated. A withdrawal application will be provided to the Participant or Beneficiary (ies) upon the occurrence of any of the aforementioned circumstances. The application must be returned to the Custodian Bank within ninety days of receipt. If the Custodian Bank does not receive a withdrawal application by the specified deadline, it will distribute the balance of the Participant's Account to the Participant or his or her legal representative in the form of whole Corporation Shares registered in the Participant's name; provided, however, that unless determined otherwise by the Committee or the Plan Administrator, if the value of the Participant's Account on the date of distribution is less than the value of ten Corporation Shares at such time, the distribution will be made in cash. If the Custodian Bank receives a withdrawal application by the specified deadline and the value of the Participant's Account at the time the termination withdrawal is requested is less than the value of ten Corporation Shares at such time, then unless determined otherwise by the Committee or the Plan Administrator, the distribution will be made in cash. Otherwise, the Participant or his or her Beneficiary(ies) may elect to receive a distribution in the form of cash or Corporation Shares.

C. Amounts Received Following Termination. Any cash contributions that would otherwise be made to the Participant's Account, and any cash dividends that would otherwise be paid on Corporation Shares held in the Participant's Account, following the date of the Participant's termination of employment shall not be utilized to purchase additional Corporation Shares and shall instead be distributed to the Participant or his or her Beneficiary(ies) in cash.

D. Fractional Shares and Brokerage Commissions. In all cases, cash will be paid in lieu of fractional Corporation Shares. Any brokerage commissions incurred in connection with the sale of Corporation Shares to facilitate a distribution will be charged to the Participant's Account.

E. Special Rule Applicable To Section 16 Insiders. Except as otherwise determined by the Committee, a Section 16 Insider shall not be permitted to receive a cash distribution from the Plan, if, within the previous six months, he or she (or any other person whose transactions are attributed to the Section 16 Insider under Section 16 of the Exchange Act) either (i) acquired Corporation Shares in the open market or pursuant to a private transaction; or (ii) made an election under the Plan (or under any other Plan sponsored by the Corporation) that resulted in an acquisition of equity securities of the Corporation within the meaning of that term under Section 16 of the Exchange Act. The Committee or Plan Administrator may make such other rules as are necessary to comply with Section 16 of the Exchange Act, as amended from time to time.

## **SECTION IX - MISCELLANEOUS PROVISIONS**

A. Designation of Beneficiary. Upon becoming a Participant of the Plan, each Participant shall submit to Comerica Incorporated, Human Resources - Compensation, Comerica Bank Tower, 1717 Main Street, MC 6515, Dallas, Texas 75201 (or to such other unit or person as designated by the Committee from time to time) a Beneficiary Designation Form designating one or more Beneficiaries to whom the balance of the Participant's Account is to be distributed in the event assets remain in such Account at the time of the Participant's death, or by whom any rights of the Participant, after the Participant's death, may be exercised. A Beneficiary Designation Form will be effective only if it is signed by the Participant and submitted before the Participant's death. Any subsequent Beneficiary Designation Form properly submitted will supersede any previous Beneficiary Designation Form so submitted. If a Participant designates a spouse as a Beneficiary, such designation shall automatically terminate and be of no effect following the divorce of the Participant and such individual, unless ratified in writing post-divorce.

If the primary Beneficiary shall predecease the Participant or the primary Beneficiary and the Participant die in a common disaster under such circumstances that it is impossible to determine who survived the other, the balance of the Participant's Account shall be distributed to the alternate Beneficiary(ies) who survive(s) the Participant in accordance with this Plan. If there are no alternate Beneficiaries living or in existence at the date of the Participant's death, or if the Participant has not submitted a valid Beneficiary Designation Form to the Corporation, the balance of the Participant's Account shall be distributed in accordance with the terms of the Plan to the legal representative for the benefit of the Participant's estate.

The Corporation reserves the right to distribute the balance of a Participant's Account to his or her estate notwithstanding the designation of a Beneficiary, if the Corporation is unable to locate the Beneficiary, a dispute arises among Beneficiaries or under any other circumstances the Corporation deems appropriate.

B. Withholding of Taxes. The Corporation shall withhold from any amounts payable to the Participant all Federal, state, city, or other taxes and/or other amounts as legally required by reason of Participant's participation in this Plan.

C. Expenses. All charges of the Custodian Bank, the cost of maintenance of the Accounts of Participants, the purchase of Corporation Shares, and the cost of transferring Corporation Shares to the Participants and Beneficiaries shall be borne by the Corporation; provided, however, that brokerage charges involved in the sale of Corporation Shares, if any, shall be charged to the relevant Participant's Account.

D. Compliance With Legal Requirements. The Corporation shall be bound by all applicable laws in operating this Plan and shall administer and interpret this Plan in accordance with legal requirements.

E. Amendment, Term and Termination. The Committee reserves the right to amend and/or restate the Plan at any time or to terminate the Plan. The Plan shall continue indefinitely until terminated by the Committee.

**SECTION X - EFFECTIVE DATE OF PLAN**

This amendment and restatement of the Plan will be effective as of January 1, 2011.

**Schedule of Named Executive Officers Party to  
Change of Control Employment Agreement (BE4 and Higher Version)**

*(As of December 31, 2010)*

Ralph W. Babb, Jr., Chairman, President and Chief Executive Officer *(agreement dated as of December 14, 2008)*

Elizabeth S. Acton, Executive Vice President and Chief Financial Officer *(agreement dated as of December 18, 2008)*

Mary Constance Beck, Executive Vice President, Retail Bank *(agreement dated as of December 18, 2008)*

Curtis C. Farmer, Executive Vice President, Wealth and Institutional Management *(agreement dated as of December 18, 2008)*

Dale E. Greene, Executive Vice President, The Business Bank *(agreement dated as of December 18, 2008)*

**COMERICA INCORPORATED**  
**NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT, dated as of **GRANT DATE** (the “Grant Date”) is between Comerica Incorporated (the “Company”) and **NAME** (the “Optionee”). Unless otherwise defined herein, capitalized terms used herein are defined in the Comerica Incorporated 2006 Long-Term Incentive Plan, as amended and/or restated from time to time (the “Plan”). A copy of the Plan will be provided to the Optionee upon request.

WITNESSETH:

1. Grant of Option. Pursuant to the provisions of the Plan, the Company hereby awards the Optionee, subject to the terms and conditions of the Plan (incorporated herein by reference), and subject further to the terms and conditions in this Agreement, the right and option to purchase from the Company, all or any part of an aggregate of **XXX** shares (the “Shares”) of common stock (\$5.00 par value per Share) of the Company at the purchase price of **\$XX.XX** per Share (the “Option”).

2. Expiration Date. The Option shall expire on **EXPIRATION DATE** (the “Expiration Date”), unless it is cancelled and/or forfeited earlier in accordance with the provisions of the Plan or this Agreement.

3. Vesting of the Option. Except as otherwise provided in the Plan or this Agreement, 25% of the Shares covered by this Option shall become vested and exercisable on the first anniversary of the Grant Date, and 25% shall become vested and exercisable on each of the subsequent three anniversaries of the first vesting date, provided that the Optionee is employed by the Company on each such applicable vesting date. Any fraction of a Share that becomes vested and exercisable on any date will be rounded down to the next lowest whole number, with any such fraction added to the portion of the Option (if any) becoming vested and exercisable on the following vesting date.

4. Exercise of the Option. To the extent vested, this Option may be exercised at any time prior to its Expiration Date, cancellation or forfeiture, as follows:

- a) Upon the Optionee’s Termination of Employment for any reason other than Retirement, Disability or death, the then vested portion of this Option shall be exercisable until the earlier of (i) the 90<sup>th</sup> day after the Optionee’s Termination of Employment and (ii) the Option Expiration Date, and to the extent not exercised prior to such date, this Option will be cancelled. Any portion of this Option that is not vested on the date of Termination of Employment for any reason other than Retirement, Disability or death will be cancelled effective as of the date of Termination of Employment.
- b) Upon the Optionee’s Termination of Employment due to Retirement, this Option will be cancelled in full if it was granted during the calendar year in which the Optionee’s Retirement occurs; if the Optionee’s Termination of Employment due to Retirement occurs on a date that is after the calendar year of the year in which the Grant Date occurs, except as otherwise provided in paragraph 4(d) below, this Option will continue to vest and become exercisable in accordance with paragraph 3 above, and any vested portion of this Option as of the date of Termination (or that vests thereafter in accordance with the foregoing) shall remain exercisable until the Expiration Date.
- c) Upon the Optionee’s Termination of Employment due to Disability, this Option, to the extent vested at the date of the Optionee’s Termination of Employment, will continue to be exercisable until the earlier of (i) the third anniversary of the Optionee’s Termination of Employment and (ii) the Option Expiration Date, and to the extent not exercised prior to such date, this Option will be cancelled. Any portion of this Option that is not vested on the date of Termination of Employment due to Disability will be cancelled effective as of the date of Termination of Employment.
- d) Upon the Optionee’s death (whether during employment with the Company or during any applicable post-termination exercise period), this Option, to the extent vested at the date of the Optionee’s death, will continue to be exercisable by the Beneficiary (ies) of the Optionee until the earlier of (i) the first anniversary of the Optionee’s death and (ii) the Option Expiration Date (subject to any shortening of the Expiration Date due to the Optionee’s Disability or Termination of Employment for any other reason, in each case, prior to the Optionee’s death). Any portion of this Option that is not vested on the date of the Optionee’s death (whether during employment with the Company or during any applicable post-termination exercise period) will be cancelled effective as of the date of death.

Notwithstanding the foregoing or anything in this Agreement to the contrary, this Option shall be 100% fully vested and immediately exercisable upon the occurrence of a Change of Control of the Company (unless the Option was cancelled, forfeited or expired prior to the Change of Control).

The Optionee shall initiate the exercise of the vested portion of this Option by following the notice process established by the Company for such purpose, and shall therein specify the number of Shares being exercised, the purchase price per share and the Grant Date. Any such notice of exercise shall be accompanied by payment of the aggregate purchase price for such Shares. As a condition to exercising this Option in whole or in part, the Optionee will pay, or make provisions satisfactory to the Company for payment of, any Federal, state and local taxes required to be withheld in connection with such exercise.

5. Cancellation of Option. The Committee has the right to cancel all or any portion of the Option granted herein in accordance with Section 4 of the Plan if the Committee determines in good faith that the Optionee has done any of the following: (i) committed a felony; (ii) committed fraud; (iii) embezzled; (iv) disclosed confidential information or trade secrets; (v) was terminated for Cause; (vi) engaged in any activity in competition with the business of the Company or any Subsidiary or Affiliate of the Company; or (vii) engaged in conduct that adversely affected the Company. The Delegate shall have the power and authority to suspend the vesting of and the right to exercise all or any portion of the Option, whether vested or not vested, granted under this Agreement if the Delegate makes in good faith the determination described in the preceding sentence. Any such suspension of an Option shall remain in effect until the suspension shall be presented to and acted on by the Committee at its next meeting. This paragraph 5 shall have no application for the two-year period following a Change of Control of the Company.

6. Compliance With Laws and Regulations. This Option and the obligation of the Company to sell and deliver the Shares hereunder shall be subject to all applicable laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

7. Optionee Bound By Plan. The Optionee agrees to be bound by all terms and provisions of this Agreement and of the Plan, including terms and provisions adopted after the granting of this Option but prior to the complete exercise of the Option. In the event any provisions hereof are inconsistent with those of the Plan, the provisions of the Plan shall control. By accepting the Option or exercising any portion of it, the Optionee signifies his or her understanding of the terms and conditions of this Agreement and the Plan.

8. Notices. Any notice to the Company under this Agreement shall be in writing to the following address or facsimile number: Human Resources - Executive Compensation, Comerica Incorporated, 1717 Main Street, MC 6515, Dallas, TX 75201; Facsimile Number: 214-462-4430. The Company will address any notice to the Optionee to the Optionee's current address according to the Company's personnel files. All written notices provided in accordance with this paragraph shall be deemed to be given when (a) delivered to the appropriate address(es) by hand or by a nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile to the appropriate facsimile number(s), with confirmation by telephone of transmission receipt; or (c) received by the addressee(s), if sent by U.S. mail to the appropriate address or by Company inter-office mail to the appropriate mail code. Either party may designate in writing some other address or facsimile number for notice under this Agreement.

9. Nontransferability. This Option shall not be transferable other than by will or by the laws of intestacy; *provided, however,* that the Optionee may, in the manner established by the Committee, designate a Beneficiary to exercise the rights of the Optionee and to receive any property distributable with respect to the Option upon the death of the Optionee. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee, or, if permissible under applicable law, by the Optionee's guardian or legal representative. The Option and any rights under it may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof contrary to the Plan or this Agreement shall be void and unenforceable against the Company or any Affiliate.

10. Force and Effect. The various provisions of this Agreement are severable in their entirety. Any judicial or legal determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

11. Successors. This Agreement shall be binding upon and inure to the benefit of the successors of the respective parties.

12. No Right to Continued Employment. Nothing in the Plan or this Agreement shall confer on the Optionee any right to continue in the employment of the Company or its Affiliates or in any way affect the Company's or its Affiliates' right to terminate the Optionee's employment without prior notice at any time for any reason or for no reason.

13. Voluntary Participation. Participation in the Plan is voluntary. The value of the Option is an extraordinary item of compensation outside the scope of the Optionee's employment contract, if any. As such, the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

IN WITNESS WHEREOF, Comerica Incorporated has caused this Agreement to be executed by an appropriate officer and the Optionee has executed this Agreement, both as of the day and year first above written.

COMERICA INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

AWARD RECIPIENT

\_\_\_\_\_  
Name:

**COMERICA INCORPORATED**  
**RESTRICTED STOCK AWARD AGREEMENT**

THIS AGREEMENT (the “Agreement”) between Comerica Incorporated (the “Company”) and **NAME** (the “Award Recipient”) is effective as of **GRANT DATE** (the “Effective Date”). Any undefined terms appearing herein as defined terms shall have the same meaning as they do in the Comerica Incorporated 2006 Long-Term Incentive Plan, as amended and/or restated from time to time (the “Plan”). The Company will provide a copy of the Plan to the Award Recipient upon request.

**WITNESSETH:**

1. Award of Stock. Pursuant to the provisions of the Plan, the Company hereby awards the Award Recipient, subject to the terms and conditions of the Plan (incorporated herein by reference), and subject further to the terms and conditions in this Agreement, **XXX** Shares of \$5.00 par value common stock of the Company (the “Stock Award”).
2. Vesting of Stock Award. Until it is vested, the Stock Award is subject to forfeiture. Subject to the terms of the Plan and this Agreement, including without limitation, paragraph 5 and fulfillment of the employment requirements in paragraph 4 below, the Stock Award will vest and become free of restrictions on the fifth anniversary of the Effective Date of this Stock Award. As soon as administratively feasible after the vesting of the Stock Award and the satisfaction of any applicable taxes pursuant to paragraph 12 of this Agreement, the Company will deliver to the Award Recipient (or to the designated Beneficiary of the Award Recipient if the Award Recipient is not then living) evidence of his or her ownership (by book entry or certificate), of the Shares subject to the vested Stock Award for which any applicable taxes have been paid.
3. Cancellation of Stock Award. The Committee has the right to cancel for no consideration all or any portion of the Stock Award in accordance with Section 4 of the Plan if the Committee determines in good faith that the Award Recipient has done any of the following: (i) committed a felony; (ii) committed fraud; (iii) embezzled; (iv) disclosed confidential information or trade secrets; (v) was terminated for Cause; (vi) engaged in any activity in competition with the business of the Company or any Subsidiary or Affiliate of the Company; or (vii) engaged in conduct that adversely affected the Company. The Delegate shall have the power and authority to suspend the vesting of or the right to receive the Shares in respect of all or any portion of the Stock Award if the Delegate makes in good faith the determination described in the preceding sentence. Any such suspension of a Stock Award shall remain in effect until the suspension shall be presented to and acted on by the Committee at its next meeting. This paragraph 3 shall have no application for the two-year period following a Change of Control of the Company.
4. Employment Requirements. Except as provided in this Agreement, in order to vest in and not forfeit the Stock Award, the Award Recipient must remain employed by the Company or one of its Affiliates until the Stock Award has vested. If there is a Termination of Employment for any reason (other than due to death or Disability) before the Stock Award has vested, the Award Recipient will forfeit the Stock Award immediately following the Termination of Employment unless the Committee determines otherwise. If there is a Termination of Employment due to the death or Disability of the Award Recipient prior to this Stock Award vesting, the Stock Award will vest as of the date of the Award Recipient’s Termination of Employment due to death or Disability.
5. Effect of a Change of Control. This Stock Award will vest and become free of restrictions on the date a Change of Control of the Company occurs.
6. Nontransferability. Neither this Stock Award, nor any of the rights pertaining thereto or under this Agreement, shall be transferable other than by will or the laws of intestacy until the Stock Award has vested; *provided, however*, that the Award Recipient may, in the manner established by the Committee, designate a Beneficiary to receive any property distributable with respect to the Stock Award upon the death of the Award Recipient. Prior to vesting, this Stock Award and any rights pertaining thereto or under this Agreement may not be pledged, alienated, attached or otherwise encumbered. Any purported pledge, alienation, attachment or encumbrance of the Stock Award or rights pertaining thereto that is contrary to the provisions of this Agreement or the Plan shall be void and unenforceable against the Company or any Affiliate.
7. Voting and Dividends. Beginning upon the Effective Date, the Award Recipient shall have the right to vote the Shares underlying the unvested Stock Award and to receive any cash dividends or cash distributions that may be paid with respect thereto. Subject to Section 11(D) of the Plan, in the event of a stock dividend, stock distribution, stock split, division of shares or other corporate structure change which results in the issuance of additional Shares with respect to any Share of the Stock Award prior to such Stock Award having vested, such additional Shares will be subject to the same restrictions and vesting requirements as are applicable to such unvested Share of the Stock Award.
8. No Right to Continued Employment. Nothing in the Plan or this Agreement shall confer on the Award Recipient any right to continue in the employment of the Company or its Affiliates for any given period or on any specified terms nor in any way affect the Company’s or its Affiliates’ right to terminate the Award Recipient’s employment without prior notice at any time for any reason or for no reason.

9. Compliance with Laws and Regulations. The Stock Award and the obligation of the Company to deliver the Shares subject to the Stock Award are subject to compliance with all applicable laws, rules and regulations, to receipt of any approvals by any government or regulatory agency as may be required, and to any determinations the Company may make regarding the application of all such laws, rules and regulations.

10. Binding Nature of Plan. The Award Recipient agrees to be bound by all terms and provisions of the Plan and related administrative rules and procedures, including terms and provisions and administrative rules and procedures adopted and/or modified after the granting of the Stock Award. In the event any provisions of this Agreement are inconsistent with those of the Plan, the provisions of the Plan shall control.

11. Notices. Any notice to the Company under this Agreement shall be in writing to the following address or facsimile number: Human Resources - Executive Compensation, Comerica Incorporated, 1717 Main Street, MC 6515, Dallas, TX 75201; Facsimile Number: 214-462-4430. The Company will address any notice to the Award Recipient to his or her current address according to the Company's personnel files. All written notices provided in accordance with this paragraph shall be deemed to be given when (a) delivered to the appropriate address(es) by hand or by a nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile to the appropriate facsimile number, with confirmation by telephone of transmission receipt; or (c) received by the addressee, if sent by U.S. mail to the appropriate address or by Company inter-office mail to the appropriate mail code. Either party may designate in writing some other address or facsimile number for notice under this Agreement.

12. Withholding. No later than the date as of which an amount first becomes includible in the gross income of the Award Recipient for Federal income tax purposes with respect to any Shares subject to this Stock Award, the Award Recipient shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, all Federal, state and local income and employment taxes that are required by applicable laws and regulations to be withheld with respect to such amount. The Award Recipient authorizes the Company to withhold from his or her compensation to satisfy any income and employment tax withholding obligations in connection with the Stock Award. The Award Recipient agrees that the Company may delay removal of the restrictive legend until proper payment of such taxes has been made by the Award Recipient. The Award Recipient shall, to the extent permitted by law, have the right to satisfy the statutory minimum tax withholding obligations in connection with the Stock Award by authorizing the Corporation to withhold from the Shares otherwise issuable to the individual pursuant to the vesting of the Stock Award, a number of shares having a Fair Market Value, as of the Tax Withholding Date, which will satisfy the statutory minimum amount of the withholding tax obligation. Further, unless determined otherwise by the Committee, the Award Recipient may satisfy such obligations under this paragraph 12 by any other method authorized under Section 9 of the Plan.

13. Voluntary Participation. Participation in the Plan is voluntary. The value of the Stock Award is an extraordinary item of compensation outside the scope of the Award Recipient's employment contract, if any. As such, the Stock Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. Force and Effect. The various provisions of this Agreement are severable in their entirety. Any judicial or legal determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

15. Successors. This Agreement shall be binding upon and inure to the benefit of the successors of the respective parties.

IN WITNESS WHEREOF, this Agreement has been executed by an appropriate officer of Comerica Incorporated and by the Award Recipient, both as of the day and year first above written.

COMERICA INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

AWARD RECIPIENT

\_\_\_\_\_  
Name:

**COMERICA INCORPORATED  
RESTRICTED STOCK AWARD AGREEMENT**

THIS AGREEMENT (the "Agreement") between Comerica Incorporated (the "Company") and **NAME** (the "Award Recipient") is effective as of **GRANT DATE** (the "Effective Date"). Any undefined terms appearing herein as defined terms shall have the same meaning as they do in the Comerica Incorporated 2006 Long-Term Incentive Plan, as amended and/or restated from time to time (the "Plan"). The Company will provide a copy of the Plan to the Award Recipient upon request.

**WITNESSETH:**

1. Award of Stock. Pursuant to the provisions of the Plan, the Company hereby awards the Award Recipient, subject to the terms and conditions of the Plan (incorporated herein by reference), and subject further to the terms and conditions in this Agreement, **XXX** Shares of \$5.00 par value common stock of the Company (the "Stock Award").

2. Vesting of Stock Award. The unvested portion of the Stock Award is subject to forfeiture. Subject to the terms of the Plan and this Agreement, including without limitation, fulfillment of the employment requirements in paragraph 4 below, the Stock Award will vest and become free of restrictions in accordance with the following schedule (except in the case of the Award Recipient's earlier death or Disability or an earlier Change of Control of the Company): 50% of the Shares covered by this Stock Award shall vest and become free of restrictions on the third anniversary of the Effective Date of this Stock Award and 25% of the Shares covered by this Stock Award shall vest and become free of restrictions on each of the fourth and fifth anniversaries of the Effective Date. Any fraction of a Share that would otherwise vest on any date will be rounded down to the next lowest whole number, with any such fraction added to the portion of the Stock Award that vests and becomes free of restrictions on the next vesting date.

As soon as administratively feasible after the vesting of any portion of the Stock Award and the satisfaction of any applicable taxes pursuant to paragraph 12 of this Agreement, the Company will deliver to the Award Recipient (or to the designated Beneficiary of the Award Recipient if the Award Recipient is not then living) evidence of his or her ownership (by book entry or certificate), of the Shares subject to the Stock Award that have vested and for which any applicable taxes have been paid.

3. Cancellation of Stock Award. The Committee has the right to cancel for no consideration all or any portion of the Stock Award in accordance with Section 4 of the Plan if the Committee determines in good faith that the Award Recipient has done any of the following: (i) committed a felony; (ii) committed fraud; (iii) embezzled; (iv) disclosed confidential information or trade secrets; (v) was terminated for Cause; (vi) engaged in any activity in competition with the business of the Company or any Subsidiary or Affiliate of the Company; or (vii) engaged in conduct that adversely affected the Company. The Delegate shall have the power and authority to suspend the vesting of or the right to receive the Shares in respect of all or any portion of the Stock Award if the Delegate makes in good faith the determination described in the preceding sentence. Any such suspension of a Stock Award shall remain in effect until the suspension shall be presented to and acted on by the Committee at its next meeting. This paragraph 3 shall have no application for the two-year period following a Change of Control of the Company.

4. Employment Requirements. Except as provided in this Agreement, in order to vest in and not forfeit the Stock Award (or portion thereof, as the case may be), the Award Recipient must remain employed by the Company or one of its Affiliates until the Stock Award (or portion thereof) has vested. If there is a Termination of Employment for any reason (other than due to death or Disability) before a portion of the Stock Award has fully vested, the Award Recipient will forfeit any portion of the Stock Award that has not vested immediately following the Termination of Employment unless the Committee determines otherwise. If there is a Termination of Employment due to the death or Disability of the Award Recipient prior to this Stock Award fully vesting, the unvested portion of the Stock Award will vest as of the date of the Award Recipient's Termination of Employment due to death or Disability.

5. Effect of a Change of Control. This Stock Award will vest and become free of restrictions on the date a Change of Control of the Company occurs.

6. Nontransferability. No portion of the Shares underlying this Stock Award that have not yet vested, nor any of the rights pertaining thereto or under this Agreement, shall be transferable other than by will or the laws of intestacy until it has vested; *provided, however*, that the Award Recipient may, in the manner established by the Committee, designate a Beneficiary to receive any property distributable with respect to the Stock Award upon the death of the Award Recipient. The unvested Shares underlying the Stock Award and any rights pertaining thereto or under this Agreement may not be pledged, alienated, attached or otherwise encumbered. Any purported pledge, alienation, attachment or encumbrance of the Stock Award contrary to the provisions of this Agreement or the Plan shall be void and unenforceable against the Company or any Affiliate.

7. Voting and Dividends. The Award Recipient shall have the right to vote the Shares underlying any portion of the Stock Award that has not vested and to receive any cash dividends or cash distributions that may be paid with respect thereto. Subject to Section 11(D) of the Plan, in the event of a stock dividend, stock distribution, stock split, division of shares or other corporate structure change which results in the issuance of additional Shares with respect to any unvested Share of the Stock Award, such additional Shares will be subject to the same restrictions and vesting requirements as are applicable to such unvested Share of the Stock Award.

8. No Right to Continued Employment. Nothing in the Plan or this Agreement shall confer on the Award Recipient any right to continue in the employment of the Company or its Affiliates for any given period or on any specified terms nor in any way affect the Company's or its Affiliates' right to terminate the Award Recipient's employment without prior notice at any time for any reason or for no reason.

9. Compliance with Laws and Regulations. The Stock Award and the obligation of the Company to deliver the Shares subject to the Stock Award are subject to compliance with all applicable laws, rules and regulations, to receipt of any approvals by any government or regulatory agency as may be required, and to any determinations the Company may make regarding the application of all such laws, rules and regulations.

10. Binding Nature of Plan. The Award Recipient agrees to be bound by all terms and provisions of the Plan and related administrative rules and procedures, including terms and provisions and administrative rules and procedures adopted and/or modified after the granting of the Stock Award. In the event any provisions of this Agreement are inconsistent with those of the Plan, the provisions of the Plan shall control.

11. Notices. Any notice to the Company under this Agreement shall be in writing to the following address or facsimile number: Human Resources - Executive Compensation, Comerica Incorporated, 1717 Main Street, MC 6515, Dallas, TX 75201; Facsimile Number: 214-462-4430. The Company will address any notice to the Award Recipient to his or her current address according to the Company's personnel files. All written notices provided in accordance with this paragraph shall be deemed to be given when (a) delivered to the appropriate address(es) by hand or by a nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile to the appropriate facsimile number, with confirmation by telephone of transmission receipt; or (c) received by the addressee, if sent by U.S. mail to the appropriate address or by Company inter-office mail to the appropriate mail code. Either party may designate in writing some other address or facsimile number for notice under this Agreement.

12. Withholding. No later than the date as of which an amount first becomes includible in the gross income of the Award Recipient for Federal income tax purposes with respect to any Shares subject to this Stock Award, the Award Recipient shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, all Federal, state and local income and employment taxes that are required by applicable laws and regulations to be withheld with respect to such amount. The Award Recipient authorizes the Company to withhold from his or her compensation to satisfy any income and employment tax withholding obligations in connection with the Stock Award. The Award Recipient agrees that the Company may delay removal of the restrictive legend until proper payment of such taxes has been made by the Award Recipient. The Award Recipient shall, to the extent permitted by law, have the right to satisfy the statutory minimum tax withholding obligations in connection with the Stock Award by authorizing the Corporation to withhold from the Shares otherwise issuable to the individual pursuant to the vesting of the Stock Award, a number of shares having a Fair Market Value, as of the Tax Withholding Date, which will satisfy the statutory minimum amount of the withholding tax obligation. Further, unless determined otherwise by the Committee, the Award Recipient may satisfy such obligations under this paragraph 12 by any other method authorized under Section 9 of the Plan.

13. Voluntary Participation. Participation in the Plan is voluntary. The value of the Stock Award is an extraordinary item of compensation outside the scope of the Award Recipient's employment contract, if any. As such, the Stock Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. Force and Effect. The various provisions of this Agreement are severable in their entirety. Any judicial or legal determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

15. Successors. This Agreement shall be binding upon and inure to the benefit of the successors of the respective parties.

IN WITNESS WHEREOF, this Agreement has been executed by an appropriate officer of Comerica Incorporated and by the Award Recipient, both as of the day and year first above written.

COMERICA INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

AWARD RECIPIENT

Name: \_\_\_\_\_

**COMERICA INCORPORATED  
RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS AGREEMENT (the “Agreement”) between Comerica Incorporated (the “Company”) and **NAME** (the “Award Recipient”) is effective as of **GRANT DATE** (the “Effective Date”). Any undefined terms appearing herein as defined terms shall have the same meaning as they do in the Comerica Incorporated 2006 Long-Term Incentive Plan, as amended and/or restated from time to time (the “Plan”). The Company will provide a copy of the Plan to the Award Recipient upon request.

**WITNESSETH:**

1. Award of Restricted Stock Units. Pursuant to the provisions of the Plan, the Company hereby awards the Award Recipient, subject to the terms and conditions of the Plan (incorporated herein by reference), and subject further to the terms and conditions in this Agreement, **XXX** restricted stock units (“RSUs”) (the “Award”). Each RSU shall represent an unfunded, unsecured right for the Award Recipient to receive one (1) share of the Company’s common stock, par value \$5.00 per share (the “Common Stock”), as described in this Agreement.
2. Ownership Rights. The Award Recipient has no voting or other ownership rights in the Company arising from the award of RSUs under this Agreement.
3. Dividends. The Award Recipient shall be credited with dividend equivalents equal to the dividends the Award Recipient would have received if the Award Recipient had been the owner of a number of shares of Common Stock equal to the number of RSUs credited to the Award Recipient on such dividend payment date (the “Dividend Equivalent”). Any Dividend Equivalent deriving from a cash dividend shall be converted into additional RSUs based on the Fair Market Value of Common Stock on the dividend payment date. Subject to Section 11.D. of the Plan, any Dividend Equivalent deriving from a dividend of shares of Common Stock shall be converted into additional RSUs on a one-for-one basis. The Award Recipient shall continue to be credited with Dividend Equivalents until the Settlement Date (defined below) (or, if applicable, the forfeiture of the corresponding Award). The Dividend Equivalents so credited shall be subject to the same terms and conditions as the corresponding Award, and they shall vest (or, if applicable, be forfeited) and be settled in the same manner and at the same time as the corresponding Award, as if they had been granted at the same time as such Award.
4. Vesting of Award. The unvested portion of the Award is subject to forfeiture. Subject to the terms of the Plan and this Agreement, including without limitation, fulfillment of the employment requirements in paragraph 8 below, the Award will vest in accordance with the following schedule (except in the case of the Award Recipient’s earlier Separation from Service due to death or Disability or an earlier Change of Control of the Company, as set forth in paragraph 6 below): **INSERT PERCENTAGE OR FRACTION** of the RSUs covered by this Award shall vest on **INSERT VESTING SCHEDULE** of the Effective Date of this Award, *provided, however*, that, any RSU representing a fractional share of Common Stock shall accumulate and vest on the next following vesting date on which the aggregate of vested fractional shares represents a whole share of Common Stock.
5. Settlement. Once vested, the Award will be settled as follows:

In General. Subject to paragraph 11 hereof, the Award will be settled in Common Stock. Subject to the terms of the Plan, settlement of the vested portion of the Award shall occur on **INSERT DATE** (or if such date is not a business day, the business day immediately following such date); or, in the case of (i) the Award Recipient’s Separation from Service due to death or Disability or (ii) a Change of Control (as defined in clause A of Exhibit A of the Plan), settlement of the Award shall occur as of such earlier date set forth in paragraph 6 hereof (the “Settlement Date”). As soon as practicable (but in no event more than 30 days) following the Settlement Date, the Company shall , issue or cause there to be transferred to the Award Recipient (or, in the case of the Award Recipient’s death, to the Award Recipient’s designated beneficiary or estate, as applicable or, in the case of the Award Recipient’s Disability, to the Award Recipient’s guardian or legal representative, if applicable and if permissible under applicable law) a number of whole shares of Common Stock equal to the aggregate number of RSUs (rounded down to a whole number) granted to the Award Recipient under this Agreement (including, without limitation, the RSUs attributable to Dividend Equivalents) that are vested as of the Settlement Date (the “Settlement Shares”). Notwithstanding the foregoing, if the Award Recipient’s Separation from Service occurs due to Disability, any such settlement of the Award by reason of such Separation from Service shall be delayed for six months from the date of the Award Recipient’s Separation from Service if the Participant is considered a “specified employee” for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the date of Separation from Service).

(a) Termination of Rights. Upon the issuance or transfer of Settlement Shares in settlement of the Award (including, without limitation, the RSUs attributable to Dividend Equivalents), the Award shall be settled in full and the Award Recipient (or his or her designated beneficiary or estate, in the case of death) shall have no further rights with respect to the Award.

(b) Certificates or Book Entry. As of the Settlement Date, the Company shall, at the discretion of the Committee or its designee, either issue one or more certificates in the Award Recipient's name for such Settlement Shares or evidence book-entry registration of the Settlement Shares in the Award Recipient's name (or, in the case of death, to the Award Recipient's designated beneficiary, if any). No fractional shares of Common Stock shall be issued in settlement of the RSUs, and any fractional share of Common Stock that would otherwise be Settlement Stock as of the Settlement Date shall be settled through a cash payment based on the Fair Market Value of a share of Common Stock.

(c) Conditions to Delivery. Notwithstanding any other provision of this Agreement, the Company shall not be required to evidence book-entry registration or issue or deliver any certificate or certificates representing Settlement Shares in the event the Company reasonably anticipates that such registration, issuance or delivery would violate Federal securities laws or other applicable law; *provided* that the Company must evidence book-entry registration or issue or deliver said certificate or certificates at the earliest date at which the Company reasonably anticipates that such registration, issuance or delivery would not cause such violation.

(d) Legends. The Settlement Shares shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Settlement Shares are listed, any applicable Federal or state laws or the Company's Certificate of Incorporation and Bylaws, and the Committee may cause a legend or legends to be put on or otherwise apply to any certificates or book-entry position representing Settlement Shares to make appropriate reference to such restrictions.

6. Accelerated Vesting and Settlement on Change of Control and Separation from Service Due to Death and Disability. Notwithstanding anything in this Agreement to the contrary:

(a) Upon a Change of Control, the Award (including, without limitation, the RSUs attributable to Dividend Equivalents) shall immediately and fully vest and become nonforfeitable, and such Award shall be settled as soon as practicable (but in no event more than 30 days) following the date of such Change of Control; *provided, however*, that, in the event that such Change of Control does not qualify as an event described in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder, the Award shall not be settled until the first Settlement Date that is also a permissible payment event under Section 409A of the Code and the regulations thereunder (but shall not be subject to the forfeiture provisions of paragraph 8 hereof following such Change of Control).

(b) In the event of the Award Recipient's Separation from Service due to death or Disability, the Award (including, without limitation, the RSUs attributable to Dividend Equivalents) shall immediately and fully vest and become nonforfeitable effective as of the date of the Award Recipient's Separation from Service due to death or Disability, and such Award shall be settled as soon as practicable (but in no event more than 30 days) following the date of such Award Recipient's Separation from Service due to death or Disability, as applicable.

(c) The Committee shall have the sole and absolute discretion to determine whether the Award Recipient's Separation from Service is by reason of Disability, as defined by the Plan and in accordance with Section 409A of the Code.

7. Cancellation of Award. The Committee has the right to cancel for no consideration all or any portion of the Award in accordance with Section 4 of the Plan if the Committee determines in good faith that the Award Recipient has done any of the following: (i) committed a felony; (ii) committed fraud; (iii) embezzled; (iv) disclosed confidential information or trade secrets; (v) was terminated for Cause; (vi) engaged in any activity in competition with the business of the Company or any Subsidiary or Affiliate of the Company; or (vii) engaged in conduct that adversely affected the Company. The Delegate shall have the power and authority to suspend the vesting of or the right to receive Settlement Shares in respect of all or any portion of the Award if the Delegate makes in good faith the determination described in the preceding sentence. Any such suspension of an Award shall remain in effect until the suspension shall be presented to and acted on by the Committee at its next meeting. This paragraph 7 shall have no application for the two-year period following a Change of Control of the Company.

8. Employment Requirements. Except as provided in this Agreement, in order to vest in and not forfeit the Award (or portion thereof, as the case may be), the Award Recipient must remain employed by the Company or one of its Affiliates until the Award (or portion thereof) has vested. If there is a Separation from Service for any reason (other than due to death or Disability) before a portion of the Award has fully vested, the Award Recipient will forfeit any portion of the Award and corresponding Dividend Equivalents that have not vested as of the date of the Separation from Service unless the Committee determines otherwise.

9. No Right to Continued Employment. Nothing in the Plan or this Agreement shall confer on the Award Recipient any right to continue in the employment of the Company or its Affiliates for any given period or on any specified terms nor in any way affect the Company's or its Affiliates' right to terminate the Award Recipient's employment without prior notice at any time for any reason or for no reason.

10. Transferability. Unless otherwise determined by the Committee, the RSUs subject to this Award (including, without limitation, Dividend Equivalents) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Award Recipient otherwise than by will or by the laws of intestacy, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary or Affiliate; *provided, however*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

11. Adjustment in Award. The number of shares of Common Stock underlying this Award shall be subject to adjustment in accordance with Section 3.D. of the Plan in the event of a Share Change or Corporate Transaction, and the Committee shall be authorized to make such other equitable adjustments of the Award or shares of Common Stock issuable pursuant thereto so that the value of the interest of the Award Recipient shall not be decreased by reason of the occurrence of such event. Any such adjustment shall be deemed conclusive and binding on the Company, the Award Recipient, his or her beneficiaries and all other interested parties.

12. Administration; Amendment. This Award has been made pursuant to a determination by the Committee and/or the Board of Directors of the Company, and the Committee shall have plenary authority to interpret, in its sole and absolute discretion, any provision of this Agreement and to make any determinations necessary or advisable for the administration of this Agreement. All such interpretations and determinations shall be final and binding on all persons, including the Company, the Award Recipient, his or her beneficiaries and all other interested parties. Subject to the terms of the Plan, this Agreement may be amended, in whole or in part, at any time by the Committee; *provided, however*, that no amendment to this Agreement may adversely affect the Award Recipient's rights under this Agreement without the Award Recipient's consent except such an amendment made to cause the Award to comply with applicable law, stock exchange rules or accounting rules.

13. Binding Nature of Plan. The Award is subject to the Plan. The Award Recipient agrees to be bound by all terms and provisions of the Plan and related administrative rules and procedures, including, without limitation, terms and provisions and administrative rules and procedures adopted and/or modified after the granting of the Award. In the event any provisions hereof are inconsistent with those of the Plan, the provisions of the Plan shall control, except to the extent expressly modified herein pursuant to authority granted under the Plan.

14. Compliance with Laws and Regulations. The Award and the obligation of the Company to deliver the Settlement Shares subject to the Award are subject to compliance with all applicable laws, rules and regulations, to receipt of any approvals by any government or regulatory agency as may be required, and to any determinations the Company may make regarding the application of all such laws, rules and regulations.

15. Notices. Any notice to the Company under this Agreement shall be in writing to the following address or facsimile number: Human Resources - Executive Compensation, Comerica Incorporated, 1717 Main Street, MC 6515, Dallas, TX 75201; Facsimile Number: 214-462-4430. The Company will address any notice to the Award Recipient to his or her current address according to the Company's personnel files. All written notices provided in accordance with this paragraph shall be deemed to be given when (a) delivered to the appropriate address(es) by hand or by a nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile to the appropriate facsimile number, with confirmation by telephone of transmission receipt; or (c) received by the addressee, if sent by U.S. mail to the appropriate address or by Company inter-office mail to the appropriate mail code. Either party may designate in writing some other address or facsimile number for notice under this Agreement.

16. Withholding. The Award Recipient authorizes the Company to withhold from his or her compensation, including the RSUs granted hereunder and the Settlement Shares issuable hereunder, to satisfy any income and employment tax withholding obligations in connection with this Award. No later than the date as of which an amount first becomes includible in the gross

income of the Award Recipient for Federal income tax purposes with respect to any Settlement Shares subject to this Award, the Award Recipient shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, all Federal, state and local income and employment taxes that are required by applicable laws and regulations to be withheld with respect to such amount. The Award Recipient agrees that the Company may delay delivery of the Settlement Shares until proper payment of such taxes has been made by the Award Recipient. Unless determined otherwise by the Committee, the Award Recipient may satisfy such obligations under this paragraph 16 by any method authorized under Section 9 of the Plan.

17. Voluntary Participation. Participation in the Plan is voluntary. The value of the Award is an extraordinary item of compensation outside the scope of the Award Recipient's employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

18. Force and Effect. The various provisions of this Agreement are severable in their entirety. Any judicial or legal determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

19. Successors. This Agreement shall be binding upon and inure to the benefit of the successors of the respective parties.

20. Applicable Law. The validity, construction and effect of this Agreement and any rules and regulations relating to the Agreement shall be determined in accordance with the laws of the State of Delaware, unless preempted by federal law, and also in accordance with Internal Revenue Code Section 409A and any interpretive authorities promulgated thereunder.

IN WITNESS WHEREOF, this Agreement has been executed by an appropriate officer of Comerica Incorporated and by the Award Recipient, both as of the day and year first above written.

COMERICA INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

AWARD RECIPIENT

\_\_\_\_\_  
Name:

**COMERICA INCORPORATED  
NON-EMPLOYEE DIRECTOR  
RESTRICTED STOCK UNIT AGREEMENT**

**THIS AGREEMENT** is made as of the \_\_day of \_\_ 20\_\_, by and between Comerica Incorporated, a Delaware corporation (hereinafter referred to as the “Corporation”), and \_\_\_\_\_ (hereinafter referred to as the “Director”). Any undefined terms appearing herein as defined terms shall have the same meaning as they do in the Comerica Incorporated Amended and Restated Incentive Plan for Non-Employee Directors, as amended from time to time (the “Plan”).

**WITNESSETH THAT:**

**WHEREAS**, the Corporation desires to grant to the Director an award of Restricted Stock Units (“RSUs”) under the Plan and the terms hereinafter set forth:

**NOW, THEREFORE**, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

**1. Award.** Pursuant to the provisions of the Plan, the Corporation awards \_\_\_\_\_ RSUs (the “Award”) to the Director on \_\_\_\_\_ (the “Date of Award”). Each RSU shall represent an unfunded, unsecured right for the Director to receive one (1) share of the Corporation’s common stock, par value \$5.00 per share (the “Common Stock”).

**2. Ownership Rights.** The Director has no voting or other ownership rights in the Corporation arising from the Award of RSUs under this Agreement.

**3. Dividends.** The Director shall be credited with dividend equivalents equal to the dividends the Director would have received if the Director had been the owner of a number of shares of Common Stock equal to the number of RSUs credited to the Director on such dividend payment date (the “Dividend Equivalent”). Any Dividend Equivalent deriving from a cash dividend shall be converted into additional RSUs based on the Fair Market Value of Common Stock on the dividend payment date. Any Dividend Equivalent deriving from a dividend of shares of Common Stock shall be converted into additional RSUs on a one-for-one basis. The Director shall continue to be credited with Dividend Equivalents until the Settlement Date (defined below). The Dividend Equivalents so credited shall be subject to the same terms and conditions as the corresponding Award, and they shall vest (or, if applicable, be forfeited) and be settled in the same manner and at the same time as the corresponding Award, as if they had been granted at the same time as such Award.

**4. Vesting.** The Award shall vest one year after the Date of Award, with such vesting contingent upon the Director’s continued service as a director of the Corporation for a period of one year after the Date of Award. Except as provided in Section 6, if a Director’s service as a director of the Corporation terminates for any reason prior to the one (1) year anniversary of the Date of Award, the Award and all corresponding Dividend Equivalents shall be forfeited, and no shares of Common Stock or other payment shall be made to the Director in respect of the Award or any corresponding Dividend Equivalents.

**5. Settlement.** Once vested, the Award will be settled as follows:

(a) **In General.** Subject to Section 6 hereof, the Award will be settled in Common Stock. Settlement of the Award shall occur as of the one-year anniversary of the date that the Director separates from service as a director of the Corporation (provided that such separation from service complies with Internal Revenue Code Section 409A); or, in the case of the Director’s cessation of service due to death, Disability or upon a Change of Control, settlement of the Award shall occur as of such earlier date as set forth in Section 6 hereof (the “Settlement Date”). On the Settlement Date, the Corporation shall issue or cause there to be transferred to the Director a number of shares of Common Stock equal to the aggregate number of RSUs granted to the Director under this Agreement (including, without limitation, the RSUs attributable to Dividend Equivalents) (the “Settlement Shares”).

(b) **Termination of Rights.** Upon the issuance or transfer of Settlement Shares in settlement of the Award (including, without limitation, the RSUs attributable to Dividend Equivalents), the Award shall be settled in full and the Director (or his or her designated beneficiary or estate, in the case of death) shall have no further rights with respect to the Award.

(c) **Certificates or Book Entry.** As of the Settlement Date, the Corporation shall, at the discretion of the Committee or its designee, either issue one or more certificates in the Director's name for such Settlement Shares or evidence book-entry registration of the Settlement Shares in the Director's name (or, in the case of death, to the Director's designated beneficiary, if any).

(d) **Conditions to Delivery.** Notwithstanding any other provision of this Agreement, the Corporation shall not be required to evidence book-entry registration or issue or deliver any certificate or certificates representing Settlement Shares prior to fulfillment of all of the following conditions:

(1) Listing or approval for listing upon notice of issuance, of the Settlement Shares on the New York Stock Exchange, Inc., or such other securities exchange as may at the time be the principal market for the Common Stock;

(2) Any registration or other qualification of the Settlement Shares under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its sole and absolute discretion upon the advice of counsel, deem necessary or advisable; and

(3) Obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its sole and absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(e) **Legends.** The Settlement Shares shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Settlement Shares are listed, any applicable federal or state laws or the Corporation's Certificate of Incorporation and Bylaws, and the Committee may cause a legend or legends to be put on or otherwise apply to any certificates or book-entry position representing Settlement Shares to make appropriate reference to such restrictions.

**6. Change of Control; Death, Disability or Retirement.** Notwithstanding anything in this Agreement to the contrary:

(a) Upon a Change of Control, the Award (including, without limitation, the RSUs attributable to Dividend Equivalents) shall immediately and fully vest and become nonforfeitable, any deferral or other restriction shall lapse, and such Award shall be settled in cash (rather than Settlement Shares) as promptly as is practicable, but in no event later than 30 days following the date of such Change of Control.

(b) In the event of the death, Disability or Retirement of the Director while serving as a director with the Corporation, the Award (including, without limitation, the RSUs attributable to Dividend Equivalents) shall immediately and fully vest and become nonforfeitable, any deferral or other restriction shall lapse, and the Award shall be settled as set forth in Section 5; *provided, however*, that in the case of the Director's cessation of service due to death or Disability, the Corporation shall issue or cause there to be transferred to the Director (or, in the case of death, to the Director's designated beneficiary or, if no designated beneficiary is living on the date of the Director's death, the Director's estate) the Settlement Shares as promptly as is practicable following the date of the Director's cessation of service.

(c) The Committee shall have the sole and absolute discretion to determine whether the termination of the Director's membership on the board of directors of the Corporation is by reason of Disability or Retirement, as defined by the Plan and in accordance with Internal Revenue Code Section 409A.

**7. Transferability.** Unless otherwise determined by the Committee, the RSUs subject to this Award (including, without limitation, Dividend Equivalents) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Director otherwise than by will or by the laws of intestacy, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Corporation or any Subsidiary or Affiliate; *provided, however*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

**8. Adjustment in Award.** In the event the number of outstanding shares of Common Stock changes as a result of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution made to holders of Common Stock other than cash dividends, the number or kind of shares subject to this Award shall be automatically adjusted, and the Committee shall be authorized to make such other equitable adjustments of the Award or shares of Common Stock issuable pursuant thereto so that the value of the interest of the Director shall not be decreased by reason of the occurrence of such event. Any such adjustment shall be deemed conclusive and binding on the Corporation, the Director, his or her beneficiaries and all other interested parties.

**9. Administration; Amendment.** This Award has been made pursuant to a determination by the Committee and/or the Board of Directors of the Corporation, and the Committee shall have plenary authority to interpret, in its sole and absolute discretion, any provision of this Agreement and to make any determinations necessary or advisable for the administration of this Agreement. All such interpretations and determinations shall be final and binding on all persons, including the Corporation, the Director, his or her beneficiaries and all other interested parties. Subject to the terms of the Plan, this Agreement may be amended, in whole or in part, at any time by the Committee; *provided, however*, that no amendment to this Agreement may adversely affect the Director's rights under this Agreement without the Director's consent except such an amendment made to cause the Award to comply with applicable law, stock exchange rules or accounting rules.

**10. Binding Nature of Plan.** The Award is subject to the Plan. The Director agrees to be bound by all terms and provisions of the Plan and related administrative rules and procedures, including, without limitation, terms and provisions and administrative rules and procedures adopted and/or modified after the granting of the Award. In the event any provisions hereof are inconsistent with those of the Plan, the provisions of the Plan shall control, except to the extent expressly modified herein pursuant to authority granted under the Plan.

**11. Applicable Law.** The validity, construction and effect of this Agreement and any rules and regulations relating to the Agreement shall be determined in accordance with the laws of the State of Delaware, unless preempted by federal law, and also in accordance with Internal Revenue Code Section 409A and any interpretive authorities promulgated thereunder.

**IN WITNESS WHEREOF**, the Corporation has caused this Agreement to be executed on its behalf, and the Director has signed this Agreement to evidence the Director's acceptance of the terms hereof, all as of the date first above written.

COMERICA INCORPORATED

By: \_\_\_\_\_

DIRECTOR

\_\_\_\_\_  
Name:

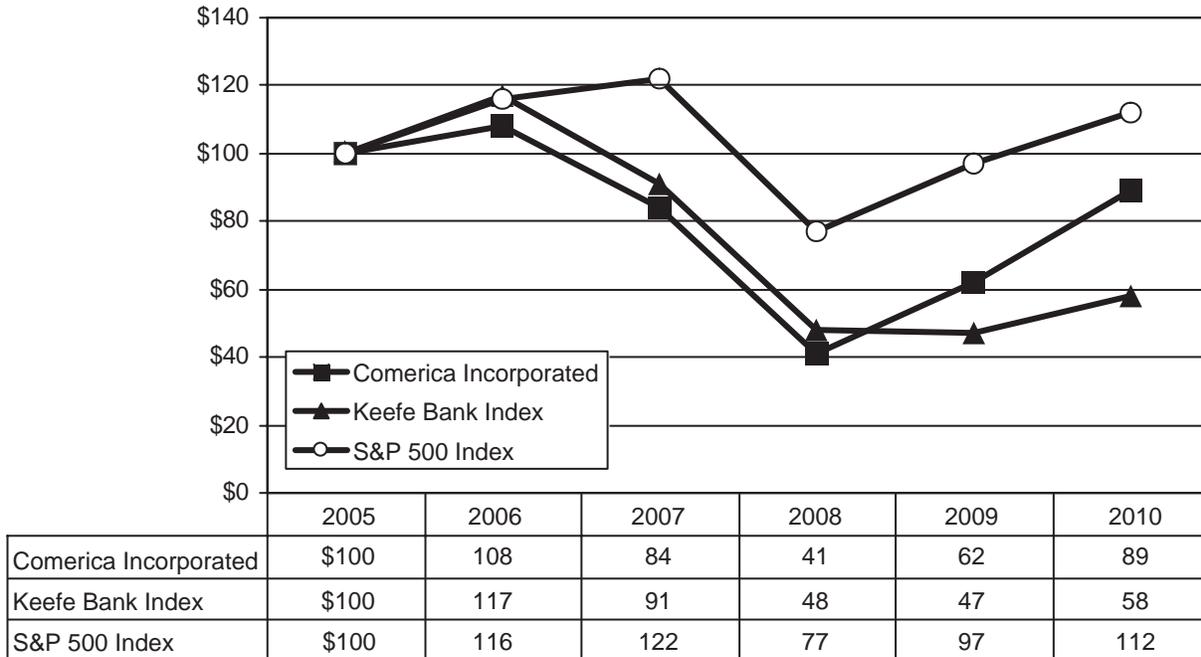
## **FINANCIAL REVIEW AND REPORTS**

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## PERFORMANCE GRAPH

**Comparison of Five Year Cumulative Total Return  
Among Comerica Incorporated, Keefe Bank Index, and S&P 500 Index  
(Assumes \$100 Invested on 12/31/05 and Reinvestment of Dividends)**



The performance shown on the graph is not necessarily indicative of future performance.

## SELECTED FINANCIAL DATA

(dollar amounts in millions, except per share data)

Years Ended December 31	2010	2009	2008	2007	2006
<b>EARNINGS SUMMARY</b>					
Net interest income	\$ 1,646	\$ 1,567	\$ 1,815	\$ 2,003	\$ 1,983
Provision for loan losses	480	1,082	686	212	37
Noninterest income	789	1,050	893	888	855
Noninterest expenses	1,640	1,650	1,751	1,691	1,674
Provision (benefit) for income taxes	55	(131)	59	306	345
Income from continuing operations	260	16	212	682	782
Net income	277	17	213	686	893
Preferred stock dividends	123	134	17	-	-
Net income (loss) attributable to common shares	153	(118)	192	680	886
<b>PER SHARE OF COMMON STOCK</b>					
Diluted earnings per common share:					
Income (loss) from continuing operations	\$ 0.78	\$ (0.80)	\$ 1.28	\$ 4.40	\$ 4.81
Net income (loss)	0.88	(0.79)	1.28	4.43	5.49
Cash dividends declared	0.25	0.20	2.31	2.56	2.36
Common shareholders' equity	32.82	32.27	33.38	34.12	32.70
Market value	42.24	29.57	19.85	43.53	58.68
Average diluted shares (in millions)	173	149	149	154	161
<b>YEAR-END BALANCES</b>					
Total assets	\$ 53,667	\$ 59,249	\$ 67,548	\$ 62,331	\$ 58,001
Total earning assets	49,352	54,558	62,374	57,448	54,052
Total loans	40,236	42,161	50,505	50,743	47,431
Total deposits	40,471	39,665	41,955	44,278	44,927
Total medium and long-term debt	6,138	11,060	15,053	8,821	5,949
Total common shareholders' equity	5,793	4,878	5,023	5,117	5,153
Total shareholders' equity	5,793	7,029	7,152	5,117	5,153
<b>AVERAGE BALANCES</b>					
Total assets	\$ 55,553	\$ 62,809	\$ 65,185	\$ 58,574	\$ 56,579
Total earning assets	51,004	58,162	60,422	54,688	52,291
Total loans	40,517	46,162	51,765	49,821	47,750
Total deposits	39,486	40,091	42,003	41,934	42,074
Total medium and long-term debt	8,684	13,334	12,457	8,197	5,407
Total common shareholders' equity	5,625	4,959	5,166	5,070	5,176
Total shareholders' equity	6,068	7,099	5,442	5,070	5,176
<b>CREDIT QUALITY</b>					
Total allowance for credit losses	\$ 936	\$ 1,022	\$ 808	\$ 578	\$ 519
Total nonperforming loans	1,123	1,181	917	404	214
Foreclosed property	112	111	66	19	18
Total nonperforming assets	1,235	1,292	983	423	232
Net credit-related charge-offs	564	869	472	153	72
Net credit-related charge-offs as a percentage of average total loans	1.39 %	1.88 %	0.91 %	0.31 %	0.15 %
Allowance for loan losses as a percentage of total period-end loans	2.24	2.34	1.52	1.10	1.04
Allowance for loan losses as a percentage of total nonperforming loans	80	83	84	138	231
<b>RATIOS</b>					
Net interest margin (fully taxable equivalent)	3.24 %	2.72 %	3.02 %	3.66 %	3.79 %
Return on average assets	0.50	0.03	0.33	1.17	1.58
Return on average common shareholders' equity	2.74	(2.37)	3.79	13.52	17.24
Dividend payout ratio	28.41	n/m	179.07	57.79	42.99
Average common shareholders' equity as a percentage of average assets	10.13	7.90	7.93	8.66	9.15
Tier 1 common capital as a percentage of risk-weighted assets (a)	10.13	8.18	7.08	6.85	7.54
Tier 1 capital as a percentage of risk-weighted assets	10.13	12.46	10.66	7.51	8.03
Tangible common equity as a percentage of tangible assets (a)	10.54	7.99	7.21	7.97	8.62

(a) See Supplemental Financial Data section for reconcilements of non-GAAP financial measures.

n/m - not meaningful.

## 2010 FINANCIAL RESULTS AND KEY CORPORATE INITIATIVES

### FINANCIAL RESULTS

- Net income was \$277 million for 2010, compared to \$17 million for 2009. Net income attributable to common shares was \$153 million for 2010, compared to a net loss attributable to common shares of \$118 million for 2009. Included in the net income (loss) attributable to common shares were preferred dividends of \$123 million and \$134 million in 2010 and 2009, respectively. Net income per diluted common share was \$0.88 for 2010, compared to a net loss per diluted common share of \$0.79 for 2009. The most significant items contributing to the increase in net income are described below.
- The provision for loan losses decreased \$602 million in 2010, compared to 2009, resulting from significant improvements in credit quality. Improvements in credit quality included a decline of \$2.2 billion in the Corporation's internal watch list loans from December 31, 2009 to December 31, 2010, compared to an increase of \$2.0 billion in the prior year. Additional indicators of improved credit quality included a decrease of \$369 million in the inflow to nonaccrual loans (based on an analysis of nonaccrual loans with book balances greater than \$2 million), a decrease in net credit-related charge-offs of \$305 million and a decrease of \$39 million in loans past due 90 days or more and still accruing in 2010, compared to 2009.
- Average loans in 2010 were \$40.5 billion, a decrease of \$5.6 billion from 2009, reflecting subdued loan demand from customers in a modestly recovering economic environment as well as expected runoff in the Commercial Real Estate business line.
- Average core deposits increased \$3.4 billion, or 10 percent, in 2010, compared to 2009. The increase in average core deposits reflected increases in average money market and NOW deposits of \$3.4 billion, or 26 percent, and noninterest-bearing deposits of \$2.2 billion, or 17 percent, in 2010, partially offset by a decrease in customer certificates of deposit of \$2.3 billion. Core deposits exclude other time deposits and foreign office time deposits.
- Net interest income increased \$79 million to \$1.6 billion in 2010, compared to 2009. The net interest margin increased 52 basis points to 3.24 percent, primarily due to changes in the funding mix, including a continued shift in funding sources toward lower-cost funds, and improved loan spreads.
- Noninterest income decreased \$261 million compared to 2009. Excluding net securities gains, noninterest income decreased \$21 million, or three percent, compared to 2009. Increases of \$16 million in commercial lending fees, \$7 million in card fees and \$7 million in letter of credit fees were partially offset by decreases of \$20 million in service charges on deposit accounts and \$7 million in fiduciary income. 2009 included net securities gains of \$243 million, \$15 million in gains related to the repurchase of debt and \$8 million in net gains on the termination of leveraged leases.
- Noninterest expenses decreased \$10 million, or one percent, compared to 2009, primarily due to decreases of \$28 million in Federal Deposit Insurance Corporation (FDIC) insurance expense, \$27 million in defined benefit pension expense and \$19 million in other real estate expense, partially offset by an increase of \$53 million in salaries expense. The increase in salaries expense was largely driven by an increase in incentive compensation, reflecting improved overall performance and 2010 peer rankings.
- The Corporation fully redeemed \$2.25 billion of Fixed Rate Cumulative Perpetual Preferred Stock (preferred stock) issued in connection with the U.S. Department of Treasury (U.S. Treasury) Capital Purchase Program (the Capital Purchase Program). The redemption was funded by the net proceeds from an \$880 million common stock offering completed in the first quarter 2010 and from excess liquidity at the parent company. The redemption resulted in a one-time redemption charge of \$94 million in 2010, reflecting the accelerated accretion of the remaining discount, which reduced diluted earnings per common share by \$0.54 in 2010. The total impact of the preferred stock, including the redemption charge, cash dividends of \$24 million and non-cash discount accretion of \$5 million, was a reduction to 2010 diluted earnings per common share of \$0.71.

### KEY CORPORATE INITIATIVES

- Completed an \$880 million common stock offering and fully redeemed \$2.25 billion of preferred stock issued to the U.S. Treasury in the first quarter 2010.

- Doubled the quarterly dividend to 10 cents per share in the fourth quarter following the overall positive financial performance trends of the Corporation and a modest improvement in the economy. In addition, the Corporation's Board of Directors authorized the repurchase of up to 12.6 million shares of common stock in the open market and also authorized the purchase of outstanding warrants to purchase up to 11.5 million shares of the Corporation's common stock.
- Redeemed \$515 million of 6.576% subordinated notes due 2037 at par in the fourth quarter 2010. The notes related to \$500 million of trust preferred securities issued by an unconsolidated subsidiary, which were concurrently redeemed. The Corporation additionally early redeemed \$2 billion of Federal Home Loan Bank (FHLB) advances without penalty in 2010.
- Continued to aggressively focus resources on managing credit quality in 2010, particularly in the Commercial Real Estate business line. Within the Commercial Real Estate business line, year-end 2010 residential real estate development exposure was reduced by \$507 million, or 48 percent, compared to year-end 2009, and by \$1.4 billion, or 71 percent, compared to year-end 2008.
- Maintained strong capital ratios, while eliminating all preferred stock and trust preferred securities from Tier 1 and total capital. Tier 1 common capital was 10.13 percent at December 31, 2010, up from 8.18 percent at December 31, 2009.
- Increased loan and deposit spreads as a result of a strategic initiative which commenced in mid-2008 to better align risk with appropriate returns in changing market conditions.
- On January 18, 2011, announced a definitive agreement to acquire Sterling Bancshares, Inc. (Sterling) under which the Corporation will acquire all of the outstanding shares of Sterling common stock in a stock-for-stock transaction. Under the terms of the agreement, each outstanding share of Sterling common stock will be exchanged for 0.2365 shares of the Corporation's common stock upon closing. The transaction is expected to be completed by mid-year 2011 and is subject to customary closing conditions, including approval by Sterling shareholders and regulatory approvals. Sterling is a Houston-based bank holding company with total assets of \$5.2 billion at December 31, 2010, which operates banking centers in Houston, San Antonio, Fort Worth and Dallas, Texas.

## OVERVIEW

Comerica Incorporated (the Corporation) is a financial holding company headquartered in Dallas, Texas. The Corporation's major business segments are the Business Bank, the Retail Bank and Wealth & Institutional Management. The core businesses are tailored to each of the Corporation's four primary geographic markets: Midwest, Western, Texas and Florida.

The accounting and reporting policies of the Corporation and its subsidiaries conform to U.S. generally accepted accounting principles (GAAP). 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. The most critical of these significant accounting policies are discussed in the "Critical Accounting Policies" section of this financial review.

As a financial institution, the Corporation's principal activity is lending to and accepting deposits from businesses and individuals. The primary source of revenue is net interest income, which is principally derived from the difference between interest earned on loans and investment securities and interest paid on deposits and other funding sources. The Corporation also provides other products and services that meet the financial needs of customers and which generate noninterest income, the Corporation's secondary source of revenue. Growth in loans, deposits and noninterest income is affected by many factors, including economic conditions in the markets the Corporation serves, the financial requirements and economic health of customers, and successfully adding new customers and/or increasing the number of products used by current customers. Success in providing products and services depends on the financial needs of customers and the types of products desired.

For full-year 2011, management expects the following, compared to full-year 2010, based on a continuation of modest growth in the economy. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

- A low single-digit decrease in average loans. Excluding the Commercial Real Estate business line, a low single-digit increase in average loans.
- Average earning assets of approximately \$48 billion, reflecting lower excess liquidity in addition to a decrease in average loans.
- An average net interest margin similar to full-year 2010, based on no increase in the Federal Funds rate.
- Net credit-related charge-offs between \$350 million and \$400 million. The provision for credit losses is expected to be between \$150 million and \$200 million.
- A low single-digit decline in noninterest income, primarily due to the impact of regulatory changes.
- A low single-digit increase in noninterest expenses, primarily due to an increase in employee benefits expense.
- Income tax expense to approximate 36 percent of income before income taxes less approximately \$60 million of permanent differences related to low-income housing and bank-owned life insurance.
- Commence a share repurchase program that, combined with dividend payments, results in a payout of less than 50 percent of earnings.

## ANALYSIS OF NET INTEREST INCOME-Fully Taxable Equivalent (FTE)

(dollar amounts in millions)

Years Ended December 31	2010			2009			2008			
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	
Commercial loans	\$ 21,090	\$ 820	3.89	% \$24,534	\$ 890	3.63	% \$28,870	\$ 1,468	5.08	%
Real estate construction loans	2,839	90	3.17	4,140	121	2.92	4,715	231	4.89	
Commercial mortgage loans	10,244	421	4.10	10,415	437	4.20	10,411	580	5.57	
Residential mortgage loans	1,607	85	5.30	1,756	97	5.53	1,886	112	5.94	
Consumer loans	2,429	86	3.54	2,553	94	3.68	2,559	130	5.08	
Lease financing (a)	1,086	42	3.88	1,231	40	3.25	1,356	8	0.59	
International loans	1,222	48	3.94	1,533	58	3.79	1,968	101	5.13	
Business loan swap income (b)	-	28	-	-	34	-	-	24	-	
Total loans (c)	40,517	1,620	4.00	46,162	1,771	3.84	51,765	2,654	5.13	
Auction-rate securities available-for-sale	745	8	1.01	1,010	15	1.47	193	6	2.95	
Other investment securities available-for-sale	6,419	220	3.51	8,378	318	3.88	7,908	384	4.88	
Total investment securities available-for-sale (d)	7,164	228	3.24	9,388	333	3.61	8,101	390	4.83	
Federal funds sold and securities purchased under agreements to resell	6	-	0.36	18	-	0.32	93	2	2.08	
Interest-bearing deposits with banks (e)	3,191	8	0.25	2,440	6	0.25	219	1	0.61	
Other short-term investments	126	2	1.58	154	3	1.74	244	10	3.98	
Total earning assets	51,004	1,858	3.65	58,162	2,113	3.64	60,422	3,057	5.06	
Cash and due from banks	825			883			1,185			
Allowance for loan losses	(1,019)			(947)			(691)			
Accrued income and other assets	4,743			4,711			4,269			
Total assets	\$ 55,553			\$62,809			\$65,185			
Money market and NOW deposits	\$ 16,355	51	0.31	\$ 12,965	63	0.49	\$ 14,245	207	1.45	
Savings deposits	1,394	1	0.08	1,339	2	0.11	1,344	6	0.45	
Customer certificates of deposit	5,875	53	0.90	8,131	183	2.26	8,150	263	3.23	
Total interest-bearing core deposits	23,624	105	0.44	22,435	248	1.11	23,739	476	2.01	
Other time deposits (f)	306	9	3.04	4,103	121	2.96	6,715	232	3.45	
Foreign office time deposits (g)	462	1	0.31	653	2	0.29	926	26	2.77	
Total interest-bearing deposits	24,392	115	0.47	27,191	371	1.37	31,380	734	2.34	
Short-term borrowings	216	1	0.25	1,000	2	0.24	3,763	87	2.30	
Medium- and long-term debt (f)	8,684	91	1.05	13,334	165	1.23	12,457	415	3.33	
Total interest-bearing sources	33,292	207	0.62	41,525	538	1.29	47,600	1,236	2.59	
Noninterest-bearing deposits	15,094			12,900			10,623			
Accrued expenses and other liabilities	1,099			1,285			1,520			
Total shareholders' equity	6,068			7,099			5,442			
Total liabilities and shareholders' equity	\$ 55,553			\$62,809			\$65,185			
Net interest income/rate spread (FTE)		\$ 1,651	3.03		\$ 1,575	2.35		\$ 1,821	2.47	
FTE adjustment (h)		\$ 5			\$ 8			\$ 6		
Impact of net noninterest-bearing sources of funds			0.21			0.37			0.55	
Net interest margin (as a percentage of average earning assets (FTE) (a) (e))			3.24	%			2.72	%	3.02	%

(a) 2008 net interest income declined \$38 million and the net interest margin declined six basis points due to tax-related non-cash lease income charges.

(b) The gain or loss attributable to the effective portion of cash flow hedges of loans is shown in "Business loan swap income".

(c) Nonaccrual loans are included in average balances reported and are included in the calculation of average rates.

(d) Average rate based on average historical cost.

(e) Excess liquidity, represented by average balances deposited with the Federal Reserve Bank, reduced the net interest margin by 20 basis points, 11 basis points and one basis point in 2010, 2009 and 2008, respectively. Excluding excess liquidity, the net interest margin would have been 3.44% in 2010, 2.83% in 2009 and 3.03% in 2008. See Supplemental Financial Data section for reconciliations of non-GAAP financial measures.

(f) Other time deposits and medium- and long-term debt average balances have been adjusted to reflect the gain or loss attributable to the risk hedged by risk management swaps that qualify as fair value hedges. The gain or loss attributable to the effective portion of fair value hedges of other time deposits and medium- and long-term debt, which totaled a net gain of \$77 million, \$61 million and \$43 million in 2010, 2009 and 2008, respectively, is included in the related interest expense line item.

(g) Includes substantially all deposits by foreign domiciled depositors; deposits are primarily in excess of \$100,000.

(h) The FTE adjustment is computed using a federal income tax rate of 35%.

**RATE-VOLUME ANALYSIS**  
**Fully Taxable Equivalent (FTE)**  
*(in millions)*

	2010 / 2009			2009 / 2008		
	Increase (Decrease) Due to Rate	Increase (Decrease) Due to Volume (a)	Net Increase (Decrease)	Increase (Decrease) Due to Rate	Increase (Decrease) Due to Volume (a)	Net Increase (Decrease)
<b>Interest income (FTE):</b>						
Loans:						
Commercial loans	\$ 63	\$ (133)	\$ (70)	\$ (421)	\$ (157)	\$ (578)
Real estate construction loans	10	(41)	(31)	(93)	(17)	(110)
Commercial mortgage loans	(9)	(7)	(16)	(143)	-	(143)
Residential mortgage loans	(4)	(8)	(12)	(8)	(7)	(15)
Consumer loans	(3)	(5)	(8)	(36)	-	(36)
Lease financing	8	(6)	2	36	(4)	32
International loans	2	(12)	(10)	(26)	(17)	(43)
Business loan swap income	(6)	-	(6)	10	-	10
Total loans	61	(212)	(151)	(681)	(202)	(883)
Auction-rate securities available-for-sale	(5)	(2)	(7)	(3)	12	9
Other investment securities available-for-sale	(30)	(68)	(98)	(84)	18	(66)
Total investment securities available-for-sale	(35)	(70)	(105)	(87)	30	(57)
Federal funds sold and securities purchased under agreements to resell	-	-	-	(2)	-	(2)
Interest-bearing deposits with banks	-	2	2	(1)	6	5
Other short-term investments	-	(1)	(1)	(2)	(5)	(7)
Total interest income (FTE)	26	(281)	(255)	(773)	(171)	(944)
<b>Interest expense:</b>						
Interest-bearing deposits:						
Money market and NOW accounts	(22)	10	(12)	(138)	(6)	(144)
Savings deposits	(1)	-	(1)	(4)	-	(4)
Customer certificates of deposit	(110)	(20)	(130)	(79)	(1)	(80)
Other time deposits	3	(115)	(112)	(34)	(77)	(111)
Foreign office time deposits	-	(1)	(1)	(23)	(1)	(24)
Total interest-bearing deposits	(130)	(126)	(256)	(278)	(85)	(363)
Short-term borrowings	-	(1)	(1)	(78)	(7)	(85)
Medium- and long-term debt	(24)	(50)	(74)	(262)	12	(250)
Total interest expense	(154)	(177)	(331)	(618)	(80)	(698)
Net interest income (FTE)	\$ 180	\$ (104)	\$ 76	\$ (155)	\$ (91)	\$ (246)

(a) Rate/volume variances are allocated to variances due to volume.

**NET INTEREST INCOME**

Net interest income is the difference between interest and yield-related fees earned on assets and interest paid on liabilities. Adjustments are made to the yields on tax-exempt assets in order to present tax-exempt income and fully taxable income on a comparable basis. Gains and losses related to the effective portion of risk management interest rate swaps that qualify as hedges are included with the interest income or expense of the hedged item when classified in net interest income. Net interest income on a fully taxable equivalent (FTE) basis comprised 68 percent of total revenues in 2010, compared to 60 percent in 2009 and 67 percent in 2008. The "Analysis of Net Interest Income-Fully Taxable Equivalent" table of this financial review provides an analysis of net interest income for the years ended December 31, 2010, 2009 and 2008. The rate-volume analysis in the table above details the components of the change in net interest income on a FTE basis for 2010 compared to 2009 and 2009 compared to 2008.

Net interest income was \$1.6 billion in 2010, an increase of \$79 million, or five percent, compared to 2009. The increase in net interest income in 2010 resulted primarily from changes in the funding mix, including a continued shift in funding sources toward lower-cost funds, and improved loan spreads. On a FTE basis, net interest income was \$1.7 billion in 2010, an increase of \$76 million, or five percent, from 2009. Average earning assets decreased \$7.2 billion, or 12 percent, to \$51.0 billion in 2010, compared to \$58.2 billion in 2009, primarily due to a \$5.6 billion, or 12 percent, decrease in average loans, to \$40.5 billion, and a \$2.2 billion decrease in investment securities available-for-sale, partially offset by an increase of \$751 million in average interest-bearing deposits with banks. The net interest margin (FTE) increased 52 basis points to 3.24 percent in 2010, from 2.72 percent in 2009, resulting primarily from the reasons cited for the increase in net interest income discussed above. The net interest margin was reduced by approximately 20 basis points and 11 basis points in 2010 and 2009, respectively, from excess liquidity. Excess liquidity was represented by \$3.1 billion and \$2.4 billion of average balances deposited with the Federal Reserve Bank (FRB) in 2010 and 2009, respectively, included in “interest-bearing deposits with banks” on the consolidated balance sheets.

The Corporation implements various asset and liability management strategies to manage net interest income exposure to interest rate risk. Refer to the “Interest Rate Risk” section of this financial review for additional information regarding the Corporation’s asset and liability management policies.

In 2009, net interest income was \$1.6 billion, a decrease of \$248 million, or 14 percent, from 2008. The decrease in net interest income in 2009 was primarily due to loan rates declining faster than deposit rates with late 2008 rate reductions, partially offset by increased loan spreads. On a FTE basis, net interest income was \$1.6 billion in 2009, a decrease of \$246 million, or 13 percent, from 2008. Average earning assets decreased \$2.2 billion, or four percent, to \$58.2 billion in 2009, compared to 2008, primarily as a result of a \$5.6 billion decrease in average loans, partially offset by increases of \$2.2 billion in average interest-bearing deposits with banks and \$1.3 billion in average investment securities available-for-sale. The net interest margin (FTE) decreased to 2.72 percent in 2009, from 3.02 percent in 2008, resulting primarily from the reasons cited for the decline in net interest income discussed above, as well as excess liquidity and the reduced contribution of noninterest-bearing funds in a significantly lower rate environment. The net interest margin was reduced by 11 basis points in 2009 from excess liquidity, represented by \$2.4 billion of average balances deposited with the FRB.

Management expects an average net interest margin similar to full-year 2010 based on no increase in the Federal Funds rate. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

## **PROVISION FOR CREDIT LOSSES**

The provision for credit losses includes both the provision for loan losses and the provision for credit losses on lending-related commitments. The provision for loan losses reflects management’s evaluation of the adequacy of the allowance for loan losses. The provision for credit losses on lending-related commitments, a component of “noninterest expenses” on the consolidated statements of income, reflects management’s assessment of the adequacy of the allowance for credit losses on lending-related commitments. The Corporation performs a detailed credit quality review quarterly to determine the adequacy of the allowance for loan losses and the allowance for credit losses on lending-related commitments and records provisions for each based on the results. For a further discussion of both allowances, refer to the “Credit Risk” and the “Critical Accounting Policies” sections of this financial review.

The provision for loan losses was \$480 million in 2010, compared to \$1.1 billion in 2009 and \$686 million in 2008. The \$602 million decrease in the provision for loan losses in 2010, compared to 2009, resulted primarily from significant, broad-based improvements in credit quality. Improvements in credit quality included a decline of \$2.2 billion in the Corporation’s internal watch list loans from year-end 2009 to year-end 2010, compared to an increase of \$2.0 billion in the same period in 2009. Additional indicators of improved credit quality included a decrease of \$369 million in the inflow to nonaccrual loans (based on an analysis of nonaccrual loans with book balances greater than \$2 million), a decline in net credit-related charge-offs of \$305 million, and

a decrease of \$39 million in loans past 90 days or more and still accruing in 2010, compared to 2009. The increase in the provision for loan losses in 2009, when compared to 2008, was primarily the result of credit challenges in the Middle Market, Commercial Real Estate (primarily residential real estate development), Global Corporate Banking, Leasing and Private Banking loan portfolios.

The national economy was recovering moderately from the middle of 2009 until the middle of the second quarter 2010, when the pace of economic growth slowed in reaction to the European sovereign debt crisis, the temporary interruption of various government support programs and the oil spill in the Gulf of Mexico. Economic growth rebounded in the third quarter and was evidenced by a private-sector led recovery. Real gross domestic product growth was just under three percent from December 31, 2009 to December 31, 2010. Texas continued to outperform the national economy in 2010, with notable strength in manufacturing and energy exploration. Reflecting the broadening recovery in Texas, nonfarm payrolls increased at an approximate two percent annual rate in 2010, compared to slightly below one percent increase nationally. The average Texas Economic Activity Index for the first ten months of 2010 was 91 percent. The Texas Economic Activity Index equally weights nine seasonally-adjusted coincident indicators of real state economic activity. The indicators reflect activity in the energy, manufacturing, travel, and trade sectors, as well as job growth and consumer outlays. The Michigan economy showed signs of recovery with strength in manufacturing, but continued to lag behind the national recovery. The average Michigan Economic Activity Index for the first eleven months of 2010 increased 15 percent from the average for full-year 2009. The Michigan Economic Activity Index represents nine different measures of economic activity compiled by the Corporation. The California economy also appears to be lagging the national recovery. Payrolls through December were rising at a rate of less than one percent, which was slower than the national average. California's housing sector appears to be improving as prices are now more aligned to income and the inventory of unsold homes has declined. The average California Economic Activity Index compiled by the Corporation for the first eleven months of 2010 increased four percent from the average for full-year 2009. The California Economic Activity Index equally weights nine, seasonally-adjusted, coincident measures of economic activity. Forward-looking indicators suggest that economic conditions in the Corporation's primary geographic markets are likely to continue to strengthen gradually against a background of moderate national and global expansions.

Net loan charge-offs in 2010 decreased \$304 million to \$564 million, or 1.39 percent of average total loans, compared to \$868 million, or 1.88 percent, in 2009 and \$471 million, or 0.91 percent, in 2008. The \$304 million decrease in net loan charge-offs in 2010, compared to 2009, consisted primarily of decreases in net loan charge-offs in the Commercial Real Estate (\$114 million), Global Corporate Banking (\$61 million), Middle Market (\$60 million), and Specialty Business (\$57 million) business lines, partially offset by an increase in net loan charge-offs in the Private Banking business line (\$15 million). The Specialty Businesses business line includes Energy Lending, Leasing, Technology and Life Sciences, Mortgage Banker Finance, Entertainment Lending and the Financial Services Division. The \$114 million decrease in net loan charge-offs in the Commercial Real Estate business line reflected decreases in all markets, with the exception of Texas. In the Texas market, Commercial Real Estate business line net loan charge-offs increased \$17 million, primarily due to charge-offs in residential land development and multi-use projects in the residential construction loan portfolio. By geographic market, the decrease in net loan charge-offs in 2010, compared to 2009, consisted primarily of decreases in the Midwest (\$134 million) and Western (\$115 million) markets.

The provision for credit losses on lending-related commitments was a negative provision of \$2 million in 2010, compared to provisions of less than \$0.5 million in 2009 and \$18 million in 2008. The \$2 million reduction in the provision for credit losses on lending-related commitments in 2010, compared to 2009, resulted primarily from improved credit quality in unfunded commitments in the Midwest and Western markets and a decrease in specific reserves for letters of credit.

An analysis of the changes in the allowance for loan losses, including charge-offs and recoveries by loan category, is provided in the "Analysis of the Allowance for Loan Losses" table in the "Credit Risk" section of this financial review. An analysis of the changes in the allowance for credit losses on lending-related commitments is also provided in the "Credit Risk" section of this financial review.

Management expects net credit-related charge-offs between \$350 million and \$400 million for full-year 2011. The provision for credit losses is expected to be between \$150 million and \$200 million. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

## NONINTEREST INCOME

(in millions)

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Service charges on deposit accounts	\$ 208	\$ 228	\$ 229
Fiduciary income	154	161	199
Commercial lending fees	95	79	69
Letter of credit fees	76	69	69
Card fees	58	51	58
Foreign exchange income	39	41	40
Bank-owned life insurance	40	35	38
Brokerage fees	25	31	42
Net securities gains	3	243	67
Other noninterest income	91	112	82
<b>Total noninterest income</b>	<b>\$ 789</b>	<b>\$ 1,050</b>	<b>\$ 893</b>

Noninterest income decreased \$261 million to \$789 million in 2010, compared to \$1.1 billion in 2009, and increased \$157 million, or 18 percent, in 2009, compared to \$893 million in 2008. Excluding net securities gains, noninterest income decreased three percent in 2010, compared to 2009, and two percent in 2009, compared to 2008. An analysis of significant year over year changes by individual line item follows.

Service charges on deposit accounts decreased \$20 million, or nine percent, to \$208 million in 2010, compared to \$228 million in 2009, and decreased \$1 million, or less than one percent, in 2009. The decrease in 2010 was due to lower commercial service charges and reduced fees from retail overdrafts and non-sufficient funds in part due to the impact of Regulation E.

Fiduciary income decreased \$7 million, or four percent, to \$154 million in 2010, compared to \$161 million in 2009, and decreased \$38 million, or 19 percent, in 2009. Personal and institutional trust fees are the two major components of fiduciary income. These fees are based on services provided and assets managed. Fluctuations in the market values of the underlying assets managed, which include both equity and fixed income securities, impact fiduciary income. The decrease in 2010 was primarily due to the sale of the Corporation's proprietary defined contribution plan recordkeeping business in the second quarter 2009. The decrease in 2009, compared to 2008, was primarily due to lower personal trust fees related to market value decline in late 2008 and the sale of the defined contribution plan recordkeeping business.

Commercial lending fees increased \$16 million, or 21 percent, to \$95 million in 2010, compared to \$79 million in 2009, and increased \$10 million, or 14 percent, in 2009. The majority of the increase in 2010 resulted from improved pricing on unused commercial loan commitments as well as lower usage levels in 2010. The majority of the increase in 2009 resulted from increased risk-adjusted pricing on unused commercial loan commitments.

Letter of credit fees increased \$7 million, or 10 percent, to \$76 million in 2010, compared to \$69 million in both 2009 and 2008. The increase in 2010 was primarily due to improved pricing on standby letters of credit and new business.

Card fees, which consist primarily of interchange fees earned on debit and commercial cards, increased \$7 million, or 15 percent, to \$58 million in 2010, compared to \$51 million in 2009, and decreased \$7 million, or 13 percent, in 2009. Growth in 2010 resulted primarily from the modestly improving economic environment,

which allowed companies to return to less restrictive spending habits and led to higher levels of commercial card business activity and new customers. The decline in 2009 resulted primarily from lower levels of retail and commercial card business activity.

Bank-owned life insurance income increased \$5 million, or 14 percent, to \$40 million in 2010, compared to a decrease of \$3 million, or eight percent, in 2009. The increase in 2010 resulted primarily from an increase in death benefits received. The decrease in 2009 resulted primarily from a decrease in death benefits received and reduced earnings on bank-owned life insurance policies.

Brokerage fees of \$25 million decreased \$6 million, or 22 percent, in 2010, compared to a decrease of \$11 million, or 25 percent, in 2009. Brokerage fees include commissions from retail brokerage transactions and mutual fund sales and are subject to changes in the level of market activity. The decreases in 2010 and 2009 were primarily due to the impact of lower transaction and dollar volumes despite modest economic growth in 2010.

Net securities gains decreased \$240 million, to \$3 million in 2010, compared to an increase of \$176 million, to \$243 million in 2009. Net securities gains in 2010 primarily reflected net gains on sales and redemptions of auction-rate securities (\$8 million), partially offset by a loss related to the derivative contract associated with the 2008 sale of the Corporation's ownership of VISA shares (\$5 million). In 2009, net securities gains primarily reflected gains on the sale of residential mortgage-backed securities (\$225 million) and gains on the redemption of auction-rate securities (\$14 million). Residential mortgage-backed government agency securities were sold in 2009 as market conditions were favorable and there was no longer a need to hold a large portfolio of fixed-rate securities to mitigate the impact of potential future rate declines on net interest income. 2008 included gains from the sales of the Corporation's ownership of Visa (\$48 million) and MasterCard shares (\$14 million).

Other noninterest income decreased \$21 million, or 19 percent, in 2010, compared to an increase of \$30 million, or 37 percent, in 2009. The following table illustrates fluctuations in certain categories included in "other noninterest income" on the consolidated statements of income.

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Other noninterest income			
Deferred compensation asset returns (a)	\$ 5	\$ 10	\$ (26)
Net income (loss) from principal investing and warrants	3	(6)	(10)
Risk management hedge gains (losses) from interest rate and foreign exchange contracts	(2)	(6)	8
Amortization of low income housing investments	(51)	(48)	(46)
Gain on repurchase of debt	2	15	-
Net gain on termination of leveraged leases	-	8	-
Net gain on sales of businesses	-	5	-

(a) Compensation deferred by the Corporation's officers is invested in stocks and bonds to reflect the investment selections of the officers. Income (loss) earned on these assets is reported in noninterest income and the offsetting increase (decrease) in the liability is reported in salaries expense.

Management expects a low single-digit decline in noninterest income for full-year 2011, compared to full-year 2010, primarily due to the impact of regulatory changes. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

## NONINTEREST EXPENSES

(in millions)

Years Ended December 31	2010	2009	2008
Salaries	\$ 740	\$ 687	\$ 781
Employee benefits	179	210	194
Total salaries and employee benefits	919	897	975
Net occupancy expense	162	162	156
Equipment expense	63	62	62
Outside processing fee expense	96	97	104
Software expense	89	84	76
FDIC Insurance expense	62	90	16
Legal Fees	35	37	29
Advertising expense	30	29	30
Other real estate expense	29	48	10
Litigation and operational losses	11	10	103
Provision for credit losses on lending-related commitments	(2)	-	18
Other noninterest expenses	146	134	172
Total noninterest expenses	\$ 1,640	\$ 1,650	\$ 1,751

Noninterest expenses decreased \$10 million, or one percent, to \$1,640 million in 2010, compared to \$1,650 million in 2009, and decreased \$101 million, or six percent, in 2009, from \$1,751 million in 2008. Excluding an \$88 million net charge related to the repurchase of auction-rate securities from certain customers in 2008, noninterest expenses decreased \$13 million, or one percent, in 2009, compared to 2008. An analysis of increases and decreases by individual line item is presented below.

Salaries expense increased \$53 million, or eight percent, in 2010, compared to a decrease of \$94 million, or 12 percent, in 2009. The increase in salaries expense in 2010 was primarily due to an increase in incentive compensation of \$56 million, reflecting improved overall performance and 2010 peer rankings. The Corporation's incentive programs are designed to reward performance and provide market competitive total compensation. Business unit incentives are tied to new business and business unit profitability, while executive incentives are tied to the Corporation's overall performance and peer-based comparisons of results. During the time the Corporation was a participant in the Capital Purchase Program, adjustments were made to the incentive programs to comply with related restrictions. The decrease in salaries expense in 2009 was primarily due to decreases in business unit and executive incentives (\$57 million), regular salaries (\$39 million), share-based compensation (\$19 million) and severance (\$15 million), partially offset by an increase in deferred compensation plan costs (\$36 million). The decrease in regular salaries in 2009 was primarily the result of a decrease in staff of approximately 850 full-time equivalent employees from year-end 2008 to year-end 2009.

Employee benefits expense decreased \$31 million, or 15 percent, in 2010, compared to an increase of \$16 million, or eight percent, in 2009. The decrease in 2010 resulted primarily from a decline in defined benefit pension expense largely driven by higher than expected net gains on plan assets in 2009. The increase in 2009 resulted primarily from an increase in defined benefit pension expense driven by a decrease in the discount rate. For a further discussion of defined benefit pension expense, refer to the "Critical Accounting Policies" section of this financial review and Note 18 to the consolidated financial statements.

Net occupancy and equipment expense increased \$1 million, or less than one percent, to \$225 million in 2010, compared to an increase of \$6 million, or three percent, in 2009. Net occupancy and equipment expense increased \$7 million in 2009 due to the addition of new banking centers.

Outside processing fee expense decreased \$1 million, or one percent, to \$96 million in 2010, from \$97 million in 2009, compared to a decrease of \$7 million, or seven percent, in 2009. The decrease in 2009 was largely due to lower volumes in activity-based processing charges resulting from the 2009 sale of the Corporation's proprietary defined contribution plan recordkeeping business.

Software expense increased \$5 million, or seven percent, in 2010, compared to an increase of \$8 million, or 10 percent, in 2009. The increase in 2010 was primarily due to software upgrades in the banking centers and throughout the Corporation. The increase in 2009 was mostly due to a full year of amortization expense for investments in technology made throughout 2008.

FDIC insurance expense decreased \$28 million to \$62 million in 2010, compared to an increase of \$74 million in 2009. The decrease in 2010 was primarily due to the 2009 industry-wide special assessment charge of \$29 million. In addition to the industry-wide special assessment charge, 2009 results reflected an increase in base assessment rates.

Legal fees decreased \$2 million to \$35 million in 2010, from \$37 million in 2009, and increased \$8 million in 2009. The increase in 2009 was primarily due to increased loan workout and collection expenses, partially offset by lower other litigation expenses.

Advertising expense increased \$1 million, or five percent to \$30 million in 2010, from \$29 million in 2009, and decreased one million in 2009.

Other real estate expenses decreased \$19 million to \$29 million in 2010, from \$48 million in 2009, and increased \$38 million in 2009. Other real estate expenses reflects write-downs, net gains (losses) on sales and carrying costs related primarily to foreclosed property. The decrease in 2010 was primarily due to a decrease in write-downs on foreclosed property and net gains on foreclosed property sold. The increase in 2009 was primarily due to write-downs on foreclosed property of \$34 million in 2009 reflecting declines in property values. For additional information regarding foreclosed property, refer to "Nonperforming Assets" in the "Credit Risk" section of this financial review.

Litigation and operational losses increased \$1 million to \$11 million in 2010, from \$10 million in 2009, and decreased \$93 million in 2009. Litigation and operational losses include traditionally defined operating losses, such as fraud and processing losses, as well as uninsured losses and litigation losses. These expenses are subject to fluctuation due to timing of authorized and actual litigation settlements, as well as insurance settlements. Litigation and operational losses in 2008 included a net charge of \$88 million related to the repurchase of auction-rate securities from certain customers. For additional information on the repurchase of auction-rate securities, refer to "Investment Securities Available-for-Sale" in the "Balance Sheet and Capital Funds Analysis" section and "Critical Accounting Policies" section of this financial review and Note 4 to the consolidated financial statements.

Other noninterest expenses increased \$12 million, or eight percent, in 2010, and decreased \$38 million, or 21 percent, in 2009. The increase in 2010 was primarily due to a \$5 million loss on the redemption of trust preferred securities and smaller increases in several other expense categories. The decrease in 2009 was due in part to decreases of \$11 million, or 40 percent, in travel and entertainment expenses, and \$9 million in customer services expenses.

Management expects a low single-digit increase in noninterest expenses for full-year 2011, compared to full-year 2010, primarily due to an increase in employee benefits expense. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

## **INCOME TAXES AND TAX-RELATED ITEMS**

The provision for income taxes was a provision of \$55 million in 2010, compared to a benefit of \$131 million in 2009 and a provision of \$59 million in 2008. The increase in the provision for income taxes in 2010 was due primarily to an increase in income before income taxes. The income tax benefit in 2009 reflected the decrease in income before taxes compared to 2008, included a \$24 million non-taxable gain on the termination of certain leveraged leases and a benefit of \$14 million related to the settlement of certain tax matters due to the audit of years 2001-2004, the filing of certain amended state tax returns and a reduction of tax interest due to anticipated refunds due from the Internal Revenue Service (IRS).

Net deferred tax assets were \$383 million at December 31, 2010, compared to \$158 million at December 31, 2009, an increase of \$225 million, primarily due to a reduction in deferred tax liabilities resulting from payments made to the IRS in 2010 for structured leasing transactions, an increase in unutilized tax credits and an increase in deferred tax assets resulting from adjustments to defined benefit and other postretirement plans recognized in other comprehensive income at December 31, 2010. Included in net deferred tax assets at December 31, 2010 were deferred tax assets of \$708 million. Deferred tax assets were evaluated for realization and it was determined that no valuation allowance was needed. This conclusion is based on available evidence of loss carryback capacity, projected future reversals of existing taxable temporary differences and assumptions made regarding future events.

Management expects full-year 2011 income tax expense to approximate 36 percent of income before income taxes less approximately \$60 million of permanent differences related to low-income housing and bank-owned life insurance. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

## **INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX**

Income from discontinued operations, net of tax, was \$17 million in 2010, compared to \$1 million in both 2009 and 2008. The \$16 million increase in 2010, when compared to 2009, resulted from a \$17 million after-tax gain in the first quarter 2010 from the cash settlement of a note receivable related to the 2006 sale of an investment advisory subsidiary. For further information on the cash settlement of the note and discontinued operations, refer to Note 25 to the consolidated financial statements.

## **PREFERRED STOCK DIVIDENDS**

Preferred stock dividends were \$123 million in 2010, compared to \$134 million and \$17 million in 2009 and 2008, respectively.

In the fourth quarter 2008, the Corporation participated in the Capital Purchase Program and received proceeds of \$2.25 billion from the U. S. Treasury. In return, the Corporation issued 2.25 million shares of preferred stock and granted a warrant to purchase 11.5 million shares of common stock to the U.S. Treasury. The preferred stock paid a cumulative dividend rate of five percent per annum on the liquidation preference of \$1,000 per share.

The proceeds from the Capital Purchase Program were allocated between the preferred stock and the related warrant based on relative fair value, which resulted in an original discount to the preferred stock of \$124 million, which was accreted on a level yield basis and recognized as additional preferred stock dividends.

In 2010, the Corporation fully redeemed the \$2.25 billion of preferred stock issued in connection with the Capital Purchase Program. The redemption was funded by the net proceeds from an \$880 million common stock offering completed in the first quarter 2010 and from excess liquidity at the parent company. Preferred stock dividends in 2010 included a one-time redemption charge of \$94 million, reflecting the accelerated accretion of the remaining discount, cash dividends of \$24 million and non-cash discount accretion of \$5 million. Preferred stock dividends in 2009 and 2008 included \$22 million and \$3 million, respectively, of non-cash discount accretion. Preferred stock dividends reduced diluted earnings per common share by \$0.71, \$0.90 and \$0.12 in 2010, 2009 and 2008, respectively.

For further information on the Capital Purchase Program, refer to the “Capital” section of this financial review and Note 14 to the consolidated financial statements.

## STRATEGIC LINES OF BUSINESS

### BUSINESS SEGMENTS

The Corporation’s operations are strategically aligned into three major business segments: the Business Bank, the Retail Bank and Wealth & Institutional Management. These business segments are differentiated based upon the products and services provided. In addition to the three major business segments, the Finance Division is also reported as a segment. The Other category includes discontinued operations and items not directly associated with these business segments or the Finance Division. Note 23 to the consolidated financial statements describes the business activities of each business segment and the methodologies which form the basis for these results, and presents financial results of these business segments for the years ended December 31, 2010, 2009 and 2008.

The following table presents net income (loss) by business segment.

*(dollar amounts in millions)*

<b>Years Ended December 31</b>	<b>2010</b>		<b>2009</b>		<b>2008</b>	
Business Bank	\$ 529	107 %	\$ 147	104 %	\$ 237	89 %
Retail Bank	(31)	(6)	(48)	(34)	34	13
Wealth & Institutional Management (a)	(3)	(1)	43	30	(4)	(2)
	<b>495</b>	<b>100 %</b>	142	100 %	267	100 %
Finance	(234)		(110)		(48)	
Other (b)	16		(15)		(6)	
Total	\$ 277		\$ 17		\$ 213	

*(a) 2008 included an \$88 million net charge (\$56 million, after-tax) related to the repurchase of auction-rate securities from customers.*

*(b) Includes discontinued operations and items not directly associated with the three major business segments or the Finance Division.*

The Business Bank’s net income of \$529 million increased \$382 million for the year ended December 31, 2010, compared to net income of \$147 million in 2009. Net interest income (FTE) was \$1.4 billion in 2010, an increase of \$42 million, or three percent, compared to 2009. The increase in net interest income (FTE) was primarily due to an increase in loan and deposit spreads and the benefit provided by a \$3.6 billion increase in average deposits, partially offset by a \$5.1 billion decrease in average loans. The provision for loan losses decreased \$574 million to \$286 million in 2010, from \$860 million in 2009, reflecting decreases in the Commercial Real Estate, Middle Market and Global Corporate Banking business lines. Net credit-related charge-offs of \$424 million decreased \$288 million, primarily due to decreases in charge-offs in the Commercial Real Estate, Global Corporate Banking and Middle Market business lines. Noninterest income of \$303 million in 2010 increased \$12 million from 2009, primarily due to increases in commercial lending fees (\$15 million), letter of credit fees (\$7 million), card fees (\$6 million), and foreign exchange income (\$5 million), partially offset by an \$8 million 2009 net gain on the termination of certain leveraged leases and a decline in service charges on deposit accounts (\$6 million). Noninterest expenses of \$632 million in 2010 decreased \$6 million from 2009, primarily due to decreases in other real estate expense (\$19 million), processing costs (\$17 million), the provision for credit losses on lending related commitments (\$11 million), employee benefit expenses (\$5 million), and nominal decreases in other noninterest expense categories, partially offset by increases in allocated corporate overhead expenses (\$45 million) and salaries expense (\$13 million). The net corporate overhead expense allocation rates were approximately 6.5 percent and 3.3 percent of total noninterest expenses for all business segments in 2010 and 2009, respectively. The increase in rate in 2010, when compared to 2009, resulted mostly from a decrease in funding credits provided to the business segments resulting from the redemption of preferred

stock. The increase in salaries expense was primarily driven by an increase in incentive compensation, reflecting improved financial performance and final 2010 peer rankings. The provision for income taxes (FTE) of \$226 million for the year ended December 31, 2010, increased \$252 million, compared to a benefit for income taxes (FTE) of \$26 million for the comparable period the prior year, primarily due to an increase in income before income taxes.

The net loss for the Retail Bank was \$31 million in 2010, compared to a net loss of \$48 million in 2009. Net interest income (FTE) of \$531 million increased \$21 million, or four percent, in 2010, primarily due to an increase in loan and deposit spreads, partially offset by decreases in average loans of \$621 million and average deposits of \$435 million. The provision for loan losses decreased \$38 million to \$105 million in 2010, reflecting decreases in the Small Business Banking and Personal Banking business lines. Net credit-related charge-offs of \$88 million decreased \$31 million, primarily due to a decrease in charge-offs in the Small Business Banking business line. Noninterest income of \$174 million decreased \$16 million in 2010, from \$190 million in 2009, primarily due to a \$13 million decline in service charges on deposit accounts. Noninterest expenses of \$648 million in 2010 increased \$6 million from 2009, primarily due to increases of \$24 million in allocated net corporate overhead expenses and \$7 million in incentive compensation expense, partially offset by decreases in FDIC insurance expense (\$11 million), employee benefit expense (\$6 million), and other real estate expenses (\$3 million). Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

The net loss for Wealth & Institutional Management was \$3 million in 2010, compared to net income of \$43 million in 2009. Net interest income (FTE) of \$170 million increased \$9 million, or six percent, in 2010, compared to 2009, primarily due to the benefit provided by an increase in average deposits of \$108 million and increases in loan and deposit spreads. The provision for loan losses increased \$28 million to \$90 million, primarily reflecting an increase in Private Banking in the Midwest market. Net credit-related charge-offs of \$52 million increased \$14 million, primarily due to increases in Private Banking in the Western and Midwest markets. Noninterest income of \$240 million decreased \$29 million, in 2010, primarily due to decreases in fiduciary income (\$8 million), brokerage fees (\$7 million), a decrease in gains on the sales and redemptions of auction-rate securities (\$6 million) and a second quarter 2009 gain related to the sale of the defined contribution plan recordkeeping business (\$5 million). Noninterest expenses of \$324 million in 2010 increased \$22 million from 2009, due to increases in allocated net corporate overhead expense (\$15 million) and incentive compensation expense (\$5 million). The 2009 sale of the defined contribution plan recordkeeping business was the primary reason for the decreases in fiduciary income for the year ended December 31, 2010, compared to the prior year. Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

The net loss in the Finance Division was \$234 million in 2010, compared to a net loss of \$110 million in 2009. The increase in net loss primarily reflected a \$232 million decrease in the noninterest income, primarily due to \$225 million of 2009 gains on the sale of residential mortgage-backed securities, partially offset by a decrease of \$37 million in net interest expense (FTE) and an increase of \$72 million in the provision for income taxes. The decrease in net interest expense (FTE) was primarily due to a reduction in excess liquidity and a decline in wholesale funding, partially offset by the impact of the Corporation's internal funds transfer methodology. The methodology is designed to centralize interest rate risk in the Finance Division and to measure profitability across all interest rate environments. To that end, the Finance Division pays the three major business segments for the long-term value of deposits based upon their assumed lives. The three major business segments pay the Finance Division for funding based on the repricing and term characteristics of their loans. The reduction in loan volume from 2009 to 2010 resulted in less income to the Finance Division, while growth in deposits and their long-term value resulted in greater expenses paid by the Finance Division to the business segments. Noninterest expenses increased \$1 million as a decrease in FDIC insurance expense (\$8 million) was more than offset by a \$5 million loss on the redemption of trust preferred securities and nominal increases in other noninterest expense categories.

Net income in the Other category was \$16 million in 2010, compared to a net loss of \$15 million in 2009. The increase in net income of \$31 million reflected a \$17 million after-tax discontinued operations gain recognized in the first quarter 2010, partially offset by timing differences between when corporate expenses are reflected as a consolidated expense and when the expenses are allocated to the business segments.

## GEOGRAPHIC MARKET SEGMENTS

The Corporation's management accounting system also produces market segment results for the Corporation's four primary geographic markets: Midwest, Western, Texas and Florida. In addition to the four primary geographic markets, Other Markets and International are also reported as market segments. The Finance & Other Businesses category includes discontinued operations and items not directly associated with the market segments. Note 23 to the consolidated financial statements presents a description of each of these market segments as well as the financial results for the years ended December 31, 2010, 2009 and 2008.

The following table presents net income (loss) by market segment.

*(dollar amounts in millions)*

<b>Years Ended December 31</b>	<b>2010</b>		<b>2009</b>		<b>2008</b>	
Midwest	\$ 171	35 %	\$ 40	29 %	\$ 204	77 %
Western	114	23	(16)	(11)	(20)	(8)
Texas	70	14	40	28	53	20
Florida	(13)	(3)	(23)	(17)	(13)	(5)
Other Markets (a)	100	20	77	54	14	5
International	53	11	24	17	29	11
	495	100 %	142	100 %	267	100 %
Finance & Other Businesses (b)	(218)		(125)		(54)	
<b>Total</b>	<b>\$ 277</b>		<b>\$ 17</b>		<b>\$ 213</b>	

*(a) 2008 included an \$88 million net charge (\$56 million, after-tax) related to the repurchase of auction-rate securities from customers.*

*(b) Includes discontinued operations and items not directly associated with the market segments.*

The Midwest market's net income increased \$131 million to \$171 million in 2010, compared to \$40 million in 2009. Net interest income (FTE) of \$816 million increased \$15 million, or two percent, from 2009, primarily due to an increase in loan and deposit spreads and the benefit provided by a \$592 million increase in average deposits, partially offset by a \$2.1 billion decrease in average loans. The provision for loan losses decreased \$238 million, to \$199 million in 2010, compared to 2009, reflecting decreases in the Middle Market, Leasing, and Commercial Real Estate business lines, partially offset by an increase in Private Banking. Net credit-related charge-offs decreased \$134 million, primarily due to decreases in charge-offs in the Middle Market, Leasing, Commercial Real Estate and Small Business Banking business lines. Noninterest income of \$397 million in 2010 decreased \$37 million from 2009, primarily due to decreases in service charges on deposit accounts (\$13 million), fiduciary income (\$9 million) and brokerage fees (\$4 million), an \$8 million net 2009 gain on the termination of certain leveraged leases and a \$4 million loss related to the 2008 sale of the Corporation's ownership of VISA shares, partially offset by an increase in card fees (\$6 million). Noninterest expenses of \$751 million in 2010 decreased \$7 million from 2009, primarily due to decreases in salaries expense other than incentive compensation (\$11 million), processing costs (\$10 million), FDIC insurance expense (\$9 million), employee benefits expense (\$9 million), other real estate expense (\$6 million), and nominal decreases in other noninterest expense categories, partially offset by an increase in allocated net corporate overhead expenses (\$33 million) and incentive compensation (\$13 million). Refer to the Business Bank discussion above for an explanation of the increase in allocated net corporate overhead expenses.

The Western market's net income of \$114 million increased \$130 million in 2010, compared to a net loss of \$16 million in 2009. Net interest income (FTE) of \$639 million increased \$16 million, or three percent, in 2010, primarily due to an increase in loan and deposit spreads and the benefit provided by a \$927 million increase in average deposits, partially offset by a \$1.6 billion decline in average loans. The provision for loan losses decreased \$210 million, to \$148 million in 2010, reflecting decreases in the Commercial Real Estate, Global Corporate Banking and Middle Market business lines. Net credit-related charge-offs decreased \$115 million, primarily due to decreases in charge-offs in the Commercial Real Estate and Global Corporate Banking business lines. Noninterest income was \$135 million in 2010, an increase of \$2 million from 2009, primarily due to an increase in foreign exchange income of \$5 million, partially offset by a \$4 million decrease in service charges on deposit accounts. Noninterest expenses of \$432 million in 2010 decreased \$2 million from 2009, primarily due to decreases in other real estate expenses (\$9 million), processing costs (\$6 million), FDIC insurance (\$4 million), and nominal decreases in other noninterest expense categories, partially offset by an increase in allocated net corporate overhead expenses (\$25 million) and incentive compensation (\$8 million). Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

The Texas market's net income increased \$30 million to \$70 million in 2010, compared to \$40 million in 2009. Net interest income (FTE) of \$318 million increased \$20 million, or seven percent, in 2010, compared to 2009. The increase in net interest income (FTE) was primarily due to an increase in loan and deposit spreads and the benefit provided by an increase of \$808 million in average deposits, partially offset by a \$904 million decline in average loans. The provision for loan losses decreased \$37 million, primarily due to decreases in the Specialty Businesses, Middle Market and Commercial Real Estate business lines. Net credit-related charge-offs of \$47 million decreased \$6 million from the prior year, as an increase in the Commercial Real Estate business line was more than offset by decreases in the Specialty Businesses, Middle Market and Small Business Banking business lines. Noninterest income of \$91 million in 2010 increased \$5 million from 2009, primarily due to an increase in commercial lending fees of \$6 million. Noninterest expenses of \$253 million in 2010 increased \$15 million from 2009, primarily due to increases in allocated net corporate overhead expenses (\$14 million) and salaries expense (\$7 million). Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

The net loss in the Florida market was \$13 million in 2010, compared to a net loss of \$23 million in 2009. Net interest income (FTE) of \$43 million in 2010 decreased \$1 million, primarily due to a \$167 million decrease in loan balances, partially offset by an increase in loan and deposit spreads. The provision for loan losses decreased \$26 million, primarily reflecting decreases in the Commercial Real Estate and Middle Market business lines. Net credit-related charge-offs of \$30 million decreased \$18 million from the prior year, primarily due to decreases in charge-offs in the Commercial Real Estate and Middle Market business lines. Noninterest income of \$14 million in 2010 increased \$2 million from 2009, reflecting nominal increases in several noninterest income categories. Noninterest expenses of \$44 million in 2010 increased \$7 million from 2009 due to an increase in allocated corporate overhead expenses (\$3 million) and nominal increases in several other noninterest expense categories. Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

Net income in Other Markets increased \$23 million to \$100 million in 2010, compared to \$77 million in 2009. Net interest income (FTE) of \$182 million in 2010 increased \$18 million from 2009, primarily due to increases in loan and deposit spreads and the benefit provided by a \$562 million increase in average deposits, partially offset by a \$603 million decrease in average loans. The provision for loan losses decreased \$33 million, reflecting decreases in the Commercial Real Estate and Specialty Businesses business lines, partially offset by an increase in the Middle Market business line. Net credit-related charge-offs decreased \$19 million, primarily due to decreases in charge-offs in the Commercial Real Estate and Specialty Businesses business lines, partially offset by an increase in charge-offs in the Middle Market business line. Noninterest income of \$45 million decreased \$7 million in 2010, compared to 2009, primarily due to a \$5 million gain related to the sale of the defined contribution plan recordkeeping business in the second quarter 2009 and a \$6 million decrease in gains

on the sales and redemptions of auction-rate securities, partially offset by nominal increases in other noninterest income categories. Noninterest expenses of \$90 million in 2010 increased \$6 million from 2009, primarily due to an increase in net allocated corporate overhead expenses (\$5 million). Refer to the previous Business Bank discussion for an explanation of the increase in allocated net corporate overhead expenses.

The International market's net income increased \$29 million, to \$53 million in 2010, compared to \$24 million in 2009. Net interest income (FTE) of \$73 million in 2010 increased \$4 million, or seven percent, from 2009, primarily due to an increase in loan spreads and the benefit provided by a \$325 million increase in average deposits, partially offset by a \$344 million decrease in average loans. The negative provision for loan losses of \$7 million in 2010 represents a decrease of \$40 million compared to 2009, primarily due to decreases in specific allowances and total loans. Noninterest income of \$35 million in 2010 increased \$2 million from 2009, primarily due to increases in letter of credit fee income. Noninterest expenses of \$34 million increased \$3 million in 2010 compared to 2009, primarily due to an increase in net allocated corporate overhead expenses.

The net loss for the Finance & Other Business segment was \$218 million in 2010, compared to a net loss of \$125 million in 2009. The \$93 million increase in net loss resulted from the same reasons noted in the Finance Division and Other category discussions under the "Business Segments" heading above.

The following table lists the Corporation's banking centers by geographic market segment.

<b>December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Midwest (Michigan)	<b>217</b>	232	233
Western:			
California	<b>103</b>	98	96
Arizona	<b>17</b>	16	12
	<b>120</b>	114	108
Texas	<b>95</b>	90	87
Florida	<b>11</b>	10	10
International	<b>1</b>	1	1
<b>Total</b>	<b>444</b>	447	439

## BALANCE SHEET AND CAPITAL FUNDS ANALYSIS

Total assets were \$53.7 billion at December 31, 2010, a decrease of \$5.5 billion from \$59.2 billion at December 31, 2009. On an average basis, total assets decreased \$7.2 billion to \$55.6 billion in 2010, from \$62.8 billion in 2009, resulting primarily from decreases in loans (\$5.6 billion) and investment securities available-for-sale (\$2.2 billion), partially offset by an increase in interest-bearing deposits with banks (\$751 million). Also, on an average basis, total liabilities decreased \$6.2 billion to \$49.5 billion in 2010, from \$55.7 billion in 2009, resulting primarily from decreases of \$4.7 billion in medium- and long-term debt, \$3.8 billion in other time deposits and \$784 million in short-term borrowings, partially offset by an increase of \$3.4 billion in core deposits.

### ANALYSIS OF INVESTMENT SECURITIES AND LOANS

(in millions)

December 31	2010	2009	2008	2007	2006
U.S. Treasury and other U.S. government agency securities	\$ 131	\$ 103	\$ 79	\$ 36	\$ 46
Residential mortgage-backed securities	6,709	6,261	7,861	6,165	3,497
State and municipal securities	39	47	66	3	4
Corporate debt securities:					
Auction-rate debt securities	1	150	147	-	-
Other corporate debt securities	26	50	42	46	46
Equity and other non-debt securities:					
Auction-rate preferred securities	570	706	936	-	-
Money market and other mutual funds	84	99	70	46	69
Total investment securities available-for-sale	\$ 7,560	\$ 7,416	\$ 9,201	\$ 6,296	\$ 3,662
Commercial loans	\$ 22,145	\$ 21,690	\$ 27,999	\$ 28,223	\$ 26,265
Real estate construction loans:					
Commercial Real Estate business line (a)	1,826	3,002	3,844	4,100	3,453
Other business lines (b)	427	459	633	716	750
Total real estate construction loans	2,253	3,461	4,477	4,816	4,203
Commercial mortgage loans:					
Commercial Real Estate business line (a)	1,937	1,889	1,725	1,467	1,544
Other business lines (b)	7,830	8,568	8,764	8,581	8,115
Total commercial mortgage loans	9,767	10,457	10,489	10,048	9,659
Residential mortgage loans	1,619	1,651	1,852	1,915	1,677
Consumer loans:					
Home equity	1,704	1,817	1,796	1,616	1,654
Other consumer	607	694	796	848	769
Total consumer loans	2,311	2,511	2,592	2,464	2,423
Lease financing	1,009	1,139	1,343	1,351	1,353
International loans:					
Banks and other financial institutions	2	1	7	27	47
Commercial and industrial	1,130	1,251	1,746	1,899	1,804
Total international loans	1,132	1,252	1,753	1,926	1,851
Total loans	\$ 40,236	\$ 42,161	\$ 50,505	\$ 50,743	\$ 47,431

(a) Primarily loans to real estate investors and developers.

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

## EARNING ASSETS

Total earning assets decreased \$5.2 billion, or ten percent, to \$49.4 billion at December 31, 2010, from \$54.6 billion at December 31, 2009. Average earning asset balances are reflected in the “Analysis of Net Interest Income-Fully Taxable Equivalent” table of this financial review.

### Loans

The following tables detail the Corporation’s average loan portfolio by loan type, business line and geographic market.

<i>(dollar amounts in millions)</i> Years Ended December 31	2010	2009	Change	Percent Change
<b>Average Loans By Loan Type:</b>				
Commercial loans	\$ 21,090	\$ 24,534	\$ (3,444)	(14) %
Real estate construction loans:				
Commercial Real Estate business line (a)	2,404	3,538	(1,134)	(32)
Other business lines (b)	435	602	(167)	(28)
Total real estate construction loans	2,839	4,140	(1,301)	(31)
Commercial mortgage loans:				
Commercial Real Estate business line (a)	2,000	1,694	306	18
Other business lines (b)	8,244	8,721	(477)	(5)
Total commercial mortgage loans	10,244	10,415	(171)	(2)
Residential mortgage loans	1,607	1,756	(149)	(8)
Consumer loans:				
Home equity	1,746	1,796	(50)	(3)
Other consumer	683	757	(74)	(10)
Total consumer loans	2,429	2,553	(124)	(5)
Lease financing	1,086	1,231	(145)	(12)
International loans	1,222	1,533	(311)	(20)
<b>Total loans</b>	<b>\$ 40,517</b>	<b>\$ 46,162</b>	<b>\$ (5,645)</b>	<b>(12) %</b>
<b>Average Loans By Business Line:</b>				
Middle Market	\$ 12,074	\$ 13,932	\$ (1,858)	(13) %
Commercial Real Estate	5,218	6,437	(1,219)	(19)
Global Corporate Banking	4,562	6,006	(1,444)	(24)
National Dealer Services	3,459	3,466	(7)	-
Specialty Businesses (c)	4,973	5,561	(588)	(11)
Total Business Bank	30,286	35,402	(5,116)	(14)
Small Business	3,524	3,948	(424)	(11)
Personal Financial Services	1,862	2,059	(197)	(10)
Total Retail Bank	5,386	6,007	(621)	(10)
Private Banking	4,819	4,758	61	1
Total Wealth & Institutional Management	4,819	4,758	61	1
Finance/Other	26	(5)	31	N/M
<b>Total loans</b>	<b>\$ 40,517</b>	<b>\$ 46,162</b>	<b>\$ (5,645)</b>	<b>(12) %</b>
<b>Average Loans By Geographic Market:</b>				
Midwest	\$ 14,510	\$ 16,592	\$ (2,082)	(13) %
Western	12,705	14,281	(1,576)	(11)
Texas	6,480	7,384	(904)	(12)
Florida	1,578	1,745	(167)	(10)
Other Markets	3,653	4,256	(603)	(14)
International	1,565	1,909	(344)	(18)
Finance/Other	26	(5)	31	N/M
<b>Total loans</b>	<b>\$ 40,517</b>	<b>\$ 46,162</b>	<b>\$ (5,645)</b>	<b>(12) %</b>

(a) Primarily loans to real estate investors and developers.

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

(c) Includes Entertainment, Energy, Leasing, Financial Services Division, Mortgage Banker Finance, and Technology and Life Sciences.

N/M - not meaningful.

Total loans were \$40.2 billion at December 31, 2010, a decrease of \$2.0 billion from \$42.2 billion at December 31, 2009. As shown in the tables above, total average loans decreased \$5.6 billion, or 12 percent, to \$40.5 billion in 2010, compared to 2009, with declines in all geographic markets and in most business lines from 2009 to 2010 reflecting subdued loan demand from customers in a modestly recovering economic environment. While average loan outstandings declined in 2010, the pace of decline continued to slow during each successive quarter of 2010, and the Corporation was encouraged by the fourth quarter 2010 growth in the commercial loan portfolio.

Average commercial real estate loans, consisting of real estate construction and commercial mortgage loans, decreased \$1.5 billion, or 10 percent, to \$13.1 billion in 2010, from \$14.6 billion in 2009. Commercial mortgage loans are loans where the primary collateral is a lien on any real property. Real property is generally considered primary collateral if the value of that collateral represents more than 50 percent of the commitment at loan approval. Average loans to borrowers in the Commercial Real Estate business line, which primarily includes loans to real estate investors and developers, represented \$4.4 billion, or 34 percent of average total commercial real estate loans, in 2010, compared to \$5.2 billion, or 36 percent of average total commercial real estate loans, in 2009. The decrease in average commercial real estate loans to borrowers in the Commercial Real Estate business line in 2010 largely resulted from the Corporation's continued efforts to reduce exposure to the residential real estate developer business. The remaining \$8.7 billion and \$9.4 billion of average commercial real estate loans in other business lines in 2010 and 2009, respectively, were primarily loans secured by owner-occupied real estate. In addition to the \$13.1 billion of average 2010 commercial real estate loans discussed above, the Commercial Real Estate business line also had \$814 million of average 2010 loans not classified as commercial real estate on the consolidated balance sheet.

Average residential mortgage loans, which primarily include mortgages originated and retained for certain relationship customers, decreased \$149 million, or eight percent, to \$1.6 billion in 2010, from 2009.

For more information on real estate loans, refer to the "Commercial and Residential Real Estate Lending" portion of the "Risk Management" section of this financial review.

Based on a continuation of modest growth in the economy, management expects a low single-digit decrease in average loans for full-year 2011, compared to full-year 2010. Excluding the Commercial Real Estate business line, management expects a low single-digit increase in average loans for full-year 2011, compared to full-year 2010. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

**ANALYSIS OF INVESTMENT SECURITIES PORTFOLIO  
(Fully Taxable Equivalent)**

<i>(dollar amounts in millions)</i> December 31, 2010	Maturity (a)										Weighted Average Maturity Yrs./Mos.	
	Within 1 Year		1 - 5 Years		5 - 10 Years		After 10 Years		Total			
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield		
Available-for-sale												
U.S. Treasury and other U.S. government agency securities	\$ 131	0.31 %	\$ -	- %	\$ -	- %	\$ -	- %	\$ 131	0.31 %	0/6	
Residential mortgage- backed securities	-	-	238	4.46	137	3.66	6,334	3.45	6,709	3.49	13/6	
State and municipal securities (b)	-	-	1	9.83	2	0.49	36	0.49	39	0.68	16/6	
Corporate debt securities:												
Auction-rate debt securities	-	-	-	-	-	-	1	0.89	1	0.89	26/1	
Other corporate debt securities	26	1.12	-	-	-	-	-	-	26	1.11	0/9	
Equity and other non-debt securities:												
Auction-rate preferred securities (c)	-	-	-	-	-	-	570	1.00	570	1.00	-	
Money market and other mutual funds (d)	-	-	-	-	-	-	84	-	84	-	-	
<b>Total investment securities available-for-sale</b>	<b>\$ 157</b>	<b>0.45 %</b>	<b>\$ 239</b>	<b>4.47 %</b>	<b>\$ 139</b>	<b>3.62 %</b>	<b>\$ 7,025</b>	<b>3.24 %</b>	<b>\$ 7,560</b>	<b>3.22 %</b>	<b>13/3</b>	

(a) Based on final contractual maturity.

(b) Primarily auction-rate securities.

(c) Auction-rate preferred securities have no contractual maturity and are excluded from weighted average maturity.

(d) Balances are excluded from the calculation of total yield and weighted average maturity.

**Investment Securities Available-for-Sale**

Investment securities available-for-sale increased \$144 million to \$7.6 billion at December 31, 2010, from \$7.4 billion at December 31, 2009, primarily reflecting an increase of \$448 million of residential mortgage-backed securities, as purchases more than offset early redemptions and maturities, partially offset by a \$292 million decrease in auction-rate securities. On an average basis, investment securities available-for-sale decreased \$2.2 billion to \$7.2 billion in 2010, compared to \$9.4 billion in 2009.

Auction-rate securities were purchased in 2008 as a result of the Corporation's September 2008 offer to repurchase, at par, auction-rate securities held by certain retail and institutional clients that were sold through Comerica Securities, a broker/dealer subsidiary of Comerica Bank (the Bank). As of December 31, 2010, the Corporation's auction-rate securities portfolio was carried at an estimated fair value of \$609 million, compared to \$901 million at December 31, 2009. During 2010, auction-rate securities with a par value of \$308 million were redeemed or sold, resulting in net securities gains of \$8 million. As of December 31, 2010, approximately 50 percent of the aggregate ARS par value had been redeemed or sold since acquisition, for a cumulative net gain of \$27 million. For additional information on the repurchase of auction-rate securities, refer to the "Critical Accounting Policies" section of this financial review and Note 4 to the consolidated financial statements.

**Short-Term Investments**

Short-term investments include federal funds sold and securities purchased under agreements to resell, interest-bearing deposits with banks and other short-term investments. Federal funds sold offer supplemental earnings opportunities and serve correspondent banks. Average federal funds sold and securities purchased under agreements to resell decreased \$12 million to \$6 million during 2010, compared to 2009. Interest-bearing deposits with banks are investments with banks in developed countries or international banking facilities of foreign banks located in the United States and include deposits with the FRB. Average interest-bearing deposits with banks increased \$751 million to \$3.2 billion in 2010, compared to 2009, due to an increase in average

deposits with the FRB. At December 31, 2010, interest-bearing deposits with the FRB totaled \$1.3 billion, compared to \$4.8 billion at December 31, 2009. Other short-term investments include trading securities and loans held-for-sale. Loans held-for-sale typically represent residential mortgage loans and Small Business Administration loans that have been originated with management's intention to sell. Short-term investments, other than loans held-for-sale, provide a range of maturities less than one year and are mostly used to manage liquidity requirements of the Corporation. Average other short-term investments decreased \$28 million to \$126 million in 2010, compared to 2009.

Based on a continuation of modest growth in the economy, management expects average earning assets of approximately \$48 billion for full-year 2011, reflecting lower excess liquidity in addition to a decrease in average loans. This outlook does not include any impact from the pending acquisition of Sterling Bancshares, Inc.

#### **INTERNATIONAL CROSS-BORDER OUTSTANDINGS** (year-end outstandings exceeding 1% of total assets)

<i>(in millions)</i> December 31		<b>Government and Official Institutions</b>	<b>Banks and Other Financial Institutions</b>	<b>Commercial and Industrial</b>	<b>Total</b>
<b>Mexico</b>	<b>2010</b>	\$ -	\$ -	\$ 645	\$ 645
	2009	-	-	681	681
	2008	-	-	883	883

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. Mexico, with cross-border outstandings of \$645 million, or 1.20 percent of total assets at December 31, 2010, was the only country with outstandings exceeding 1.00 percent of total assets at year-end 2010. There were no countries with cross-border outstandings between 0.75 and 1.00 percent of total assets at year-end 2010. Additional information on the Corporation's Mexican cross-border risk is provided in the table above.

#### **DEPOSITS AND BORROWED FUNDS**

The Corporation's average deposits and borrowed funds balances are detailed in the following table.

<i>(dollar amounts in millions)</i> Years Ended December 31	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>Percent Change</b>
Noninterest-bearing deposits	\$ 15,094	\$ 12,900	\$ 2,194	17 %
Money market and NOW deposits	16,355	12,965	3,390	26
Savings deposits	1,394	1,339	55	4
Customer certificates of deposit	5,875	8,131	(2,256)	(28)
Total core deposits	38,718	35,335	3,383	10
Other time deposits	306	4,103	(3,797)	(93)
Foreign office time deposits	462	653	(191)	(29)
Total deposits	\$ 39,486	\$ 40,091	\$ (605)	(2) %
Short-term borrowings	\$ 216	\$ 1,000	\$ (784)	(78) %
Medium- and long-term debt	8,684	13,334	(4,650)	(35)
Total borrowed funds	\$ 8,900	\$ 14,334	\$ (5,434)	(38) %

Average deposits were \$39.5 billion in 2010, a decrease of \$605 million, or two percent, from \$40.1 billion in 2009. Average core deposits increased \$3.4 billion, or 10 percent, to \$38.7 billion in 2010, compared to 2009. Within average core deposits, nearly all business lines showed increases from 2009 to 2010, including Global Corporate Banking (31 percent), Specialty Businesses (25 percent) and Middle Market (12 percent). Average core deposits increased in all geographic markets from 2009 to 2010, including Other Markets (36 percent), International (33 percent), Florida (21 percent), Texas (18 percent) and Western (8 percent). The increase in average core deposits was, in part, due to an increased level of savings by customers during the uncertain economic conditions throughout 2010. Average other time deposits decreased \$3.8 billion and average foreign office time deposits decreased \$191 million in 2010, compared to 2009. Other time deposits represent certificates of deposit issued to institutional investors in denominations in excess of \$100,000 and to retail customers in denominations of less than \$100,000 through brokers, and are an alternative to other sources of purchased funds.

The Corporation participated in the Transaction Account Guarantee Program (TAGP) from its inception in October 2008 through June 30, 2010. During that time, the FDIC provided unlimited deposit insurance protection on noninterest-bearing transaction accounts (as defined by the FDIC). In April 2010, the FDIC adopted an interim rule extending the TAGP through December 31, 2010 for financial institutions that desired to continue participation. The Corporation and its subsidiary banks elected to opt-out of the FDIC's TAGP extension, effective July 1, 2010. On July 1, 2010, deposit insurance reverted back to the statutory coverage limit of \$250,000 per depositor. The Dodd-Frank Wall Street Reform and Consumer Protection Act (The Financial Reform Act) reinstated, for all financial institutions, unlimited deposit insurance protection for the period December 31, 2010 through December 31, 2012 for traditional noninterest-bearing and certain interest-bearing demand deposit accounts. As currently proposed by the FDIC, there will not be a separate assessment for unlimited deposit insurance coverage for this period. For more information regarding the Financial Reform Act, refer to the "The Dodd-Frank Wall Street Reform and Consumer Protection Act" section of this financial review.

Short-term borrowings primarily include federal funds purchased, securities sold under agreements to repurchase and treasury tax and loan notes. Average short-term borrowings decreased \$784 million, to \$216 million in 2010, compared to \$1.0 billion in 2009, mostly reflecting decreases in federal funds purchased.

The Corporation uses medium-term debt and long-term debt to provide funding to support earning assets. On an average basis, medium- and long-term debt decreased \$4.7 billion, or 35 percent, in 2010, compared to 2009. Medium- and long-term debt decreased \$4.9 billion in 2010, to \$6.1 billion at December 31, 2010, compared to December 31, 2009, resulting primarily from the early redemptions of \$2.0 billion of floating-rate FHLB advances, at par, originally due in 2012 and 2013 and \$515 million of 6.576% subordinated notes originally due in 2037, along with maturities of \$1.5 billion of FHLB advances and \$950 million of medium-term notes, partially offset by the issuance of \$300 million of medium-term senior notes in 2010.

Further information on medium- and long-term debt is provided in Note 13 to the consolidated financial statements. For further information regarding the redemption of trust preferred securities, refer to the "Capital" section of this financial review and Note 13 to the consolidated financial statements.

## **CAPITAL**

Total shareholders' equity decreased \$1.2 billion to \$5.8 billion at December 31, 2010, compared to \$7.0 billion at December 31, 2009.

In the first quarter 2010, the Corporation fully redeemed \$2.25 billion of preferred stock issued in connection with the Capital Purchase Program. The redemption was funded by the net proceeds from an \$880 million common stock offering completed in the first quarter 2010 and from excess liquidity at the parent company. In the second quarter 2010, the U.S. Treasury sold the related warrant, which granted the right to purchase 11.5 million shares of the Corporation's common stock at \$29.40 per share. Prior to the public sale, the warrant was separated into 11.5 million warrants to purchase one share of the Corporation's common stock at an

exercise price of \$29.40 per share. The sale of the warrant by the U.S. Treasury had no impact on the Corporation's equity. The warrants remained outstanding at December 31, 2010 and were included in "capital surplus" on the consolidated balance sheets at their original fair value of \$124 million.

In the fourth quarter 2010, the Board of Directors authorized the Corporation to repurchase up to 12.6 million shares of its outstanding common stock, and authorized the purchase of up to all 11.5 million outstanding warrants. The shares and warrants may be purchased from time to time in the open market. The shares may be held in treasury or retired. The share repurchase program superseded the Corporation's previous repurchase programs.

For 2011, management expects to commence a share repurchase program that, combined with dividend payments, results in a payout of less than 50 percent of earnings.

Refer to Note 14 to the consolidated financial statements for additional information on the Capital Purchase Program and the Corporation's share repurchase program.

The following table presents a summary of changes in total shareholders' equity in 2010:

*(in millions)*

Balance at January 1, 2010	<b>\$ 7,029</b>
Retention of earnings (net income less cash dividends declared)	<b>195</b>
Change in accumulated other comprehensive loss:	
Investment securities available-for-sale	<b>\$ 3</b>
Cash flow hedges	<b>(16)</b>
Defined benefit and other postretirement plans	<b>(40)</b>
Total change in accumulated other comprehensive income (loss)	<b>(53)</b>
Issuance of common stock, net	<b>849</b>
Redemption of preferred stock	<b>(2,250)</b>
Repurchase of common stock under employee stock plans	<b>(4)</b>
Issuance of common stock under employee stock plans	<b>(2)</b>
Share-based compensation	<b>32</b>
Other	<b>(3)</b>
Balance at December 31, 2010	<b>\$ 5,793</b>

Further information on the change in accumulated other comprehensive income (loss) is provided in Note 15 to the consolidated financial statements.

In July 2010, the Financial Reform Act was signed into law, which prohibits holding companies with more than \$15 billion in assets from including trust preferred securities in Tier 1 capital, with a phase-in period of three years, beginning on January 1, 2013. As of December 31, 2010, the Corporation had no outstanding trust preferred securities. For further discussion of the Financial Reform Act, refer to "The Dodd-Frank Wall Street Reform and Consumer Protection Act" section of this financial review.

The Corporation assesses capital adequacy against the risk inherent in the balance sheet, recognizing that unexpected loss is the common denominator of risk and that common equity has the greatest capacity to absorb unexpected loss. At December 31, 2010, the Corporation and its U.S. banking subsidiaries exceeded the capital ratios required for an institution to be considered "well capitalized" by the standards developed under the Federal Deposit Insurance Corporation Improvement Act of 1991. Refer to Note 21 to the consolidated financial statements for further discussion of regulatory capital requirements and capital ratio calculations.

In December 2009, the Basel Committee on Banking Supervision (the Basel Committee) released proposed Basel III guidance on bank capital and liquidity. In September 2010, the Basel Committee proposed higher global minimum capital standards, including a minimum Tier 1 common capital ratio and additional capital and liquidity requirements, with rules expected to be implemented between 2013 and 2019. Adoption in the U.S. is expected to occur over a similar timeframe, but the final form of the U.S. rules is uncertain. Based on information currently available, the Corporation believes that the expected impacts from changes in the components of capital and the calculation of risk-weighted assets will not be material. A higher degree of uncertainty exists regarding the implementation and interpretation of the liquidity rules; however, based on information currently available, the Corporation expects the liquidity requirements to be manageable. While uncertainty exists in both the final form of the Basel III guidance and whether or not the Corporation will be required to adopt the guidelines, the Corporation is closely monitoring their development.

## **RISK MANAGEMENT**

The Corporation assumes various types of risk in the normal course of business. Management classifies risk exposures into six areas: (1) credit, (2) market, (3) liquidity, (4) operational, (5) compliance and (6) business risks and considers credit risk as the most significant risk.

The Corporation continuously enhances its risk management capabilities with additional processes, tools and systems designed to provide management with deeper insight into the Corporation's various risks, assess its appetite for risk, enhance the Corporation's ability to control those risks and ensure that appropriate return is received for the risks taken.

Specialized risk managers, along with the risk management committees in credit, market, liquidity, operational and compliance are responsible for the day-to-day management of those respective risks. The Enterprise-Wide Risk Management Committee has been established by the Enterprise Risk Committee of the Board and charged with responsibility for establishing the governance over the risk management process, providing oversight in managing the Corporation's aggregate risk position and reporting on the comprehensive portfolio of risks and the potential impact these risks can have on the Corporation's risk profile and resulting capital level. The Enterprise-Wide Risk Management Committee is principally composed of senior officers representing the different risk areas and business units who are appointed by the Chairman and Chief Executive Officer of the Corporation.

The Board's Enterprise Risk Committee meets quarterly and is chartered to assist the Board in promoting the best interest of the Corporation by overseeing policies, procedures and risk practices relating to enterprise-wide risk and compliance with bank regulatory obligations. Members of the Enterprise Risk Committee are selected such that the committee comprises individuals whose experiences and qualifications can lead to broad and informed views on risk matters facing the Corporation and the financial services industry, including, but not limited to, risk matters that address credit, market, liquidity, operational, compliance and general business conditions. A comprehensive risk report is submitted to the Enterprise Risk Committee each quarter providing management's view of the Corporation's risk position.

### **CREDIT RISK**

Credit risk represents the risk of loss due to failure of a customer or counterparty to meet its financial obligations in accordance with contractual terms. The Corporation manages credit risk through underwriting, periodically reviewing and approving its credit exposures using Board committee approved credit policies and guidelines. Additionally, the Corporation manages credit risk through loan sales and loan portfolio diversification, limiting exposure to any single industry, customer or guarantor, and selling participations and/or syndicating to third parties credit exposures above those levels it deems prudent.

The governance structure is administered through the Strategic Credit Committee. The Strategic Credit Committee is chaired by the Chief Credit Officer and approves recommendations to address credit risk matters through credit policy, credit risk management practices, and required credit risk actions. In order to facilitate the corporate credit risk management process, various other corporate functions provide the resources for the Strategic Credit Committee to carry out its responsibilities.

Credit Administration provides the resources to manage the line of business transactional credit risk, assuring that all exposure is risk rated according to the requirements of the credit risk rating policy and providing business segment reporting support as necessary.

Portfolio Risk Analytics provides comprehensive reporting on portfolio credit risks, continuous assessment and verification of risk rating models, quarterly calculation of the allowance for loan losses and the allowance for credit losses on lending-related commitments and calculation of economic credit risk capital.

The Special Assets Group is responsible for managing the recovery process on distressed or defaulted loans and loan sales.

## ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES

(dollar amounts in millions)

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Balance at beginning of year	\$ 985	\$ 770	\$ 557	\$ 493	\$ 516
Loan charge-offs:					
Domestic					
Commercial	195	375	183	89	44
Real estate construction:					
Commercial Real Estate					
business line (a)	175	234	184	37	-
Other business lines (b)	4	1	1	5	-
Total real estate construction	179	235	185	42	-
Commercial mortgage:					
Commercial Real Estate					
business line (a)	53	90	72	15	4
Other business lines (b)	138	81	28	37	13
Total commercial mortgage	191	171	100	52	17
Residential mortgage	14	21	7	-	-
Consumer	39	34	22	13	23
Lease financing	1	36	1	-	10
International	8	23	2	-	4
Total loan charge-offs	627	895	500	196	98
Recoveries:					
Domestic					
Commercial	25	18	17	27	27
Real estate construction	11	1	3	-	-
Commercial mortgage	16	3	4	4	4
Residential mortgage	1	-	-	-	-
Consumer	4	2	3	4	3
Lease financing	5	1	1	4	-
International	1	2	1	8	4
Total recoveries	63	27	29	47	38
Net loan charge-offs	564	868	471	149	60
Provision for loan losses	480	1,082	686	212	37
Foreign currency translation adjustment	-	1	(2)	1	-
Balance at end of year	\$ 901	\$ 985	\$ 770	\$ 557	\$ 493
Allowance for loan losses as a percentage of total loans at end of year	2.24 %	2.34 %	1.52 %	1.10 %	1.04 %
Net loan charge-offs during the year as a percentage of average loans outstanding during the year	1.39	1.88	0.91	0.30	0.13

(a) Primarily charge-offs of loans to real estate investors and developers.

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

### **Allowance for Credit Losses**

The allowance for credit losses includes both the allowance for loan losses and the allowance for credit losses on lending-related commitments. The allowance for loan losses represents management's assessment of probable, estimable losses inherent in the Corporation's loan portfolio. The allowance for credit losses on lending-related commitments, included in "accrued expenses and other liabilities" on the consolidated balance sheets, provides for probable losses inherent in lending-related commitments, including unused commitments to extend credit and letters of credit.

The allowance for loan losses includes specific allowances, based on individual evaluations of certain loans and loan relationships, and allowances for pools of loans with similar risk characteristics for the remaining business and retail loans. The Corporation defines business loans as those belonging to the commercial, real estate construction, commercial mortgage, lease financing and international loan portfolios. Retail loans consist of traditional residential mortgage, home equity and other consumer loans.

The total allowance for loan losses is sufficient to absorb incurred losses inherent in the total loan portfolio. Unanticipated economic events, including political, economic and regulatory instability could cause changes in the credit characteristics of the portfolio and result in an unanticipated increase in the allowance. Inclusion of other industry-specific portfolio exposures in the allowance, as well as significant increases in the current portfolio exposures, could also increase the amount of the allowance. Any of these events, or some combination thereof, may result in the need for additional provision for loan losses in order to maintain an allowance that complies with credit risk and accounting policies. The allowance for loan losses was \$901 million at December 31, 2010, compared to \$985 million at December 31, 2009, a decrease of \$84 million, or eight percent. The decrease resulted primarily from improvements in credit quality, including a decline of \$2.2 billion in the Corporation's internal watch list loans from December 31, 2009 to December 31, 2010. The Corporation's internal watch list is generally consistent with loans in the Special Mention, Substandard and Doubtful (nonaccrual) categories defined by regulatory authorities. Additional indicators of improved credit quality included a decrease in the inflow to nonaccrual (based on an analysis of nonaccrual loans with balances greater than \$2 million) of \$369 million and a \$305 million decrease in net credit-related charge-offs from December 31, 2009 to December 31, 2010. The \$84 million decrease in the allowance for loan losses consisted of decreases in the Commercial Real Estate (primarily the Western market), Middle Market (primarily the Midwest market) and Global Corporate Banking business lines, partially offset by an increase in industry specific allowances for customers in the Private Banking business line (mostly the Midwest market). The allowance for loan losses as a percentage of total period-end loans was 2.24 percent at December 31, 2010, compared to 2.34 percent at December 31, 2009. Nonperforming loans of \$1.1 billion at December 31, 2010 decreased \$58 million, or five percent, compared to December 31, 2009. As noted above, all large nonperforming loans are individually reviewed each quarter for potential charge-offs and reserves. Charge-offs are taken as amounts are determined to be uncollectible. A measure of the level of charge-offs already taken on nonperforming loans is the current book balance as a percentage of the contractual amount owed. At December 31, 2010, nonperforming loans were charged-off to 54 percent of the contractual amount, compared to 56 percent at December 31, 2009. This level of write-downs is consistent with losses experienced on loan defaults in 2010 and in recent years. The allowance as a percentage of total nonperforming loans, a ratio which results from the actions noted above, was 80 percent at December 31, 2010, compared to 83 percent at December 31, 2009. The Corporation's loan portfolio is primarily composed of business loans, which, in the event of default, are typically carried on the books at fair value as nonperforming assets for a longer period of time than are consumer loans, which are generally fully charged off when they become nonperforming, resulting in a lower nonperforming loan allowance coverage when compared to banking organizations with higher concentrations of consumer loans. The allowance for loan losses as a multiple of total annual net loan charge-offs increased to 1.6 times for the year ended December 31, 2010, compared to 1.1 times for the year ended December 31, 2009, as a result of the decline in net loan charge-offs in 2010.

The allowance as a percentage of total loans, as a percentage of total nonperforming loans and as a multiple of annual net loan charge-offs is provided in the following table.

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Allowance for loan losses as a percentage of total loans at end of year	<b>2.24 %</b>	2.34 %	1.52 %
Allowance for loan losses as a percentage of total nonperforming loans at end of year	<b>80</b>	83	84
Allowance for loan losses as a multiple of total net loan charge-offs for the year	<b>1.6 x</b>	1.1 x	1.6 x

## ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

(dollar amounts in millions)

<b>December 31</b>	<b>2010</b>			<b>2009</b>		<b>2008</b>		<b>2007</b>		<b>2006</b>	
	<b>Allocated Allowance</b>	<b>Allowance Ratio (a)</b>	<b>% (b)</b>	<b>Allocated Allowance</b>	<b>% (b)</b>						
<b>Business loans</b>											
Commercial	\$ 422	1.91 %	54 %	\$ 456	51 %	\$ 380	55 %	\$ 288	55 %	\$320	55 %
Real estate construction	102	4.52	6	194	8	194	9	128	9	29	9
Commercial mortgage	272	2.78	24	219	25	147	21	92	20	80	20
Lease financing	8	0.79	3	13	3	6	3	15	3	27	3
International	20	1.75	3	33	3	12	3	11	4	13	4
Total business loans	824	2.27	90	915	90	739	91	534	91	469	91
<b>Retail loans</b>											
Residential mortgage	29	1.80	4	32	4	4	4	2	4	2	4
Consumer	48	2.07	6	38	6	27	5	21	5	22	5
Total retail loans	77	1.96	10	70	10	31	9	23	9	24	9
<b>Total loans</b>	<b>\$ 901</b>	<b>2.24 %</b>	<b>100 %</b>	<b>\$ 985</b>	<b>100 %</b>	<b>\$ 770</b>	<b>100 %</b>	<b>\$ 557</b>	<b>100 %</b>	<b>\$493</b>	<b>100 %</b>

(a) Allocated allowance as a percentage of related loans outstanding.

(b) Loans outstanding as a percentage of total loans.

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. A probability of draw estimate is applied to the commitment amount, and the result is multiplied by standard reserve factors consistent with business loans. In general, the probability of draw for letters of credit is considered certain for all letters of credit supporting loans and for letters of credit assigned an internal risk rating generally consistent with regulatory defined substandard or doubtful. Other letters of credit and all unfunded commitments have a lower probability of draw.

The allowance for credit losses on lending-related commitments was \$35 million at December 31, 2010, a decrease of \$2 million from \$37 million at December 31, 2009. The decrease resulted primarily from improved credit quality in unfunded commitments in the Midwest and Western markets and a decrease in specific reserves for letters of credit. An analysis of the changes in the allowance for credit losses on lending-related commitments is presented below.

(dollar amounts in millions)

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Balance at beginning of year	\$ 37	\$ 38	\$ 21	\$ 26	\$ 33
Less: Charge-offs on lending-related commitments (a)	-	1	1	4	12
Add: Provision for credit losses on lending-related commitments	(2)	-	18	(1)	5
<b>Balance at end of year</b>	<b>\$ 35</b>	<b>\$ 37</b>	<b>\$ 38</b>	<b>\$ 21</b>	<b>\$ 26</b>

(a) Charge-offs result from the sale of unfunded lending-related commitments.

### SUMMARY OF NONPERFORMING ASSETS AND PAST DUE LOANS

(dollar amounts in millions)

<b>December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Nonaccrual loans:					
Business loans:					
Commercial	\$ 252	\$ 238	\$ 205	\$ 75	\$ 97
Real estate construction:					
Commercial Real Estate business line (a)	259	507	429	161	18
Other business lines (b)	4	4	5	6	2
Total real estate construction	263	511	434	167	20
Commercial mortgage:					
Commercial Real Estate business line (a)	181	127	132	66	18
Other business lines (b)	302	192	130	75	54
Total commercial mortgage	483	319	262	141	72
Lease financing	7	13	1	-	8
International	2	22	2	4	12
Total nonaccrual business loans	1,007	1,103	904	387	209
Retail loans:					
Residential mortgage	55	50	7	1	1
Consumer:					
Home equity	5	8	3	2	3
Other consumer	13	4	3	1	1
Total consumer	18	12	6	3	4
Total nonaccrual retail loans	73	62	13	4	5
Total nonaccrual loans	1,080	1,165	917	391	214
Reduced-rate loans	43	16	-	13	-
Total nonperforming loans	1,123	1,181	917	404	214
Foreclosed property	112	111	66	19	18
Total nonperforming assets	\$1,235	\$1,292	\$ 983	\$ 423	\$ 232
Nonperforming loans as a percentage of total loans	2.79 %	2.80 %	1.82 %	0.80 %	0.45 %
Nonperforming assets as a percentage of total loans and foreclosed property	3.06	3.06	1.94	0.83	0.49
Allowance for loan losses as a percentage of total nonperforming loans	80	83	84	138	231
Loans past due 90 days or more and still accruing	\$ 62	\$ 101	\$ 125	\$ 54	\$ 14
Loans past due 90 days or more and still accruing as a percentage of total loans	0.15 %	0.24 %	0.25 %	0.11 %	0.03 %

(a) Primarily loans to real estate investors and developers.

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

## Nonperforming Assets

Nonperforming assets include loans on nonaccrual status, loans which have been renegotiated to less than the original contractual rates (reduced-rate loans) and real estate which has been acquired through foreclosure and awaiting disposition (foreclosed property). Nonperforming assets decreased \$57 million to \$1.2 billion at December 31, 2010, from \$1.3 billion at December 31, 2009. The table above presents nonperforming balances by category.

The \$85 million decrease in nonaccrual loans at December 31, 2010, compared to December 31, 2009, resulted primarily from a decrease in nonaccrual real estate construction loans (\$248 million) (primarily residential real estate developments), partially offset by an increase in commercial mortgage loans (\$164 million). Nonperforming assets as a percentage of total loans and foreclosed property was 3.06 percent at both December 31, 2010 and 2009.

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

<i>(in millions)</i>	<b>2010</b>	2009
Balance at January 1	\$ 1,165	\$ 917
Loans transferred to nonaccrual (a)	918	1,287
Nonaccrual business loan gross charge-offs (b)	(573)	(838)
Loans transferred to accrual status (a)	(14)	(8)
Nonaccrual business loans sold (c)	(144)	(64)
Payments/Other (d)	(272)	(129)
<b>Balance at December 31</b>	<b>\$ 1,080</b>	<b>\$ 1,165</b>

(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	\$ 573	\$ 838
Performing watch list loans	1	2
Retail loans	53	55
<b>Total gross loan charge-offs</b>	<b>\$ 627</b>	<b>\$ 895</b>

(c) Analysis of loans sold:

Nonaccrual business loans	\$ 144	\$ 64
Performing watch list loans	63	31
<b>Total loans sold</b>	<b>\$ 207</b>	<b>\$ 95</b>

(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 charge-offs. Excludes business loan gross charge-offs and nonaccrual business loans sold.

The following table presents the number of nonaccrual loan relationships and balance by size of relationship at December 31, 2010.

<i>(dollar amounts in millions)</i>	<b>Number of Relationships</b>	<b>Balance</b>
<b>Nonaccrual Relationship Size</b>		
Under \$2 million (a)	946	\$ 227
\$2 million - \$5 million	58	179
\$5 million - \$10 million	36	248
\$10 million - \$25 million	23	342
Greater than \$25 million	3	84
<b>Total loan relationships at December 31, 2010</b>	<b>1,066</b>	<b>\$ 1,080</b>

(a) For nonaccrual balances under \$2 million, number of relationships is represented by the number of borrowers.

There were 97 loan relationships with balances greater than \$2 million, totaling \$918 million, transferred to nonaccrual status in 2010, a decrease of \$369 million when compared to \$1.3 billion in 2009. Of the transfers to nonaccrual in 2010, \$368 million were from Commercial Real Estate business line (including \$188 million, \$65 million and \$51 million from the Western, Midwest and Florida markets, respectively), \$341 million were from the Middle Market business line (including \$193 million and \$85 million from the Midwest and Western markets, respectively), and \$87 million were from Private Banking. There were 33 loan relationships greater than \$10 million, totaling \$620 million, transferred to nonaccrual in 2010, of which \$267 million and \$237 million were to companies in the Commercial Real Estate and Middle Market business lines, respectively.

In 2010, the Corporation sold \$144 million of nonaccrual business loans at prices approximating carrying value plus reserves, which were primarily from the Commercial Real Estate and Global Corporate Banking business lines.

The following table presents a summary of nonaccrual loans at December 31, 2010 and loan relationships transferred to nonaccrual and net loan charge-offs during the year ended December 31, 2010, based primarily on Standard Industrial Classification (SIC) industry categories.

<i>(dollar amounts in millions)</i>	December 31, 2010		Year Ended December 31, 2010			
	Nonaccrual Loans		Loans Transferred to Nonaccrual (a)		Net Loan Charge-Offs (Recoveries)	
Real Estate	\$ 541	50 %	\$ 543	60 %	\$ 289	52 %
Services	107	10	57	7	63	11
Residential Mortgage	55	5	10	1	13	2
Retail Trade	53	5	42	5	40	7
Hotels, etc.	52	5	47	5	5	1
Finance	48	4	16	2	8	1
Wholesale Trade	40	4	49	5	12	2
Manufacturing	36	3	17	2	27	5
Holding & Other Invest. Co.	28	3	12	1	10	2
Transportation & Warehousing	25	2	36	4	18	3
Entertainment	23	2	40	4	17	3
Information	22	2	-	-	1	-
Automotive Supplier	19	2	14	1	7	1
Contractors	12	1	32	3	20	4
Natural Resources	9	1	-	-	3	1
Other (b)	10	1	3	-	31	5
<b>Total</b>	<b>\$ 1,080</b>	<b>100 %</b>	<b>\$ 918</b>	<b>100 %</b>	<b>\$ 564</b>	<b>100 %</b>

(a) Based on an analysis of nonaccrual loan relationships with book balances greater than \$2 million.

(b) Consumer, excluding residential mortgage and certain personal purpose nonaccrual loans and net charge-offs, are included in the "Other" category.

Business loans are generally placed on nonaccrual status when management determines that full collection of principal or interest is unlikely or when principal or interest payments are 90 days past due, unless the loan is fully collateralized and in the process of collection. Residential mortgage and home equity loans are generally placed on nonaccrual status and charged off to current appraised values, less costs to sell, during the foreclosure process, normally no later than 180 days past due. Other consumer loans are generally not placed on nonaccrual status and are charged off at no later than 120 days past due, earlier if deemed uncollectible. Loan amounts in excess of probable future cash collections are charged off to an amount that management ultimately expects to collect. At the time a loan is placed on nonaccrual status, interest previously accrued but not collected is charged against current income. Income on such loans is then recognized only to the extent that cash is received and the future collection of principal is probable. Generally, a loan may be returned to accrual status when all delinquent principal and interest have been received and the Corporation expects repayment of the remaining contractual principal and interest, or when the loan is both well secured and in the process of collection. Refer to Note 1 to the consolidated financial statements for a further discussion of impaired loans.

At December 31, 2010, troubled debt restructurings totaled \$165 million, of which \$121 million were included in nonperforming loans (\$78 million nonaccrual loans and \$43 million reduced-rate loans) and \$44 million were included in performing loans. Performing restructured loans included \$34 million of commercial loans (primarily in the Middle Market business line) and \$10 million of commercial mortgage loans (within the Middle Market and Small Business Banking business lines) at December 31, 2010. At December 31, 2009, troubled debt restructurings totaled \$34 million, including \$11 million performing restructured loans, \$7 million nonaccrual loans and \$16 million reduced-rate loans.

Loans past due 90 days or more and still accruing interest generally represent loans that are well collateralized and in a continuing process that is expected to result in repayment or restoration to current status. Loans past due 90 days or more and still accruing decreased \$39 million to \$62 million at December 31, 2010, compared to \$101 million at December 31, 2009, and are summarized in the following table. Loans past due 30-89 days decreased \$270 million to \$281 million at December 31, 2010, compared to \$559 million at December 31, 2009.

Loans past due 90 days or more and still accruing are summarized in the following table.

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Business loans:		
Commercial	\$ 3	\$ 10
Real estate construction	22	30
Commercial mortgage	16	31
International	-	2
Total business loans	41	73
Retail loans:		
Residential mortgage	7	15
Consumer	14	13
Total retail loans	21	28
<b>Total loans past due 90 days or more and still accruing</b>	<b>\$ 62</b>	<b>\$ 101</b>

The following table presents a summary of total internal watch list loans at December 31, 2010 and 2009. Watch list loans that meet certain criteria are individually subjected to quarterly credit quality reviews, and the Corporation may establish specific allowances for such loans. Consistent with the decrease in nonaccrual loans from December 31, 2009 to December 31, 2010, total watch list loans decreased both in dollars and as a percentage of the total loan portfolio. The decrease in watch list loans primarily reflected positive migration patterns across most loan portfolios.

<i>(dollar amounts in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Total watch list loans	\$ 5,542	\$ 7,730
As a percentage of total loans	13.8 %	18.3 %

The following table presents a summary of foreclosed property by property type as of December 31, 2010 and 2009.

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Construction, land development and other land	\$ 60	\$ 62
Single family residential properties	20	16
Multi-family residential properties	-	3
Other non-land, nonresidential properties	32	30
<b>Total foreclosed property</b>	<b>\$ 112</b>	<b>\$ 111</b>

At December 31, 2010, foreclosed property totaled \$112 million and consisted of approximately 230 properties, compared to \$111 million and approximately 210 properties at December 31, 2009. The following table presents a summary of changes in foreclosed property.

<i>(in millions)</i>	<b>2010</b>	<b>2009</b>
Balance at January 1	\$ 111	\$ 66
Acquired in foreclosure	104	114
Write-downs	(23)	(34)
Foreclosed property sold (a)	(81)	(37)
Capitalized expenditures	1	2
Balance at December 31	\$ 112	\$ 111
(a) Net gain (loss) on foreclosed property sold	\$ 7	\$ (2)

At December 31, 2010, there were 10 foreclosed properties each with a carrying value greater than \$2 million, totaling \$61 million, compared to 13 foreclosed properties totaling \$61 million at December 31, 2009. Of the foreclosed properties with balances greater than \$2 million at December 31, 2010, \$46 million were from the Commercial Real Estate business line and \$15 million were from the Middle Market business line. At December 31, 2010, there were two foreclosed properties with carrying values greater than \$10 million, totaling \$29 million, both in the Commercial Real Estate business line. There were no foreclosed properties with carrying values greater than \$10 million at December 31, 2009.

### Concentration of Credit Risk

Concentrations of credit risk may exist when a number of borrowers are engaged in similar activities, or activities in the same geographic region, and have similar economic characteristics that would cause them to be similarly impacted by changes in economic or other conditions. The Corporation has a concentration of credit risk with the automotive industry. Loans to automotive dealers and to borrowers involved with automotive production are reported as automotive, as management believes these loans have similar economic characteristics that might cause them to react similarly to changes in economic conditions. This aggregation involves the exercise of judgment. Included in automotive production are: (a) original equipment manufacturers and Tier 1 and Tier 2 suppliers that produce components used in vehicles and whose primary revenue source is automotive-related (“primary” defined as greater than 50%) and (b) other manufacturers that produce components used in vehicles and whose primary revenue source is automotive-related. Loans less than \$1 million and loans recorded in the Small Business business line are excluded from the definition. Foreign ownership consists of North American affiliates of foreign automakers and suppliers.

The following table presents a summary of loans outstanding to companies related to the automotive industry.

<i>(in millions)</i>	<b>2010</b>			<b>2009</b>		
<b>December 31</b>	<b>Loans Outstanding</b>	<b>Percent of Total Loans</b>		<b>Loans Outstanding</b>	<b>Percent of Total Loans</b>	
Production:						
Domestic	\$ 609			\$ 760		
Foreign	222			181		
Total production	831	2.1 %		941	2.2 %	
Dealer:						
Floor plan	1,961			1,324		
Other	2,050			2,106		
Total dealer	4,011	9.9 %		3,430	8.2 %	
Total automotive	\$ 4,842	12.0 %		\$ 4,371	10.4 %	

At December 31, 2010, dealer loans, as shown in the table above, totaled \$4.0 billion, of which approximately \$2.6 billion, or 65 percent, were to foreign franchises, \$914 million, or 23 percent, were to domestic franchises and \$478 million, or 12 percent, were to other. Other dealer loans include obligations where a primary franchise was indeterminable, such as loans to large public dealership consolidators and rental car, leasing, heavy truck and recreation vehicle companies.

Nonaccrual loans to automotive borrowers totaled \$19 million, or two percent of total nonaccrual loans at December 31, 2010. Total automotive net loan charge-offs were \$11 million in 2010. The following table presents a summary of automotive net loan charge-offs for the years ended December 31, 2010 and 2009.

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>
Production:		
Domestic	\$ 5	\$ 50
Foreign	2	4
Total production	7	54
Dealer	4	-
<b>Total automotive net loan charge-offs</b>	<b>\$ 11</b>	<b>\$ 54</b>

All other industry concentrations, as defined by management, individually represented less than 10 percent of total loans at December 31, 2010.

#### **Commercial and Residential Real Estate Lending**

The following table summarizes the Corporation's commercial real estate loan portfolio by loan category as of December 31, 2010 and 2009.

*(in millions)*

<b>December 31</b>	<b>2010</b>	<b>2009</b>
Real estate construction loans:		
Commercial Real Estate business line (a)	\$1,826	\$ 3,002
Other business lines (b)	427	459
<b>Total real estate construction loans</b>	<b>\$2,253</b>	<b>\$ 3,461</b>
Commercial mortgage loans:		
Commercial Real Estate business line (a)	\$1,937	\$ 1,889
Other business lines (b)	7,830	8,568
<b>Total commercial mortgage loans</b>	<b>\$9,767</b>	<b>\$10,457</b>

(a) Primarily loans to real estate investors and 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 \$12.0 billion at December 31, 2010, of which \$3.8 billion, or 31 percent, were to borrowers in the Commercial Real Estate business line, which primarily consisted of loans to residential real estate investors and developers. The remaining \$8.2 billion, or 69 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.

The real estate construction loan portfolio totaled \$2.3 billion at December 31, 2010 and included approximately 500 loans, of which approximately 45 percent had balances less than \$1 million. The real estate construction loan portfolio primarily contains loans made to long-time customers with satisfactory completion experience. However, the significant and sudden decline in residential real estate activity that began in late 2008 in the Western, Florida and Midwest markets proved extremely difficult for many of the smaller residential real estate developers. Of the \$1.8 billion of real estate construction loans in the Commercial Real Estate business line, \$259 million were on nonaccrual status at December 31, 2010, including single family projects totaling \$79 million (primarily in the Western and Florida markets), multi-use projects totaling \$71 million (mostly in the Western market) and residential land development projects totaling \$56 million (primarily in the Western market). Real estate construction loan net charge-offs in the Commercial Real Estate business line totaled \$164 million for 2010, including \$57 million from single family projects (mostly the Western market), \$47 million from residential land development projects, \$28 million from multi-use projects (primarily the Texas and Western markets) and \$24 million from retail projects (primarily the Western and Midwest markets).

When the Corporation enters into a loan agreement with a borrower for a real estate construction loan, an interest reserve is often included in the amount of the loan commitment. An interest reserve allows the borrower to add interest charges to the outstanding loan balance during the construction period. Interest reserves are established on substantially all real estate construction loans in the Corporation's Commercial Real Estate business line. Interest reserves provide an effective means to address the cash flow characteristics of a real estate construction loan. Loan agreements containing an interest reserve generally require more equity to be contributed by the borrower to the construction project at inception. Real estate construction loans with interest reserves are subject to substantially the same Board committee approved underwriting standards as loans without interest reserves. Interest that has been added to the balance of a real estate construction loan through the use of an interest reserve is recognized as income only if the Corporation expects full collection of the remaining contractual principal and interest payments. If a real estate construction loan with interest reserves is in default and deemed uncollectible, interest is no longer funded through the interest reserve. Interest previously recognized from interest reserves generally is not reversed against current income when a construction loan with interest reserves is placed on nonaccrual status. All real estate construction loans are closely monitored through physical inspections, reconciliation of draw requests, review of rent rolls and operating statements and quarterly portfolio reviews performed by the Corporation's senior management. When appropriate, extensions, renewals and restructurings of real estate construction loans are approved after giving consideration to the project's status, the borrower's financial condition, and the collateral protection based on current market conditions, and typically strengthen the Corporation's position by adding additional collateral and controls and/or requiring amortization on the existing debt.

The commercial mortgage loan portfolio totaled \$9.8 billion at December 31, 2010 and included approximately 7,900 loans, of which approximately 75 percent had balances of less than \$1 million. The commercial mortgage loan portfolio included \$1.9 billion in the Commercial Real Estate business line and \$7.8 billion in other business lines. Included in commercial mortgage loans in the Commercial Real Estate business line were \$181 million of nonaccrual loans at December 31, 2010, which consisted primarily of residential land carry projects totaling \$30 million (primarily in the Western and Midwest markets), multi-family projects totaling \$28 million (primarily in the Florida market), retail projects totaling \$24 million (mostly in the Midwest market), office projects totaling \$22 million (primarily in the Western market) and nonresidential land carry projects totaling \$22 million. Commercial mortgage loan net charge-offs in the Commercial Real Estate business line totaled \$49 million for 2010, primarily from residential land carry, office projects and nonresidential land carry (\$15 million, \$11 million, and \$11 million, respectively). Commercial mortgage loans in other business lines included \$302 million of nonaccrual loans at December 31, 2010, an increase of \$110 million compared to the same period in the prior year, largely due to an increase in loans to real estate investors in the Middle Market business line in the Midwest market.

The geographic distribution and project type of commercial real estate loans are important factors in diversifying credit risk within the portfolio. The following table reflects real estate construction and commercial mortgage loans to borrowers in the Commercial Real Estate business line by project type and location of property.

<i>(dollar amounts in millions)</i> <b>Project Type:</b>	<b>December 31, 2010</b>							<b>December 31, 2009</b>	
	<b>Location of Property</b>					<b>Total</b>	<b>% of Total</b>	<b>Total</b>	<b>% of Total</b>
	<b>Western</b>	<b>Michigan</b>	<b>Texas</b>	<b>Florida</b>	<b>Other Markets</b>				
Real estate construction loans:									
Commercial Real Estate business line:									
Residential:									
Single family	\$ 99	\$ 18	\$ 22	\$ 39	\$ 18	\$ 196	10	% \$ 500	17 %
Land development	60	9	52	9	27	157	9	305	10
Total residential	159	27	74	48	45	353	19	805	27
Other construction:									
Multi-family	129	-	227	131	92	579	32	774	26
Retail	119	48	262	27	29	485	27	773	26
Multi-use	117	5	52	-	27	201	11	242	8
Office	57	6	42	14	-	119	6	252	8
Commercial	-	14	33	-	-	47	3	70	2
Land development	4	9	11	-	-	24	1	36	1
Other	10	-	6	2	-	18	1	50	2
<b>Total</b>	<b>\$ 595</b>	<b>\$ 109</b>	<b>\$ 707</b>	<b>\$ 222</b>	<b>\$ 193</b>	<b>\$1,826</b>	<b>100</b>	<b>% \$3,002</b>	<b>100 %</b>
Commercial mortgage loans:									
Commercial Real Estate business line:									
Residential:									
Single family	\$ 13	\$ 3	\$ 17	\$ 6	\$ 30	\$ 69	4	% \$ 41	2 %
Land carry	45	28	18	31	11	133	6	216	12
Total residential	58	31	35	37	41	202	10	257	14
Other commercial mortgage:									
Multi-family	51	55	138	115	45	404	22	411	22
Retail	128	98	16	64	80	386	20	327	17
Multi-use	115	16	31	-	87	249	13	236	12
Land carry	140	45	20	18	16	239	12	271	14
Office	147	34	12	11	17	221	11	194	10
Commercial	49	33	17	-	22	121	6	126	7
Other	7	47	-	-	61	115	6	67	4
<b>Total</b>	<b>\$ 695</b>	<b>\$ 359</b>	<b>\$ 269</b>	<b>\$ 245</b>	<b>\$ 369</b>	<b>\$1,937</b>	<b>100</b>	<b>% \$1,889</b>	<b>100 %</b>

Residential real estate development outstandings of \$555 million at December 31, 2010 decreased \$507 million, or 48 percent, from \$1.1 billion at December 31, 2009. Net credit-related charge-offs in the Commercial Real Estate business line totaled \$221 million in 2010, including \$105 million in the Western market (residential real estate development business), \$61 million in the Midwest market and \$26 million in the Texas market, compared to \$335 million in 2009, including \$179 in the Western market (primarily residential real estate development business) and \$80 million in the Midwest market.

The following table summarizes the Corporation's residential mortgage and home equity loan portfolio by geographic market as of December 31, 2010.

<i>(dollar amounts in millions)</i>	December 31, 2010			
	Residential Mortgage Loans	% of Total	Home Equity Loans	% of Total
Geographic market:				
Midwest	\$ 609	38 %	\$ 1,045	61 %
Western	541	33	456	27
Texas	244	15	156	9
Florida	223	14	47	3
Other Markets	2	-	-	-
<b>Total</b>	<b>\$ 1,619</b>	<b>100 %</b>	<b>\$ 1,704</b>	<b>100 %</b>

Residential real estate loans, which consist of traditional residential mortgages and home equity loans and lines of credit, totaled \$3.3 billion at December 31, 2010. Residential mortgages totaled \$1.6 billion at December 31, 2010, and were primarily larger, variable-rate mortgages originated and retained for certain private banking relationship customers. Of the \$1.6 billion of residential mortgage loans outstanding, \$55 million were on nonaccrual status at December 31, 2010. The home equity portfolio totaled \$1.7 billion at December 31, 2010, of which \$1.5 billion was outstanding under primarily variable-rate, interest-only home equity lines of credit and \$211 million consisted of closed-end home equity loans. Of the \$1.7 billion of home equity loans outstanding, \$5 million were on nonaccrual status at December 31, 2010. A substantial majority of the home equity portfolio was secured by junior liens.

The Corporation rarely originates residential real estate loans with a loan-to-value ratio above 100 percent at origination, has no sub-prime mortgage programs and does not originate payment-option adjustable-rate mortgages or other nontraditional mortgages that allow negative amortization. A significant majority of residential mortgage originations are sold in the secondary market. Since 2008, the Corporation has used a third party to originate, document and underwrite residential mortgage loans on behalf of the Corporation. Under this arrangement, the third party assumes any repurchase liability for the loans it originates. The Corporation has repurchase liability exposure for residential mortgage loans originated prior to 2008, however based on historical experience, the Corporation believes such exposure, which could be triggered by early payment defaults by borrowers or by underwriting discrepancies, is minimal. The residential real estate portfolio is principally located within the Corporation's primary geographic markets. The economic recession and significant declines in home values in the Western, Florida and Midwest markets following the financial market turmoil beginning in the fall of 2008 adversely impacted the residential real estate portfolio. At December 31, 2010, the Corporation estimated that, of the \$7 million total residential mortgage loans past due 90 days or more and still accruing interest, approximately \$1 million exceeded 90 percent of the current value of the underlying collateral, based on S&P/Case-Shiller home price indices. To account for this exposure, the Corporation factors changes in home values into estimated loss ratios for residential real estate loans, using index-based estimates by major metropolitan area, resulting in an increased allowance allocated for residential real estate loans when home values decline. Additionally, to mitigate increasing credit exposure due to depreciating home values, the Corporation periodically reviews home equity lines of credit and makes line reductions or converts outstanding balances at line maturity to closed-end, amortizing loans when necessary.

#### **Shared National Credits**

Shared National Credit (SNC) loans are facilities greater than \$20 million shared by three or more federally supervised financial institutions that are reviewed by regulatory authorities at the agent bank level. The Corporation generally seeks to obtain ancillary business at the origination of a SNC relationship. Loans classified as SNC loans (approximately 950 borrowers at December 31, 2010) totaled \$7.3 billion at December 31, 2010, a decline of \$1.8 billion from \$9.1 billion at December 31, 2009. SNC net loan charge-offs totaled \$92 million and

\$172 million for the years ended December 31, 2010 and 2009, respectively. Nonaccrual SNC loans decreased \$20 million to \$274 million during the year ended December 31, 2010, from \$294 million at December 31, 2009. SNC loans, diversified by both business line and geographic market, comprised approximately 18 percent and 22 percent of total loans at December 31, 2010 and 2009, respectively. SNC loans are held to the same credit underwriting standards as the remainder of the loan portfolio and face similar credit challenges, primarily driven by residential real estate development.

## **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 establishes and monitors compliance with the policies and risk limits pertaining to market and liquidity risk management activities. The Asset and Liability Policy Committee 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 finance, economics, lending, deposit gathering and risk management.

The Corporation's Treasury Department supports the Asset and Liability Policy Committee in measuring, monitoring and managing interest rate, liquidity and coordination of all other market risks. The area's 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) development and presentation of analysis and strategies to adjust risk positions; (iv) review and presentation of 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; (vi) developing and monitoring the interest rate risk economic capital estimate; and (vii) monitoring of capital adequacy in accordance with the Capital Management Policy.

### **Interest Rate Risk**

Net interest income is the predominant source of revenue for the Corporation. Interest rate risk arises primarily through the Corporation's core business activities of extending loans and accepting deposits. The Corporation's balance sheet is predominantly characterized by floating-rate loans funded by a combination of core deposits and wholesale borrowings. Approximately 80 percent of the Corporation's loans were floating-rate loans in 2010, of which approximately 70 percent were based on LIBOR and 30 percent were based on prime. This creates a natural imbalance between the floating-rate loan portfolio and the more slowly repricing deposit products. The result is that growth and/or contraction in the Corporation's core businesses will lead to sensitivity to interest rate movements without 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.

### ***Interest Rate Sensitivity***

Interest rate risk arises in the normal course of business due to differences in the repricing and cash flow characteristics of assets and liabilities. Since no single measurement system satisfies all management objectives, a combination of techniques is used to manage interest rate risk. These techniques examine earnings at risk and the economic value of equity utilizing multiple simulation analyses.

The Corporation frequently evaluates net interest income under various balance sheet and interest rate scenarios, looking at both 12 month and 24 month time horizons, using simulation modeling analysis as its

principal risk management evaluation technique. The results of these analyses provide the information needed to assess the balance sheet structure. Changes in economic activity, whether domestic or international, different from those management included in its simulation analyses could translate into a materially different interest rate environment than currently expected. Management evaluates a base case net interest income under an unchanged interest rate environment and what is believed to be the most likely balance sheet structure. This base case net interest income is then evaluated against non-parallel interest rate scenarios that increase and decrease 200 basis points in a linear fashion from the base case over twelve months, resulting in a 100 basis point average change in interest rates over the period. Due to the current low level of interest rates, the analysis reflects a declining interest rate scenario of a 25 basis point drop, to zero percent. In addition, adjustments consistent with each interest rate scenario are made to asset prepayment levels, yield curves, and overall balance sheet mix and growth assumptions. These assumptions are inherently uncertain and, as a result, the model may not precisely predict the impact of higher or lower interest rates on net interest income. Actual results may differ from simulated results due to timing, magnitude and frequency of changes in interest rates, market conditions and management strategies, among other factors. However, the model can indicate the likely direction of change. Existing derivative instruments entered into for risk management purposes are included in these analyses, but no additional hedging is forecasted.

The table below, as of December 31, 2010 and 2009, 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.

**Sensitivity of Net Interest Income to Changes in Interest Rates**

*(in millions)*

**December 31**

	2010		2009	
	Amount	%	Amount	%
Change in Interest Rates:				
+200 basis points	\$ 104	7	\$ 74	4
-25 basis points (to zero percent)	(15)	(1)	(13)	(1)

Corporate policy limits adverse change to no more than four percent of management's most likely net interest income forecast, and the Corporation was within this policy guideline at December 31, 2010. The sensitivity from December 31, 2009 to December 31, 2010 increased primarily due to growth in core deposits, though risk to declining interest rates is limited by the current low level of rates. Interest rate risk is actively managed principally through the use of either on-balance sheet financial instruments or interest rate swaps to achieve the desired risk profile.

In addition to the simulation analysis, an economic value of equity analysis is performed for a longer term view of the interest rate risk position. The economic value of equity analysis begins with an estimate of the economic value of the financial assets and liabilities on the Corporation's balance sheet, derived through discounting cash flows based on actual rates at the end of the period, and then applies the estimated impact of rate movements to the economic value of assets, liabilities and off-balance sheet instruments. The economic value of equity is then calculated as the difference between the estimated market value of assets and liabilities net of the impact of off-balance sheet instruments. As with net interest income shocks, a variety of alternative scenarios are performed to measure the impact on economic value of equity, including changes in the level, slope and shape of the yield curve.

The table below, as of December 31, 2010 and 2009, displays the estimated impact on the economic value of equity from a 200 basis point immediate parallel increase or decrease in interest rates. Similar to the simulation analysis above, due to the current low level of interest rates, the economic value of equity analyses below reflect an interest rate scenario of an immediate 25 basis point drop, to zero percent, while the rising interest rate scenario reflects an immediate 200 basis point rise.

### Sensitivity of Economic Value of Equity to Changes in Interest Rates

(in millions)

December 31	2010		2009	
	Amount	%	Amount	%
Change in Interest Rates:				
+200 basis points	\$ 435	5	\$ 329	3
-25 basis points (to zero percent)	(100)	(1)	(91)	(1)

Corporate policy limits adverse change in the estimated market value change in the economic value of equity to 15 percent of the base economic value of equity. The Corporation was within this policy parameter at December 31, 2010. The change in the sensitivity of the economic value of equity to a 200 basis point parallel increase in rates between December 31, 2009 and December 31, 2010 was primarily driven by core deposit growth and lower shareholders' equity levels due to the redemption of preferred stock.

### LOAN MATURITIES AND INTEREST RATE SENSITIVITY

(in millions) December 31, 2010	Loans Maturing			
	Within One Year (a)	After One But Within Five Years	After Five Years	Total
Commercial loans	\$ 17,477	\$ 4,299	\$ 369	\$ 22,145
Real estate construction loans	1,610	591	52	2,253
Commercial mortgage loans	4,779	4,143	845	9,767
International loans	1,035	93	4	1,132
Total	\$ 24,901	\$ 9,126	\$ 1,270	\$ 35,297
Sensitivity of loans to changes in interest rates:				
Predetermined (fixed) interest rates		\$ 3,563	\$ 823	
Floating interest rates		5,563	447	
Total		\$ 9,126	\$ 1,270	

(a) Includes demand loans, loans having no stated repayment schedule or maturity and overdrafts.

The Corporation uses investment securities and derivative instruments, predominantly interest rate swaps, as asset and liability management tools with the overall objective of managing the volatility of net interest income from changes in interest rates. Swaps modify the interest rate characteristics of certain assets and liabilities (e.g., from a floating rate to a fixed rate, from a fixed rate to a floating rate or from one floating-rate index to another). These tools assist management in achieving the desired interest rate risk management objectives.

### ***Risk Management Derivative Instruments***

<i>(in millions)</i>	<b>Interest Rate Contracts</b>	<b>Foreign Exchange Contracts</b>	<b>Totals</b>
<b>Risk Management Notional Activity</b>			
Balance at January 1, 2009	\$ 3,400	\$ 544	\$ 3,944
Additions	429	3,148	3,577
Maturities/amortizations	(529)	(3,439)	(3,968)
Balance at December 31, 2009	\$ 3,300	\$ 253	\$ 3,553
Maturities/amortizations	(900)	(2,233)	(3,133)
Balance at December 31, 2010	\$ 2,400	\$ 220	\$ 2,620

The notional amount of risk management interest rate swaps totaled \$2.4 billion at December 31, 2010, including \$1.6 billion under fair value hedging strategies and \$800 million under cash flow hedging strategies, and \$3.3 billion at December 31, 2009, including \$1.7 billion under cash flow hedging strategies and \$1.6 billion under fair value hedging strategies. The fair value of risk management interest rate swaps was a net unrealized gain of \$266 million at December 31, 2010, compared to a net unrealized gain of \$224 million at December 31, 2009.

For the year ended December 31, 2010, risk management interest rate swaps generated \$105 million of net interest income, compared to \$95 million of net interest income for the year ended December 31, 2009. The increase in swap income for 2010, compared to 2009, was primarily due to a decline in floating pay rates, partially offset by maturities of interest rate swaps that carried positive spreads.

In addition to interest rate swaps, the Corporation employs various other types of derivative instruments as offsetting positions to mitigate exposures to interest rate and foreign currency risks associated with specific assets and liabilities (e.g., customer loans or deposits denominated in foreign currencies). Such instruments may include interest rate caps and floors, total return swaps, foreign exchange forward contracts and foreign exchange swap agreements. The aggregate notional amounts of these risk management derivative instruments at December 31, 2010 and 2009 were \$220 million and \$253 million, respectively.

Further information regarding risk management derivative instruments is provided in Note 9 to the consolidated financial statements.

### ***Customer-Initiated and Other Derivative Instruments***

<i>(in millions)</i>	<b>Interest Rate Contracts</b>	<b>Energy Derivative Contracts</b>	<b>Foreign Exchange Contracts</b>	<b>Totals</b>
<b>Customer-Initiated and Other Notional Activity</b>				
Balance at January 1, 2009	\$ 12,342	\$ 2,145	\$ 2,723	\$ 17,210
Additions	2,527	1,734	97,715	101,976
Maturities/amortizations	(2,190)	(1,519)	(98,360)	(102,069)
Terminations	(583)	(23)	(55)	(661)
Balance at December 31, 2009	\$ 12,096	\$ 2,337	\$ 2,023	\$ 16,456
Additions	2,039	1,823	85,221	89,083
Maturities/amortizations	(3,380)	(1,537)	(84,741)	(89,658)
Terminations	(235)	-	(6)	(241)
Balance at December 31, 2010	\$ 10,520	\$ 2,623	\$ 2,497	\$ 15,640

The Corporation writes and purchases interest rate caps and floors and enters into foreign exchange contracts, interest rate swaps and energy derivative contracts to accommodate the needs of customers requesting such services. Customer-initiated and other notional activity represented 86 percent of total interest rate, energy and foreign exchange contracts at December 31, 2010, compared to 82 percent at December 31, 2009.

Further information regarding customer-initiated and other derivative instruments is provided in Note 9 to the consolidated financial statements.

### Liquidity Risk and Off-Balance Sheet Arrangements

Liquidity is the ability to meet financial obligations through the maturity or sale of existing assets or the acquisition of additional funds. Various financial obligations, including contractual obligations and commercial commitments, may require future cash payments by the Corporation. The following contractual obligations table summarizes the Corporation's noncancelable contractual obligations and future required minimum payments. Refer to Notes 7, 11, 12, 13, and 19 to the consolidated financial statements for further information regarding these contractual obligations.

#### Contractual Obligations

(in millions)

December 31, 2010	Minimum Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Deposits without a stated maturity (a)	\$ 34,557	\$ 34,557	\$ -	\$ -	\$ -
Certificates of deposit and other deposits with a stated maturity (a)	5,914	4,985	795	94	40
Short-term borrowings (a)	130	130	-	-	-
Medium- and long-term debt (a)	5,861	1,365	1,168	1,862	1,466
Operating leases	537	67	121	100	249
Commitments to fund low income housing partnerships	71	46	22	2	1
Other long-term obligations (b)	252	36	55	31	130
<b>Total contractual obligations</b>	<b>\$ 47,322</b>	<b>\$ 41,186</b>	<b>\$ 2,161</b>	<b>\$ 2,089</b>	<b>\$ 1,886</b>
Medium- and long-term debt (a) (parent company only)	\$ 300	\$ -	\$ -	\$ 300	\$ -

(a) Deposits and borrowings exclude accrued interest.

(b) Includes unrecognized tax benefits.

In addition to contractual obligations, other commercial commitments of the Corporation impact liquidity. These include commitments to purchase and sell earning assets, commitments to fund indirect private equity and venture capital investments, unused commitments to extend credit, standby letters of credit and financial guarantees, and commercial letters of credit. The following commercial commitments table summarizes the Corporation's commercial commitments and expected expiration dates by period.

#### Commercial Commitments

(in millions)

December 31, 2010	Expected Expiration Dates by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Commitments to purchase investment securities	\$ 3	\$ 3	\$ -	\$ -	\$ -
Commitments to sell investment securities	1	1	-	-	-
Commitments to fund indirect private equity and venture capital investments	21	2	4	2	13
Unused commitments to extend credit	25,146	9,779	10,572	3,168	1,627
Standby letters of credit and financial guarantees	5,454	3,527	1,578	315	34
Commercial letters of credit	93	90	3	-	-
<b>Total commercial commitments</b>	<b>\$ 30,718</b>	<b>\$ 13,402</b>	<b>\$ 12,157</b>	<b>\$ 3,485</b>	<b>\$ 1,674</b>

Since many of these commitments expire without being drawn upon, the total amount of these commercial commitments does not necessarily represent the future cash requirements of the Corporation. Refer to the “Other Market Risks” section below and Note 9 to the consolidated financial statements for a further discussion of these commercial commitments.

**Wholesale Funding**

The Corporation satisfies liquidity requirements with either liquid assets or various funding sources. Liquid assets, which totaled \$7.8 billion at December 31, 2010, compared to \$7.7 billion at December 31, 2009, provide a reservoir of liquidity. Liquid assets include cash and due from banks, federal funds sold and securities purchased under agreements to resell, interest-bearing deposits with banks, other short-term investments and unencumbered investment securities available-for-sale. At December 31, 2010, the Corporation held excess liquidity, represented by \$1.3 billion deposited with the FRB, compared to \$4.8 billion at December 31, 2009. Sluggish loan demand and deposit growth continued to generate excess liquidity in 2010. The Corporation utilized this excess liquidity to redeem \$2.0 billion of FHLB advances originally scheduled to mature in 2012 and 2013 in the third quarter 2010 and \$500 million of trust preferred securities in the fourth quarter 2010, and to fund an additional \$2.8 billion of 2010 debt maturities. In addition, a portion of the excess liquidity was used in the first quarter 2010 to early redeem \$2.25 billion of preferred stock originally issued in 2008 in connection with the Capital Purchase Program, also funded by the proceeds from an \$880 million common stock offering completed in the first quarter 2010.

The Corporation may access the purchased funds market when necessary, which includes certificates of deposit issued to institutional investors in denominations in excess of \$100,000 and to retail customers in denominations of less than \$100,000 through brokers (“other time deposits” on the consolidated balance sheets), foreign office time deposits and short-term borrowings. Purchased funds totaled \$562 million at December 31, 2010, compared to \$2.1 billion and \$9.5 billion at December 31, 2009 and 2008, respectively. Capacity for incremental purchased funds at December 31, 2010, consisted largely of federal funds purchased, brokered certificates of deposits and securities sold under agreements to repurchase. In addition, the Corporation 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. The actual borrowing capacity is contingent on the amount of collateral available to be pledged to the FHLB. As of December 31, 2010, the Corporation had \$2.5 billion of outstanding borrowings from the FHLB with remaining maturities ranging from June 2011 to May 2014. The Corporation also maintains a shelf registration statement with the Securities and Exchange Commission from which it may issue debt and/or equity securities. In addition, at December 31, 2010, the Bank had the ability to issue up to \$13.6 billion of debt under an existing \$15 billion medium-term senior note program which allows the issuance of debt with maturities between one and 30 years.

For further information regarding the redemption of trust preferred securities, refer to the “Capital” section of this financial review and Note 13 to the consolidated financial statements.

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 December 31, 2010, 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.

<b>December 31, 2010</b>	<b>Comerica Incorporated</b>	<b>Comerica Bank</b>
Standard and Poor’s	<b>A-</b>	<b>A</b>
Moody’s Investors Service	<b>A2</b>	<b>A1</b>
Fitch Ratings	<b>A</b>	<b>A</b>
Dominion Bond Rating Service	<b>A</b>	<b>A (High)</b>

The parent company held \$327 million of short-term investments with its principal banking subsidiary at December 31, 2010. A primary source of liquidity for the parent company is dividends from its subsidiaries. As discussed in Note 21 to the consolidated financial statements, banking subsidiaries are subject to regulation and may be limited in their ability to pay dividends or transfer funds to the parent company. During 2011, the banking subsidiaries can pay dividends up to approximately \$364 million plus 2011 net profits without prior regulatory approval. One measure of current parent company liquidity is investment in subsidiaries as a percentage of shareholders' equity. A ratio over 100 percent represents the reliance on subsidiary dividends to repay liabilities. As of December 31, 2010, the ratio was 103 percent. Refer to the "Contractual Obligations" table in this financial review for information on parent company future minimum payments on medium- and long-term debt.

The Corporation regularly evaluates its ability to meet funding needs in unanticipated, stressed environments. In conjunction with the quarterly 200 basis point interest rate shock 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 December 31, 2010 projected that sufficient sources of liquidity were available under each series of events.

#### ***Variable Interest Entities***

The Corporation holds a significant interest in certain unconsolidated variable interest entities (VIEs). These unconsolidated VIEs are principally low income housing limited partnerships. The Corporation defines a significant interest in a VIE as a subordinated interest that exposes the Corporation to a significant portion of the VIEs expected losses or residual returns. In general, a VIE is an entity that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities, or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations. If any of these characteristics is present, the entity is subject to a variable interests consolidation model, and consolidation is based on variable interests, not on ownership of the entity's outstanding voting stock. Variable interests are defined as contractual, ownership, or other monetary interests in an entity that change with fluctuations in the entity's net asset value. A company must consolidate an entity depending on whether the entity is a voting rights entity or a VIE. Refer to the "Principles of Consolidation" section in Note 1 to the consolidated financial statements for a summary of the Corporation's consolidation policy. Also, refer to Note 10 to the consolidated financial statements for a discussion of the Corporation's involvement in VIEs, including those in which the Corporation holds a significant interest but for which it is not the primary beneficiary.

#### **Other Market Risks**

Market risk related to the Corporation's trading instruments is not significant, as trading activities are limited. Certain components of the Corporation's noninterest income, primarily fiduciary income, are at risk to fluctuations in the market values of underlying assets, particularly equity and debt securities. Other components of noninterest income, primarily brokerage fees, are at risk to changes in the volume of market activity.

Share-based compensation expense recognized by the Corporation is dependent upon the fair value of stock options and restricted stock at the date of grant. The fair value of both stock options and restricted stock is impacted by the market price of the Corporation's stock on the date of grant and is at risk to changes in equity markets, general economic conditions and other factors. For further information regarding the valuation of stock options and restricted stock, refer to the "Critical Accounting Policies" section of this financial review.

#### ***Nonmarketable Equity Securities***

At December 31, 2010, the Corporation had a \$47 million portfolio of investments in indirect private equity and venture capital funds, with commitments of \$21 million to fund additional investments in future periods. The value of these investments is at risk to changes in equity markets, general economic conditions and a variety of other factors. The majority of these investments are not readily marketable and are included in

“accrued income and other assets” on the consolidated balance sheets. The investments are individually reviewed for impairment on a quarterly basis by comparing the carrying value to the estimated fair value. For further information regarding the valuation of nonmarketable equity securities, refer to the “Critical Accounting Policies” section of this financial review. Income from indirect private equity and venture capital funds in 2010 was \$7 million, which was more than offset by \$7 million of write-downs and expenses recognized on such investments in 2010. The following table provides information on the Corporation’s indirect private equity and venture capital funds investment portfolio.

<i>(dollar amounts in millions)</i>	<b>December 31, 2010</b>
Number of investments	<b>131</b>
Balance of investments	<b>\$ 47</b>
Largest single investment	<b>6</b>
Commitments to fund additional investments	<b>21</b>

### **OPERATIONAL RISK**

Operational risk represents the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes legal risk, which is the risk of loss resulting from failure to comply with laws and regulations as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of an institution’s activities. The definition does not include strategic or reputational risks. Although operational losses are experienced by all companies and are routinely incurred in business operations, the Corporation recognizes the need to identify and control operational losses and seeks to limit losses to a level deemed appropriate by management after considering the nature of the Corporation’s business and the environment in which it operates. Operational risk is mitigated through a system of internal controls that are designed to keep operating risks at appropriate levels. The Operational Risk Management Committee monitors risk management techniques and systems. The Corporation has developed a framework that includes a centralized operational risk management function and business/support unit risk coordinators responsible for managing operational risk specific to the respective business lines.

In addition, internal audit and financial staff monitor and assess the overall effectiveness of the system of internal controls on an ongoing basis. Internal Audit reports the results of reviews on the controls and systems to management and the Audit Committee of the Board. The internal audit staff independently supports the Audit Committee oversight process. The Audit Committee serves as an independent extension of the Board.

### **COMPLIANCE RISK**

Compliance risk represents the risk of regulatory sanctions, reputational impact or financial loss resulting from the Corporation’s failure to comply with regulations and standards of good banking practice. Activities which may expose the Corporation to compliance risk include, but are not limited to, those dealing with the prevention of money laundering, privacy and data protection, community reinvestment initiatives, fair lending challenges resulting from the Corporation’s expansion of its banking center network and employment and tax matters.

The Enterprise-Wide Compliance Committee, comprised of senior business unit managers, as well as managers responsible for compliance, audit and overall risk, oversees compliance risk. This enterprise-wide approach provides a consistent view of compliance across the organization. The Enterprise-Wide Compliance Committee also ensures that appropriate actions are implemented in business units to mitigate risk to an acceptable level.

### **BUSINESS RISK**

Business risk represents the risk of loss due to impairment of reputation, failure to fully develop and execute business plans, failure to assess current and new opportunities in business, markets and products, and any other event not identified in the defined risk categories of credit, market, operational or compliance risks.

Mitigation of the various risk elements that represent business risk is achieved through initiatives to help the Corporation better understand and report on the various risks. Wherever quantifiable, the Corporation uses situational analysis and other testing techniques to appreciate the scope and extent of these risks.

## **THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT**

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Financial Reform Act”) was signed into law. The Financial Reform Act provides for, among other matters, increased regulatory supervision and examination of financial institutions, the imposition of more stringent capital requirements on financial institutions and increased regulation of derivatives and hedging transactions. Provided below is an overview of key elements of the Financial Reform Act relevant to the Corporation. Most of the provisions contained in the Financial Reform Act will be effective immediately upon enactment; however, many have delayed effective dates. Implementation of the Financial Reform Act will require many new mandatory and discretionary rules to be made by federal regulatory agencies over the next several years. The estimates of the impact on the Corporation discussed below are based on the limited information currently available and, given the uncertainty of the timing and scope of the impact, are subject to change until final rulemaking is complete.

- **Interest on Demand Deposits:** Allows interest on commercial demand deposits, which could lead to increased cost of commercial demand deposits, depending on the interplay of interest, deposit credits and service charges.
- **Unlimited Deposit Insurance Extension:** Provides unlimited deposit insurance on noninterest-bearing accounts from December 31, 2010 to December 31, 2012. There will not be a separate assessment for unlimited deposit insurance coverage for this period.
- **Deposit Insurance:** Changes the definition of assessment base from domestic deposits to net assets (average consolidated total assets less average tangible equity), increases the deposit insurance fund’s minimum reserve ratio and permanently increases general deposit insurance coverage from \$100,000 to \$250,000. The Corporation expects 2011 FDIC insurance expense to remain consistent with the 2010 expense.
- **Derivatives:** Allows continued trading of foreign exchange and interest rate derivatives. Requires banks to shift energy, uncleared commodities and agriculture derivatives to a separately capitalized subsidiary within their holding company. Directly impacts client-driven energy derivatives business (approximately \$1 million in annual revenue, based on full-year 2010 estimates).
- **Interchange Fee:** Limits debit card transaction processing fees that card issuers can charge to merchants. Based on the options currently contemplated in the draft, estimated annual revenue from debit card PIN and signature-based interchange fees in 2011 is expected to decrease by approximately \$13 million to \$15 million.
- **Trust Preferred Securities:** Prohibits holding companies with more than \$15 billion in assets from including trust preferred securities as Tier 1 capital, and allows for a phase-in period of three years, beginning on January 1, 2013. As of December 31, 2010, the Corporation had no outstanding trust preferred securities.

## **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. 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. The most critical of these significant accounting policies are the policies related to allowance for credit losses, valuation methodologies, goodwill, pension plan accounting and income taxes. These policies are reviewed with the Audit Committee of the Board and are discussed more fully below.

## **ALLOWANCE FOR CREDIT LOSSES**

The allowance for credit losses, which includes both the allowance for loan losses and the allowance for credit losses on lending-related commitments, is calculated with the objective of maintaining a reserve sufficient to absorb estimated probable losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the loan portfolio, lending-related commitments, and other relevant factors. This evaluation is inherently subjective as it requires an estimate of the loss content for each risk rating and for each individually evaluated impaired loan, an estimate of the amounts and timing of expected future cash flows, an estimate of the value of collateral, including the fair value of assets with few transactions (e.g., residential real estate developments and nonmarketable securities), many of which may be stressed, and an estimate of the probability of draw on unused commitments.

### **Allowance for Loan Losses**

Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. For business and certain retail loans identified based on the combination of internally assigned ratings and a defined dollar threshold set periodically, the Corporation performs a detailed credit quality review quarterly and establishes a specific allowance for such loans, estimated using one of several methods, including the estimated fair value of underlying collateral, observable market value of similar debt or discounted expected future cash flows. The valuation is reviewed and updated on a quarterly basis. While the determination of specific allowances may involve estimates, each estimate is unique to the individual loan, and none is individually significant.

Independent third-party appraisals are obtained prior to the origination of any first mortgage loan. "As developed" collateral values are used at the time of origination of a construction loan, on the assumption that the construction facility provides sufficient funds to complete the project and carry it until it is leased or sold. Credit reviews are performed at least annually on each collateral-dependent loan and, if necessary, adjustments to the original appraisals are made to reflect the most current risk profile of the project. These adjustments may include a revised rental rate or absorption rate, based on the actual conditions at that time. Updated independent third-party appraisals are generally obtained at the time of a refinance or restructure where additional advances are requested or when there is evidence that the physical aspects of the property have deteriorated.

For collateral-dependent impaired loans, updated appraisals are obtained at least annually unless conditions dictate the need for increased frequency. When the collateral exists in a less active market, management generally adjusts the appraised value to consider the current market conditions, such as estimated length of time to sell. Appraisals on impaired construction loans are generally based on "as is" collateral values. In certain circumstances, the Corporation may believe that the highest and best use of the collateral, and therefore the most advantageous exit strategy, requires completion of the construction project. In these situations, the Corporation uses an "as-developed" appraisal to evaluate alternatives. However, the "as-developed" collateral value is appropriately adjusted to reflect the cost to complete the construction project and to prepare the property for sale. Between appraisals, the Corporation may reduce the collateral value based upon the age of the appraisal and adverse developments in market conditions.

The allowance for loan losses provides for probable, estimable losses inherent in the Corporation's loan portfolio. The allowance for loan losses includes specific allowances, based on individual evaluations of certain loans and loan relationships, and allowances for homogenous pools of loans with similar risk characteristics. Loans which do not meet the criteria to be evaluated individually are evaluated in pools of loans with similar risk characteristics. The allowance for business loans not individually evaluated is determined by applying standard reserve factors to the pool of business loans within each internal risk rating. Internal risk ratings are assigned to each business loan at the time of approval and are subjected to subsequent periodic reviews by the Corporation's senior management. The Corporation defines business loans as those belonging to the commercial, real estate construction, commercial mortgage, lease financing and international loan portfolios. Standard reserve factors for the loans within each risk rating are updated quarterly and are based on estimated probabilities of default and loss given default, incorporating factors such as recent charge-off experience, current economic conditions and trends,

changes in collateral values of properties securing loans, and trends with respect to past due and nonaccrual amounts. The standard reserve factors are supported by underlying analysis, including information on migration and loss given default studies from each of the three largest domestic geographic markets (Midwest, Western and Texas). Incremental reserves may be established to cover losses in industries and/or portfolios experiencing elevated loss levels. On a limited basis, where the Corporation lacks sufficient default experience to develop its own probability of default metrics, the Corporation utilizes bond tables published by Standard & Poor's (S&P). On an annual basis, the Corporation maps a sample of the publicly rated credits in its portfolio that are assigned the best internal risk ratings to the S&P bond tables to establish probability of default for these risk ratings. The Corporation has sufficient default experience and is able to generate its own probability of default metrics on the remainder of the loan portfolio. The Corporation uses its own loss given default experience to determine the overall expected loss measure.

The allowance for retail loans not individually evaluated is determined by applying estimated loss ratios to various pools of loans within the portfolios with similar risk characteristics. Estimated loss rates for all pools are updated quarterly, incorporating factors such as recent charge-off experience, current economic conditions and trends, changes in collateral values of properties securing loans (using index-based estimates), and trends with respect to past due and nonaccrual amounts.

Actual losses experienced in the future may vary from those estimated. The uncertainty occurs because factors may exist which affect the determination of probable losses inherent in the loan portfolio and are not necessarily captured by the application of standard reserve factors or identified industry-specific risks. An additional allowance is established to capture these probable losses and reflects management's view that the allowance should recognize the margin for error inherent in the process of estimating expected loan losses. The Corporation periodically reviews its methodology to ensure factors considered in the determination of probable losses inherent in the loan portfolio are appropriate. Factors that were considered in the evaluation of the adequacy of the Corporation's allowance for loan losses included the inherent imprecision in the risk rating system resulting from inaccuracy in assigning risk ratings or stale ratings which may not have been updated for recent trends in particular credits. Risk ratings on business loan relationships meeting an internally specified exposure threshold are updated annually or more frequently upon the occurrence of a circumstance that affects the credit risk of the relationship.

The principal assumption used in deriving the allowance for loan losses is the estimate of loss content for each risk rating. Since a loss ratio is applied to a large portfolio of loans, any variation between actual and assumed results could be significant. To illustrate, if recent loss experience dictated that the estimated loss ratios would be changed by five percent (of the estimate) across all risk ratings, the allowance for loan losses as of December 31, 2010 would change by approximately \$15 million.

#### **Allowance for Credit Losses on Lending-Related Commitments**

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. A probability of draw estimate is applied to the commitment amount, and the result is multiplied by standard reserve factors consistent with business loans. In general, the probability of draw for letters of credit is considered certain for all letters of credit supporting loans and for letters of credit assigned an internal risk rating generally consistent with regulatory defined substandard or doubtful. Other letters of credit and all unfunded commitments have a lower probability of draw.

For further discussion of the methodology used in the determination of the allowance for credit losses, refer to the "Allowance for Credit Losses" section in this financial review and Note 1 to the consolidated financial statements. To the extent actual outcomes differ from management estimates, additional provision for credit losses may be required that would adversely impact earnings in future periods. A substantial majority of the allowance is assigned to business segments. Any earnings impact resulting from actual outcomes differing from management estimates would primarily affect the Business Bank segment.

## VALUATION METHODOLOGIES

### Fair Value Measurement of Level 3 Financial Instruments

Fair value measurement applies whenever accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value is an estimate of the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date and is based on the assumptions market participants would use when pricing an asset or liability. However, the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and in many cases may not be reliable in a current sale of the financial instrument.

Fair value measurement and disclosure guidance establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on the markets in which the assets and liabilities are traded and whether the inputs used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect management's estimates about market data. Level 1 valuations are based on quoted prices for identical instruments traded in active markets. Level 2 valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. Level 3 valuations are generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques.

Fair value measurement and disclosure guidance differentiates between those assets and liabilities required to be carried at fair value at every reporting period ("recurring") and those assets and liabilities that are only required to be adjusted to fair value under certain circumstances ("nonrecurring"). Level 3 financial instruments recorded at fair value on a recurring basis included primarily auction-rate securities at December 31, 2010. Additionally, from time to time, the Corporation may be required to record at fair value other financial assets or liabilities on a nonrecurring basis. Note 3 to the consolidated financial statements includes information about the extent to which fair value is used to measure assets and liabilities and the valuation methodologies and key inputs used.

For assets and liabilities recorded at fair value, the Corporation's policy is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those items where there is an active market. In certain cases, when market observable inputs for model-based valuation techniques may not be readily available, the Corporation is required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument. The models used to determine fair value adjustments are periodically evaluated by management for relevance under current facts and circumstances.

Changes in market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, the Corporation would use valuation techniques requiring more management judgment to estimate the appropriate fair value.

At December 31, 2010, Level 3 financial assets recorded at fair value on a recurring basis totaled \$619 million, or one percent of total assets, and consisted primarily of auction-rate securities. At December 31, 2010, there were \$1 million, or less than one percent of total liabilities, of Level 3 financial liabilities recorded at fair value on a recurring basis.

At December 31, 2010, Level 3 financial assets recorded at fair value on a nonrecurring basis totaled \$901 million, or two percent of total assets, and consisted primarily of impaired loans and foreclosed property. At December 31, 2010, there were no financial liabilities recorded at fair value on a nonrecurring basis.

See Note 3 to the consolidated financial statements for a complete discussion on the Corporation's use of fair value and the related measurement techniques.

### **Share-based Compensation**

The fair value of share-based compensation as of the date of grant is recognized as compensation expense on a straight-line basis over the vesting period, taking into consideration the effect of retirement-eligible status on the vesting period. In 2010, the Corporation recognized total share-based compensation expense of \$32 million. The option valuation model requires several inputs, including the risk-free interest rate, the expected dividend yield, expected volatility factors of the market price of the Corporation's common stock and the expected option life. For further discussion on the valuation model inputs, see Note 17 to the consolidated financial statements. Changes in input assumptions can materially affect the fair value estimates. The option valuation model is sensitive to the market price of the Corporation's stock at the grant date, which affects the fair value estimates and, therefore, the amount of expense recorded on future grants. Using the number of stock options granted in 2010 and the Corporation's stock price at December 31, 2010, a \$5.00 per share increase in stock price would result in an increase in pretax expense of approximately \$3 million, from the assumed base, over the options' vesting periods. The fair value of restricted stock is based on the market price of the Corporation's stock at the grant date. Using the number of restricted stock awards issued in 2010, a \$5.00 per share increase in stock price would result in an increase in pretax expense of approximately \$1 million, from the assumed base, over the awards' vesting periods. Refer to Notes 1 and 17 to the consolidated financial statements for further discussion of share-based compensation expense.

### **Nonmarketable Equity Securities**

At December 31, 2010, the Corporation had a \$47 million portfolio of investments in indirect private equity and venture capital investments, with commitments of \$21 million to fund additional investments in future periods. The majority of these investments are not readily marketable. The investments are individually reviewed for impairment, on a quarterly basis, by comparing the carrying value to the estimated fair value. Fair value measurement guidance permits the measurement of investments of this type on the basis of net asset value per share, provided the net asset value is calculated by the fund in compliance with fair value measurement guidance applicable to investment companies. The Corporation bases its estimates of fair value for the majority of its indirect private equity and venture capital investments on its percentage ownership in the net asset value of the entire fund, as reported by the fund, after indication that the fund adheres to applicable fair value measurement guidance. For those funds where net asset value is not reported by the fund, the Corporation derives the fair value of the fund by estimating the fair value of each underlying investment in the fund. In addition to using qualitative information about each underlying investment, as provided by the fund, the Corporation gives consideration to information pertinent to the specific nature of the debt or equity investment, such as relevant market conditions, offering prices, operating results, financial conditions, exit strategy and other qualitative information, as available. The lack of an independent source to validate fair value estimates, including the impact of future capital calls and transfer restrictions, is an inherent limitation in the valuation process. The amount by which the carrying value exceeds the fair value that is determined to be other-than-temporary impairment is charged to current earnings and the carrying value of the investment is written down accordingly. While the determination of fair value involves estimates, no generic assumption is applied to all investments when evaluating for impairment. As such, each estimate is unique to the individual investment, and none is individually significant. The inherent uncertainty in the process of valuing equity securities for which a ready market is unavailable may cause our estimated values of these securities to differ significantly from the values that would have been derived had a ready market for the securities existed, and those differences could be material. The value of these investments is at risk to changes in equity markets, general economic conditions and a variety of other factors, which could result in an impairment charge in future periods.

### **Auction-Rate Securities**

The Corporation holds a portfolio of auction-rate securities recorded as investment securities available-for-sale and stated at fair value of \$609 million at December 31, 2010. Due to the lack of a robust secondary auction-rate securities market with active fair value indications, fair value at December 31, 2010 was determined using an income approach based on a discounted cash flow model utilizing two significant assumptions in the model: discount rate (including a liquidity risk premium) and workout period. The discount rate was calculated using credit spreads of the underlying collateral or similar securities plus a liquidity risk premium. The liquidity risk premium was based on observed industry auction-rate securities valuations by third parties and incorporated the rate at which the various types of ARS had been redeemed or sold since acquisition in 2008. The workout period was based on an assessment of publicly available information on efforts to re-establish functioning markets for these securities and the Corporation's redemption experience.

The fair value of auction-rate securities recorded on the Corporation's consolidated balance sheets represents management's best estimate of the fair value of these instruments within the framework of existing accounting standards. Changes in the above material assumptions could result in significantly different valuations. For example, an increase or decrease in the liquidity premium of 100 basis points changes the fair value by \$17 million at December 31, 2010.

The valuation of auction-rate securities is complex and is subject to a certain degree of management judgment. The inherent uncertainty in the process of valuing auction-rate securities for which a ready market is unavailable may cause estimated values of these auction-rate securities assets to differ from the values that would have been derived had a ready market for the auction-rate securities existed, and those differences could be significant. The use of an alternative valuation methodology or alternative approaches used to calculate material assumptions could result in significantly different estimated values for these assets. In addition, the value of auction-rate securities is at risk to changes in equity markets, general economic conditions and other factors.

### **GOODWILL**

Goodwill is the value attributed to unidentifiable intangible elements in acquired businesses. Goodwill is initially recorded at fair value and is subsequently evaluated at least annually for impairment. The Corporation conducts its evaluation of goodwill impairment in the third quarter each year and on an interim basis if events or changes in circumstances between annual tests indicate the assets might be impaired. Goodwill impairment testing is performed at the reporting unit level, equivalent to a business segment or one level below. During the third quarter 2010, the Corporation announced that the Retail Bank and Wealth & Institutional Management business segments would report to a single individual. As a result of this change, the Corporation reassessed its reporting units and concluded that, under the new reporting structure, the Corporation has three reporting units: Business Bank, Retail Bank and Wealth & Institutional Management. These changes to the reporting units did not affect the amount of goodwill previously allocated and did not impact the results of previous or current goodwill impairment tests.

The goodwill impairment test is a two-step test. The first step of the goodwill impairment test compares the estimated fair value of the Corporation's identified reporting units with their carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the estimated fair value of the reporting unit is less than the carrying value, the second step must be performed to determine the implied fair value of the reporting unit's goodwill and the amount of goodwill impairment, if any.

Estimating the fair value of reporting units is a subjective process involving the use of estimates and judgments, particularly related to future cash flows of the reporting units, discount rates (including market risk premiums) and market multiples. Material assumptions used in the valuation models included the comparable public company price multiples used in the terminal value, future cash flows and the market risk premium component of the discount rate. The fair values of the reporting units were determined using a blend of two commonly used valuation techniques: the market approach and the income approach. The Corporation gives

consideration to both valuation techniques, as either technique can be an indicator of value. For the market approach, valuations of reporting units were based on an analysis of relevant price multiples in market trades in companies with characteristics similar to the reporting unit. For the income approach, estimated future cash flows (derived from internal forecasts and economic expectations for each reporting unit) and terminal value (value at the end of the cash flow period, based on price multiples) were discounted. The discount rate was based on the imputed cost of equity capital appropriate for each reporting unit.

As of December 31, 2010, the Business Bank had goodwill of approximately \$90 million, the Retail Bank approximately \$47 million and the remaining goodwill balance of approximately \$13 million of the Corporation's consolidated goodwill of \$150 million was associated with the Wealth and Institutional Management reporting unit. At the conclusion of the first step of the goodwill impairment test performed in the third quarter 2010, the estimated fair values of all reporting units exceeded their carrying amounts, including goodwill. The results of the goodwill impairment test for each reporting unit were subjected to stress testing, which consisted of reducing expected future net income by 10 percent, reducing comparable multiples by 10 percent and increasing the discount rate by 200 basis points. The fair values of all reporting units calculated under the stressed environment exceeded their carrying value, including goodwill. Forecasted cash flows for each of the reporting units improved from the prior year primarily as a result of improvements in credit metrics and increases in deposits, including a favorable change in the deposit mix. Additionally, the estimated future cash flows of the Retail Bank reflected management's assumptions regarding the impact of the Financial Reform Act.

Economic conditions impact the assumptions related to imputed cost of equity capital, loss rates, interest and growth rates. Adverse changes in the economic environment, a decline in the performance of the reporting units or other factors could cause the fair value of the reporting units to fall below their carrying value, resulting in a goodwill impairment charge. Additionally, if the actual impact of legislative and regulatory changes is significantly different than management's expectations, the fair value of the reporting units may fall below the carrying value, resulting in a goodwill impairment charge. Any impairment charge would not affect the Corporation's regulatory capital ratios, tangible common equity ratio or liquidity position.

## **PENSION PLAN ACCOUNTING**

The Corporation has defined benefit pension plans in effect for substantially all full-time employees hired before January 1, 2007. Benefits under the plans are based on years of service, age and compensation. Assumptions are made concerning future events that will determine the amount and timing of required benefit payments, funding requirements and defined benefit pension expense. The three major assumptions are the discount rate used in determining the current benefit obligation, the long-term rate of return expected on plan assets and the rate of compensation increase. The assumed discount rate is determined by matching the expected cash flows of the pension plans to a portfolio of high quality corporate bonds as of the measurement date, December 31. The long-term rate of return expected on plan assets is set after considering both long-term returns in the general market and long-term returns experienced by the assets in the plan. The current target asset allocation model for the plans is detailed in Note 18 to the consolidated financial statements. The expected returns on these various asset categories are blended to derive one long-term return assumption. The assets are invested in certain collective investment and mutual funds, common stocks, U.S. Treasury and other U.S. government agency securities, and corporate and municipal bonds and notes. The rate of compensation increase is based on reviewing recent annual pension-eligible compensation increases as well as the expectation of future increases. The Corporation reviews its pension plan assumptions on an annual basis with its actuarial consultants to determine if the assumptions are reasonable and adjusts the assumptions to reflect changes in future expectations.

The assumptions used to calculate 2011 expense for the defined benefit pension plans were a discount rate of 5.51 percent, a long-term rate of return on plan assets of 7.75 percent and a rate of compensation increase of 4.0 percent. Defined benefit pension expense in 2011 is expected to be approximately \$48 million, an increase of \$18 million from the \$30 million recorded in 2010, primarily driven by declines in the discount rate and in the expected long-term rate of return on plan assets.

Changing the 2011 key actuarial assumptions discussed above by 25 basis points would have the following impact on defined benefit pension expense in 2011:

<i>(in millions)</i>	<b>25 Basis Point</b>	
	<b>Increase</b>	<b>Decrease</b>
<u>Key Actuarial Assumption</u>		
Discount rate	\$ (7.4)	\$ 7.4
Long-term rate of return	(3.7)	3.7
Rate of compensation increase	2.3	(2.3)

If the assumed long-term return on plan assets differs from the actual return on plan assets, the asset gains or losses are incorporated in the market-related value of plan assets, which is used to determine the expected return on assets. The market-related value of plan assets is determined by amortizing the current year's investment gains and losses (the actual investment return net of the expected investment return) over five years. The amortization adjustment cannot exceed 10 percent of the fair value of assets.

The expected return on plan assets is calculated based on the market-related value of the assets at the assumed long-term rate of return plus the impact of any contributions made during the year.

The market-related value method is a commonly used method of spreading investment gains and losses over a five year period. The method reduces annual volatility, and the cumulative effect will ultimately be the same as using the actual fair market value of plan assets over the long term. The Employee Benefits Committee, which consists of executive and senior managers from various areas of the Corporation, provides broad asset allocation guidelines to the asset managers, who report results and investment strategy quarterly to the Employee Benefits Committee. Actual asset allocations are compared to target allocations by asset category and investment returns for each class of investment are compared to expected results based on broad market indices.

The net funded status of the qualified and non-qualified defined benefit pension plans were an asset of \$55 million and a liability of \$177 million, respectively, at December 31, 2010. Due to the long-term nature of pension plan assumptions, actual results may differ significantly from the actuarial-based estimates. Differences between estimates and experience not recovered in the market or by future assumption changes are required to be recorded in shareholders' equity as part of accumulated other comprehensive income (loss) and amortized to defined benefit pension expense in future years. For further information, refer to Note 1 to the consolidated financial statements. Actuarial net losses recognized in accumulated other comprehensive income (loss) at December 31, 2010 were \$54 million for the qualified defined benefit pension plan and \$13 million for the non-qualified defined benefit pension plan. In 2010, actual return on plan assets in the qualified defined benefit pension plan was \$172 million, compared to an expected return on plan assets of \$116 million. In 2009, the actual return on plan assets was \$200 million, compared to an expected return on plan assets of \$104 million. The Corporation may make contributions from time to time to the qualified defined benefit plan to mitigate the impact of the actuarial losses on future years. No contributions were made to the plan in 2010. There were no assets in the non-qualified defined benefit pension plan at December 31, 2010, and 2009.

Defined benefit pension expense is recorded in "employee benefits" expense on the consolidated statements of income and is allocated to business segments based on the segment's share of salaries expense. Given the salaries expense included in 2010 segment results, defined benefit pension expense was allocated approximately 38 percent, 30 percent, 26 percent and 6 percent to the Retail Bank, Business Bank, Wealth & Institutional Management and Finance segments, respectively, in 2010.

## **INCOME TAXES**

The calculation of the Corporation's income tax provision (benefit) and tax-related accruals is complex and requires the use of estimates and judgments. The provision for income taxes is based on amounts reported in the consolidated statements of income after deducting non-taxable items, principally income on bank-owned life

insurance, and deducting tax credits related to investments in low income housing partnerships, and includes deferred income taxes on temporary differences between the income tax basis and financial accounting basis of assets and liabilities. Accrued taxes represent the net estimated amount due to or to be received from taxing jurisdictions, currently or in the future, and are included in “accrued income and other assets” or “accrued expenses and other liabilities” on the consolidated balance sheets. The Corporation assesses the relative risks and merits of tax positions for various transactions after considering statutes, regulations, judicial precedent and other available information and maintains tax accruals consistent with these assessments. The Corporation is subject to audit by taxing authorities that could question and/or challenge the tax positions taken by the Corporation.

During 2010, the IRS proposed an adjustment to taxable income for the years 2001-2006 which could result in the repatriation of foreign earnings of a certain structured investment transaction. Repatriation of these earnings could require the Corporation to pay income taxes of \$53 million on foreign earnings of approximately \$146 million. The Corporation continues to believe that these earnings were properly excluded from U.S. taxation and has filed a protest to that effect with the IRS Appeals Office. The Corporation intends to reinvest these earnings indefinitely and believes it is more likely than not that this tax position will be sustained. The Corporation has reserved for this tax position accordingly.

Included in net deferred taxes are deferred tax assets. Deferred tax assets are evaluated for realization based on available evidence of loss carryback capacity, projected future reversals of existing taxable temporary differences and assumptions made regarding future events. A valuation allowance is provided when it is more-likely-than-not that some portion of the deferred tax asset will not be realized.

Changes in the estimate of accrued taxes occur due to changes in tax law, interpretations of existing tax laws, new judicial or regulatory guidance, and the status of examinations conducted by taxing authorities that impact the relative risks and merits of tax positions taken by the Corporation. These changes in the estimate of accrued taxes could be significant to the operating results of the Corporation. For further information on tax accruals and related risks, see Note 19 to the consolidated financial statements.

## 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)

Years ended December 31	2010	2009	2008	2007	2006
<b>Impact of Excess Liquidity on Net Interest Margin (FTE):</b>					
Net interest income (FTE)	\$ 1,651	\$ 1,575	\$ 1,821	\$ 2,006	\$ 1,986
Less:					
Interest earned on excess liquidity (a)	8	6	1	-	-
Net interest income (FTE), excluding excess liquidity	\$ 1,643	\$ 1,569	\$ 1,820	\$ 2,006	\$ 1,986
Average earning assets	\$51,004	\$58,162	\$60,422	\$54,688	\$52,291
Less:					
Average net unrealized gains (losses) on investment securities available-for-sale	115	165	33	(69)	(127)
Average earning assets for net interest margin (FTE)	50,889	57,997	60,389	54,757	52,418
Less:					
Excess liquidity (a)	3,140	2,402	196	-	-
Average earning assets for net interest margin (FTE), excluding excess liquidity	\$47,749	\$55,595	\$60,193	\$54,757	\$52,418
Net interest margin (FTE)	3.24 %	2.72 %	3.02 %	3.66 %	3.79 %
Net interest margin (FTE), excluding excess liquidity	3.44	2.83	3.03	3.66	3.79
Impact of excess liquidity on net interest margin (FTE)	(0.20)	(0.11)	(0.01)	-	-
<b>Tier 1 Common Capital Ratio:</b>					
Tier 1 capital (b)	\$ 6,027	\$ 7,704	\$ 7,805	\$ 5,640	\$ 5,657
Less:					
Fixed rate cumulative perpetual preferred stock	-	2,151	2,129	-	-
Trust preferred securities	-	495	495	495	339
Tier 1 common capital	\$ 6,027	\$ 5,058	\$ 5,181	\$ 5,145	\$ 5,318
Risk-weighted assets (b)	\$59,506	\$61,815	\$73,207	\$75,102	\$70,486
Tier 1 common capital ratio	10.13 %	8.18 %	7.08 %	6.85 %	7.54 %
<b>Tangible Common Equity Ratio:</b>					
Total shareholders' equity	\$ 5,793	\$ 7,029	\$ 7,152	\$ 5,117	\$ 5,153
Less:					
Fixed rate cumulative perpetual preferred stock	-	2,151	2,129	-	-
Goodwill	150	150	150	150	150
Other intangible assets	6	8	12	12	14
Tangible common equity	\$ 5,637	\$ 4,720	\$ 4,861	\$ 4,955	\$ 4,989
Total assets	\$53,667	\$59,249	\$67,548	\$62,331	\$58,001
Less:					
Goodwill	150	150	150	150	150
Other intangible assets	6	8	12	12	14
Tangible assets	\$53,511	\$59,091	\$67,386	\$62,169	\$57,837
Tangible common equity ratio	10.54 %	7.99 %	7.21 %	7.97 %	8.62 %

(a) Excess liquidity represented by interest earned on and average interest-bearing balances deposited with the FRB.

(b) Tier 1 capital and risk-weighted assets as defined by regulation.

The net interest margin (FTE), excluding excess liquidity, removes interest earned on balances deposited with the FRB from net interest income (FTE) and average balances deposited with the FRB from average earning assets from the numerator and denominator of the net interest margin (FTE) ratio, respectively. The Corporation believes this measurement provides meaningful information to investors, regulators, management and others of the impact on net interest income and net interest margin resulting from the Corporation's short-term investment in low yielding instruments.

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.

## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. In addition, the Corporation may make other written and oral communications from time to time that contain such statements. All statements regarding the Corporation's expected financial position, strategies and growth prospects and general economic conditions expected to exist in the future are forward-looking statements. The words, "anticipates," "believes," "feels," "expects," "estimates," "seeks," "strives," "plans," "intends," "outlook," "forecast," "position," "target," "mission," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective," and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements.

The Corporation cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date the statement is made, and the Corporation does 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. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors mentioned elsewhere in this report or previously disclosed in the Corporation's SEC reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) or on the Corporation's website at [www.comerica.com](http://www.comerica.com)), actual results could differ materially from forward-looking statements and future results could differ materially from historical performance due to a variety of reasons, including but not limited to, the following factors:

- general political, economic or industry conditions, either domestically or internationally, may be less favorable than expected;
- governmental monetary and fiscal policies may adversely affect the financial services industry and, therefore impact the Corporation's financial condition and results of operations;
- volatility and disruptions in global capital and credit markets may adversely impact the Corporation's business, financial condition and results of operations;
- the soundness of other financial institutions could adversely affect the Corporation;
- recently enacted legislation, actions recently taken or proposed by the United States Department of Treasury, the Federal Deposit Insurance Corporation, the Federal Reserve Bank or other governmental entities, and legislation enacted in the future subject or may subject the Corporation to further regulation, and the impact and expiration of such legislation and regulatory actions may adversely affect the Corporation;
- unfavorable developments concerning credit quality could adversely impact the Corporation's financial results;

- the Corporation's proposed acquisition of Sterling Bancshares, Inc. may present certain risks to the Corporation's business and operations;
- the Corporation may be subject to more stringent capital and liquidity requirements;
- problems faced by residential real estate developers could adversely affect the Corporation;
- businesses or industries in which the Corporation has lending concentrations, including, but not limited to, the automotive production industry and the real estate business, could suffer a significant decline, which could adversely affect the Corporation;
- the introduction, implementation, withdrawal, success and timing of business initiatives and strategies, including, but not limited to, the opening of new banking centers, may be less successful or may be different than anticipated, which could adversely affect the Corporation's business;
- utilization of technology to efficiently and effectively develop, market and deliver new products and services;
- operational difficulties or information security problems could adversely affect the Corporation's business and operations;
- changes in the financial markets, including fluctuations in interest rates and their impact on deposit pricing, could adversely affect the Corporation's net interest income and balance sheet;
- competitive product and pricing pressures among financial institutions within the Corporation's markets may change;
- changes in customer behavior may adversely impact the Corporation's business, financial condition and results of operations;
- management's ability to maintain and expand customer relationships may differ from expectations;
- management's ability to retain key officers and employees may change;
- legal and regulatory proceedings and related matters with respect to the financial services industry, including those directly involving the Corporation and its subsidiaries, could adversely affect the Corporation or the financial services industry in general;
- changes in regulation or oversight may have a material adverse affect on the Corporation's operations;
- methods of reducing risk exposures might not be effective;
- terrorist activities or other hostilities may adversely affect the general economy, financial and capital markets, specific industries, and the Corporation; and
- natural disasters, including, but not limited to, hurricanes, tornadoes, earthquakes, fires and floods, may adversely affect the general economy, financial and capital markets, specific industries, and the Corporation.

## CONSOLIDATED BALANCE SHEETS Comerica Incorporated and Subsidiaries

(in millions, except share data)

December 31	2010	2009
<b>ASSETS</b>		
Cash and due from banks	\$ 668	\$ 774
Interest-bearing deposits with banks	1,415	4,843
Other short-term investments	141	138
Investment securities available-for-sale	7,560	7,416
Commercial loans	22,145	21,690
Real estate construction loans	2,253	3,461
Commercial mortgage loans	9,767	10,457
Residential mortgage loans	1,619	1,651
Consumer loans	2,311	2,511
Lease financing	1,009	1,139
International loans	1,132	1,252
Total loans	40,236	42,161
Less allowance for loan losses	(901)	(985)
Net loans	39,335	41,176
Premises and equipment	630	644
Customers' liability on acceptances outstanding	9	11
Accrued income and other assets	3,909	4,247
Total assets	\$ 53,667	\$ 59,249
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Noninterest-bearing deposits	\$ 15,538	\$ 15,871
Money market and NOW deposits	17,622	14,450
Savings deposits	1,397	1,342
Customer certificates of deposit	5,482	6,413
Other time deposits	-	1,047
Foreign office time deposits	432	542
Total interest-bearing deposits	24,933	23,794
Total deposits	40,471	39,665
Short-term borrowings	130	462
Acceptances outstanding	9	11
Accrued expenses and other liabilities	1,126	1,022
Medium- and long-term debt	6,138	11,060
Total liabilities	47,874	52,220
Fixed rate cumulative perpetual preferred stock, series F, no par value, \$1,000 liquidation value per share:		
Authorized - 2,250,000 shares at 12/31/09		
Issued - 2,250,000 shares at 12/31/09	-	2,151
Common stock - \$5 par value:		
Authorized - 325,000,000 shares		
Issued - 203,878,110 shares at 12/31/10 and 178,735,252 shares at 12/31/09	1,019	894
Capital surplus	1,481	740
Accumulated other comprehensive loss	(389)	(336)
Retained earnings	5,247	5,161
Less cost of common stock in treasury - 27,342,518 shares at 12/31/10 and 27,555,623 shares at 12/31/09	(1,565)	(1,581)
Total shareholders' equity	5,793	7,029
Total liabilities and shareholders' equity	\$ 53,667	\$ 59,249

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME

### Comerica Incorporated and Subsidiaries

(in millions, except per share data)

Years Ended December 31	2010	2009	2008
<b>INTEREST INCOME</b>			
Interest and fees on loans	\$ 1,617	\$ 1,767	\$ 2,649
Interest on investment securities	226	329	389
Interest on short-term investments	10	9	13
Total interest income	1,853	2,105	3,051
<b>INTEREST EXPENSE</b>			
Interest on deposits	115	372	734
Interest on short-term borrowings	1	2	87
Interest on medium- and long-term debt	91	164	415
Total interest expense	207	538	1,236
Net interest income	1,646	1,567	1,815
Provision for loan losses	480	1,082	686
Net interest income after provision for loan losses	1,166	485	1,129
<b>NONINTEREST INCOME</b>			
Service charges on deposit accounts	208	228	229
Fiduciary income	154	161	199
Commercial lending fees	95	79	69
Letter of credit fees	76	69	69
Card fees	58	51	58
Foreign exchange income	39	41	40
Bank-owned life insurance	40	35	38
Brokerage fees	25	31	42
Net securities gains	3	243	67
Other noninterest income	91	112	82
Total noninterest income	789	1,050	893
<b>NONINTEREST EXPENSES</b>			
Salaries	740	687	781
Employee benefits	179	210	194
Total salaries and employee benefits	919	897	975
Net occupancy expense	162	162	156
Equipment expense	63	62	62
Outside processing fee expense	96	97	104
Software expense	89	84	76
FDIC insurance expense	62	90	16
Legal fees	35	37	29
Advertising expense	30	29	30
Other real estate expense	29	48	10
Litigation and operational losses	11	10	103
Provision for credit losses on lending-related commitments	(2)	-	18
Other noninterest expenses	146	134	172
Total noninterest expenses	1,640	1,650	1,751
Income (loss) from continuing operations before income taxes	315	(115)	271
Provision (benefit) for income taxes	55	(131)	59
Income from continuing operations	260	16	212
Income from discontinued operations, net of tax	17	1	1
<b>NET INCOME</b>	<b>\$ 277</b>	<b>\$ 17</b>	<b>\$ 213</b>
Less:			
Preferred stock dividends	123	134	17
Income allocated to participating securities	1	1	4
<b>Net income (loss) attributable to common shares</b>	<b>\$ 153</b>	<b>\$ (118)</b>	<b>\$ 192</b>
Basic earnings per common share:			
Income (loss) from continuing operations	\$ 0.79	\$ (0.80)	\$ 1.28
Net income (loss)	0.90	(0.79)	1.29
Diluted earnings per common share:			
Income (loss) from continuing operations	0.78	(0.80)	1.28
Net income (loss)	0.88	(0.79)	1.28
Cash dividends declared on common stock	44	30	348
Cash dividends declared per common share	0.25	0.20	2.31

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Comerica Incorporated and Subsidiaries**

<i>(in millions, except per share data)</i>	Nonredeemable Preferred Stock	Common Stock		Capital Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Shareholders' Equity
		Shares Outstanding	Amount					
<b>BALANCE AT</b>								
<b>DECEMBER 31, 2007</b>	\$ -	150.0	\$ 894	\$ 564	\$ (177)	\$ 5,497	\$ (1,661)	\$ 5,117
Net income	-	-	-	-	-	213	-	213
Other comprehensive loss, net of tax	-	-	-	-	(132)	-	-	(132)
Total comprehensive income								81
Cash dividends declared on common stock (\$2.31 per share)	-	-	-	-	-	(348)	-	(348)
Purchase of common stock	-	-	-	-	-	-	(1)	(1)
Issuance of preferred stock and related warrant	2,126	-	-	124	-	-	-	2,250
Accretion of discount on preferred stock	3	-	-	-	-	(3)	-	-
Net issuance of common stock under employee stock plans	-	0.5	-	(19)	-	(14)	33	-
Share-based compensation	-	-	-	53	-	-	-	53
<b>BALANCE AT</b>								
<b>DECEMBER 31, 2008</b>	\$ 2,129	150.5	\$ 894	\$ 722	\$ (309)	\$ 5,345	\$ (1,629)	\$ 7,152
Net income	-	-	-	-	-	17	-	17
Other comprehensive loss, net of tax	-	-	-	-	(27)	-	-	(27)
Total comprehensive loss								(10)
Cash dividends declared on preferred stock	-	-	-	-	-	(113)	-	(113)
Cash dividends declared on common stock (\$0.20 per share)	-	-	-	-	-	(30)	-	(30)
Purchase of common stock	-	(0.1)	-	-	-	-	(1)	(1)
Accretion of discount on preferred stock	22	-	-	-	-	(22)	-	-
Net issuance of common stock under employee stock plans	-	0.8	-	(15)	-	(36)	48	(3)
Share-based compensation	-	-	-	32	-	-	-	32
Other	-	-	-	1	-	-	1	2
<b>BALANCE AT</b>								
<b>DECEMBER 31, 2009</b>	\$ 2,151	151.2	\$ 894	\$ 740	\$ (336)	\$ 5,161	\$ (1,581)	\$ 7,029
Net income	-	-	-	-	-	277	-	277
Other comprehensive loss, net of tax	-	-	-	-	(53)	-	-	(53)
Total comprehensive income								224
Cash dividends declared on preferred stock	-	-	-	-	-	(38)	-	(38)
Cash dividends declared on common stock (\$0.25 per share)	-	-	-	-	-	(44)	-	(44)
Purchase of common stock	-	(0.1)	-	-	-	-	(4)	(4)
Issuance of common stock	-	25.1	125	724	-	-	-	849
Redemption of preferred stock	(2,250)	-	-	-	-	-	-	(2,250)
Redemption discount accretion on preferred stock	94	-	-	-	-	(94)	-	-
Accretion of discount on preferred stock	5	-	-	-	-	(5)	-	-
Net issuance of common stock under employee stock plans	-	0.3	-	(11)	-	(10)	19	(2)
Share-based compensation	-	-	-	32	-	-	-	32
Other	-	-	-	(4)	-	-	1	(3)
<b>BALANCE AT</b>								
<b>DECEMBER 31, 2010</b>	\$ -	176.5	\$ 1,019	\$ 1,481	\$ (389)	\$ 5,247	\$ (1,565)	\$ 5,793

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS Comerica Incorporated and Subsidiaries

(in millions)

Years Ended December 31

	2010	2009	2008
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 277	\$ 17	\$ 213
Income from discontinued operations, net of tax	17	1	1
Income from continuing operations, net of tax	260	16	212
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	480	1,082	686
Provision for credit losses on lending-related commitments	(2)	-	18
Provision for deferred income taxes	(202)	(112)	(99)
Depreciation and software amortization	124	122	114
Auction-rate securities charge	-	-	88
Lease income charge	-	-	38
Net gain on early termination of leveraged leases	-	(8)	-
Share-based compensation expense	32	32	51
Net amortization (accretion) of securities	26	(5)	(11)
Net securities gains	(3)	(243)	(67)
Net gain on sales of businesses	-	(5)	-
Gain on repurchase of medium- and long-term debt	-	(15)	-
Contribution to qualified pension plan	-	(100)	(175)
Excess tax benefits from share-based compensation arrangements	(1)	-	-
Net (increase) decrease in trading securities	(10)	16	(6)
Net decrease in loans held-for-sale	7	4	99
Net decrease in accrued income receivable	15	62	82
Net increase (decrease) in accrued expenses	57	(311)	(306)
Other, net	486	(445)	137
Discontinued operations, net	17	1	1
Net cash provided by operating activities	1,286	91	862
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales of investment securities available-for-sale	151	8,785	156
Proceeds from maturities and redemptions of investment securities available-for-sale	2,152	2,253	1,667
Purchases of investment securities available-for-sale	(2,410)	(9,011)	(4,496)
Sales (purchases) of Federal Home Loan Bank stock	144	82	(353)
Net decrease (increase) in loans	1,259	7,317	(259)
Proceeds from early termination of leveraged leases	-	107	-
Net increase in fixed assets	(92)	(74)	(166)
Net decrease in customers' liability on acceptances outstanding	2	3	34
Proceeds from sale of business	-	7	-
Net cash provided by (used in) investing activities	1,206	9,469	(3,417)
<b>FINANCING ACTIVITIES</b>			
Net increase (decrease) in deposits	771	(2,010)	(2,299)
Net decrease in short-term borrowings	(332)	(1,287)	(1,058)
Net decrease in acceptances outstanding	(2)	(3)	(34)
Proceeds from issuance of medium- and long-term debt	298	-	8,000
Repayments of medium- and long-term debt	(2,610)	(3,683)	(2,000)
Redemptions of medium- and long-term debt	(2,680)	(197)	-
Proceeds from issuance of common stock	849	-	-
Redemption of preferred stock	(2,250)	-	-
Proceeds from issuance of preferred stock and related warrant	-	-	2,250
Proceeds from issuance of common stock under employee stock plans	5	-	1
Excess tax benefits from share-based compensation arrangements	1	-	-
Purchase of common stock for treasury	(4)	(1)	(1)
Dividends paid on common stock	(34)	(72)	(395)
Dividends paid on preferred stock	(38)	(113)	-
Net cash (used in) provided by financing activities	(6,026)	(7,366)	4,464
Net (decrease) increase in cash and cash equivalents	(3,534)	2,194	1,909
Cash and cash equivalents at beginning of year	5,617	3,423	1,514
Cash and cash equivalents at end of year	\$ 2,083	\$ 5,617	\$ 3,423
Interest paid	\$ 227	\$ 619	\$ 1,266
Income taxes, tax deposits and tax-related interest paid	\$ 108	\$ 251	\$ 241
Noncash investing and financing activities:			
Loans transferred to other real estate	\$ 104	\$ 114	\$ 65
Loans transferred from held-for-sale to portfolio	-	-	84

See notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Comerica Incorporated and Subsidiaries

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Organization**

Comerica Incorporated (the Corporation) is a registered financial holding company headquartered in Dallas, Texas. The Corporation's major business segments are the Business Bank, the Retail Bank and Wealth & Institutional Management. For further discussion of each business segment, refer to Note 23. The Corporation operates in four primary geographic markets: Midwest, Western, Texas and Florida. The Corporation and its banking subsidiaries are regulated at both the state and federal levels.

The accounting and reporting policies of the Corporation conform to U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from these estimates.

The following summarizes the significant accounting policies of the Corporation applied in the preparation of the accompanying consolidated financial statements.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Corporation and its subsidiaries after elimination of all significant intercompany accounts and transactions. Certain amounts in the financial statements for prior years have been reclassified to conform to current financial statement presentation.

In the first quarter 2010, the Corporation adopted Accounting Standards Update (ASU) No. 2009-17, "Improvements in Financial Reporting by Enterprises Involved with Variable Interest Entities," (ASU 2009-17). ASU 2009-17 amends consolidation guidance related to variable interest entities (VIEs) by replacing a quantitative approach for determining which enterprise, if any, is the primary beneficiary and required to consolidate a VIE with a qualitative approach. The qualitative approach is focused on identifying which enterprise has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could be significant to the VIE. ASU 2009-17 requires reconsideration of the primary beneficiary whenever circumstances change and eliminates the exception for qualifying special-purpose entities from consolidation guidance.

Also in the first quarter 2010, the Financial Accounting Standards Board (FASB) issued ASU No. 2010-10, "Amendments for Certain Investment Funds," (ASU 2010-10). ASU 2010-10 indefinitely defers the requirements of ASU 2009-17 for certain investment funds with attributes of an investment company specified in the accounting guidance, including, but not limited to, venture capital funds, private equity funds and mutual funds. The deferral is also applicable to a reporting enterprise's interest in an entity that is required to comply with or operates in accordance with requirements similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. For funds that qualify for the deferral, the Corporation will continue to analyze whether such funds should be consolidated under authoritative guidance that existed prior to the issuance of ASU 2009-17.

The Corporation was not required to consolidate any additional VIEs with which the Corporation was involved as a result of implementing the guidance in ASU 2009-17, as amended by ASU 2010-10.

The Corporation consolidates variable interest entities in which it is the primary beneficiary. In general, a VIE is an entity that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations. If any of these characteristics is present, the entity is subject to a variable interests consolidation model, and consolidation is based on variable interests, not on

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

ownership of the entity's outstanding voting stock. Variable interests are defined as contractual ownership or other money interests in an entity that change with fluctuations in the entity's net asset value. The primary beneficiary consolidates the VIE; the primary beneficiary is defined as the enterprise that has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could be significant to the VIE. The Corporation consolidates entities not determined to be VIEs when it holds a majority (controlling) interest in the entity's outstanding voting stock.

Equity investments in entities that are not VIEs where the Corporation owns less than a majority (controlling) interest and equity investments in entities that are VIEs where the Corporation is not the primary beneficiary are not consolidated. Rather, such investments are accounted for using either the equity method or cost method. The equity method is used for investments in corporate joint ventures and investments where the Corporation has the ability to exercise significant influence over the investee's operation and financial policies, which is generally presumed to exist if the Corporation owns more than 20 percent of the voting interest of the investee. Equity method investments are included in "accrued income and other assets" on the consolidated balance sheets, with income and losses recorded in "other noninterest income" on the consolidated statements of income. Unconsolidated equity investments that do not meet the criteria to be accounted for under the equity method are accounted for under the cost method. Cost method investments are included in "accrued income and other assets" on the consolidated balance sheets, with income (net of write-downs) recorded in "other noninterest income" on the consolidated statements of income.

See Note 10 for additional information about the Corporation's involvement with VIEs.

#### **Fair Value Measurements**

Fair value measurement applies whenever accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset or liability. Fair value measurements and disclosures guidance establishes a three-level fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are separately disclosed by level within the fair value hierarchy. For assets and liabilities recorded at fair value, it is the Corporation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those items for which there is an active market.

Fair value measurements for assets and liabilities where limited or no observable market data exists and, therefore, are based primarily upon estimates, are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values.

For further information about fair value measurements, refer to Note 3.

#### **Other Short-Term Investments**

Other short-term investments include trading securities and loans held-for-sale.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

Trading securities are carried at market value. Realized and unrealized gains or losses on trading securities are included in “other noninterest income” on the consolidated statements of income.

Loans held-for-sale, typically residential mortgages and Small Business Administration loans originated with the intent to sell, are carried at the lower of cost or fair value. Fair value is determined in the aggregate for each portfolio. Changes in fair value are included in “other noninterest income” on the consolidated statements of income.

#### **Investment Securities**

Securities that are not held for trading purposes are accounted for as securities available-for-sale and recorded at fair value, with unrealized gains and losses, net of income taxes, reported as a separate component of other comprehensive income (loss) (OCI).

Investment securities are reviewed quarterly for possible other-than-temporary impairment (OTTI). In determining whether OTTI exists for debt securities in an unrealized loss position, the Corporation assesses the likelihood of selling the security prior to the recovery of its amortized cost basis. If the Corporation intends to sell the debt security or it is more-likely-than-not that the Corporation will be required to sell the debt security prior to the recovery of its amortized cost basis, the debt security is written down to fair value, and the full amount of any impairment charge is recorded as a loss in “net securities gains” in the consolidated statements of income. If the Corporation does not intend to sell the debt security and it is more-likely-than-not that the Corporation will not be required to sell the debt security prior to recovery of its amortized cost basis, only the credit component of any impairment of a debt security is recognized as a loss in “net securities gains” on the consolidated statements of income, with the remaining impairment recorded in OCI.

The OTTI review for equity securities includes an analysis of the facts and circumstances of each individual investment and focuses on the severity of loss, the length of time the fair value has been below cost, the expectation for that security’s performance, the financial condition and near-term prospects of the issuer, and management’s intent and ability to hold the security to recovery. A decline in value of an equity security that is considered to be other-than-temporary is recorded as a loss in “net securities gains” on the consolidated statements of income.

Gains or losses on the sale of securities are computed based on the adjusted cost of the specific security sold.

For further information on investment securities, refer to Note 4.

#### **Loans**

Loans and leases originated and held for investment are recorded at the principal balance outstanding, net of unearned income, charge-offs and unamortized deferred fees and costs. Interest income is recognized on loans and leases based on the principal balance outstanding using the interest method. Net deferred income, including unearned income and unamortized costs, fees, premiums and discounts, totaled \$370 million and \$405 million at December 31, 2010 and 2009, respectively.

#### **Loan Origination Fees and Costs**

Substantially all loan origination fees and costs are deferred and amortized to net interest income over the life of the related loan or over the commitment period as a yield adjustment.

Loan fees on unused commitments and net origination fees related to loans sold are recognized in noninterest income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Comerica Incorporated and Subsidiaries

#### **Allowance for Credit Losses**

The allowance for credit losses includes both the allowance for loan losses and the allowance for credit losses on lending-related commitments.

In the fourth quarter 2010, the Corporation adopted certain portions of ASU No. 2010-20, "Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses," (ASU 2010-20), which requires enhanced disclosures about an entity's credit quality of financing receivables and the related allowance for credit losses. The Corporation will adopt the activity-related provisions of ASU 2010-20 in the first quarter 2011. The disclosure requirements of ASU 2010-20 regarding troubled debt restructurings have been delayed by the FASB. The provisions of ASU 2010-20 require significant expansion of the Corporation's disclosures on the credit quality of financing receivables and the allowance for credit losses. The fourth quarter 2010 adoption of ASU 2010-20 did not have a material effect on the Corporation's financial condition and results of operations. The Corporation does not expect the adoption of the remainder of ASU 2010-20 to have a material effect on the Corporation's financial condition and results of operations.

The disclosures required by ASU 2010-20 are provided in Note 5.

#### ***Allowance for Loan Losses***

The allowance for loan losses represents management's assessment of probable, estimable losses inherent in the Corporation's loan portfolio. The allowance for loan losses includes specific allowances, based on individual evaluations of certain loans and loan relationships, and allowances for homogeneous pools of loans with similar risk characteristics for the remaining business and retail loans. The Corporation defines business loans as those belonging to the commercial, real estate construction, commercial mortgage, lease financing and international loan portfolios. Retail loans consist of traditional residential mortgage, home equity and other consumer loans.

A loan is considered impaired when it is probable that interest or principal payments will not be made in accordance with the contractual terms of the original loan agreement. For business and certain retail loans identified based on the combination of internally assigned ratings and a defined dollar threshold set periodically, the Corporation performs a detailed credit quality review quarterly to determine whether impairment exists and establishes a specific allowance for such loans, estimated using one of several methods, including the estimated fair value of underlying collateral, observable market value of similar debt or discounted expected future cash flows.

Independent third-party appraisals are obtained prior to the origination of any first mortgage loan. "As developed" collateral values are used at the time of origination of a construction loan, on the assumption that the construction facility provides sufficient funds to complete the project and carry it until it is leased or sold. Credit reviews are performed at least annually on each collateral-dependent loan and, if necessary, adjustments to the original appraisals are made to reflect the most current risk profile of the project. These adjustments may include a revised rental rate or absorption rate, based on the actual conditions at that time. Updated independent third-party appraisals are generally obtained at the time of a refinance or restructure where additional advances are requested or when there is evidence that the physical aspects of the property have deteriorated.

For collateral-dependent impaired loans, updated appraisals are obtained at least annually unless conditions dictate increased frequency. Appraisals on impaired construction loans are generally based on "as is" collateral values. In certain circumstances, the Corporation may believe that the highest and best use of the collateral, and thus the most advantageous exit strategy, requires completion of the construction project. In these situations, the Corporation uses an "as-developed" appraisal to evaluate alternatives. However, the "as-developed" collateral value is appropriately adjusted to reflect the cost to complete the construction project and to prepare the property for sale. The Corporation may reduce the collateral value based upon the age of the appraisal and adverse developments in market conditions.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

Loans which do not meet the criteria to be evaluated individually are evaluated in homogeneous pools of loans with similar risk characteristics. Internal risk ratings are assigned to each business loan at the time of approval and are subjected to subsequent periodic reviews by the Corporation's senior management. The allowance for business loans not individually evaluated is determined by applying standard reserve factors to the pool of business loans within each internal risk rating. Standard reserve factors for the loans within each risk rating are updated quarterly and are based on estimated probabilities of default and loss given default, incorporating factors such as recent charge-off experience, current economic conditions and trends, changes in collateral values of properties securing loans, and trends with respect to past due and nonaccrual amounts. The standard reserve factors are supported by underlying analysis, including information on migration and loss given default studies from each of the three largest domestic geographic markets (Midwest, Western and Texas). Incremental reserves may be established to cover losses in industries and/or portfolios experiencing elevated loss levels. On a limited basis, where the Corporation lacks sufficient default experience to develop its own probability of default metrics, the Corporation utilizes bond tables published by Standard & Poor's (S&P). On an annual basis, the Corporation maps a sample of the publicly rated credits in its portfolio that are assigned the best internal risk ratings to the S&P bond tables to establish probability of default for these risk ratings. The Corporation has sufficient default experience and is able to generate its own probability of default metrics on the remainder of the loan portfolio. The Corporation uses its own loss given default experience to determine the overall expected loss measure.

The allowance for retail loans not individually evaluated is determined by applying estimated loss rates to various pools of loans within the portfolios with similar risk characteristics. Estimated loss rates for all pools are updated quarterly, incorporating factors such as recent charge-off experience, current economic conditions and trends, changes in collateral values of properties securing loans (using index-based estimates), and trends with respect to past due and nonaccrual amounts.

Actual losses experienced in the future may vary from those estimated. The uncertainty occurs because factors may exist which affect the determination of probable losses inherent in the loan portfolio and are not necessarily captured by the application of standard reserve factors or identified industry-specific risks. An additional allowance is established to capture these probable losses and reflects management's view that the allowance should recognize the margin for error inherent in the process of estimating expected loan losses. The Corporation periodically reviews its methodology to ensure factors considered in the determination of probable losses inherent in the loan portfolio are appropriate. Factors that were considered in the evaluation of the adequacy of the Corporation's allowance for loan losses included the inherent imprecision in the risk rating system resulting from inaccuracy in assigning risk ratings or stale ratings which may not have been updated for recent trends in particular credits. Risk ratings on business loan relationships meeting an internally specified exposure threshold are updated annually or more frequently upon the occurrence of a circumstance that affects the credit risk of the relationship.

The total allowance for loan losses is sufficient to absorb incurred losses inherent in the total portfolio. Unanticipated economic events, including political, economic and regulatory instability in countries where the Corporation has loans, could cause changes in the credit characteristics of the portfolio and result in an unanticipated increase in the allowance. Inclusion of other industry-specific portfolio exposures in the allowance, as well as significant increases in the current portfolio exposures, could also increase the amount of the allowance. Any of these events, or some combination thereof, may result in the need for additional provision for loan losses in order to maintain an allowance that complies with credit risk and accounting policies.

Loans deemed uncollectible are charged off and deducted from the allowance. The provision for loan losses and recoveries on loans previously charged off are added to the allowance.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Comerica Incorporated and Subsidiaries

#### ***Allowance for Credit Losses on Lending-Related Commitments***

The allowance for credit losses on lending-related commitments provides for probable credit losses inherent in lending-related commitments, including unused commitments to extend credit and letters of credit. 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. A probability of draw estimate is applied to the commitment amount, and the result is multiplied by standard reserve factors consistent with business loans. In general, the probability of draw for letters of credit is considered certain for all letters of credit supporting loans and for letters of credit assigned an internal risk rating generally consistent with regulatory defined substandard or doubtful. Other letters of credit and all unfunded commitments have a lower probability of draw. The allowance for credit losses on lending-related commitments is included in “accrued expenses and other liabilities” on the consolidated balance sheets, with the corresponding charge reflected in “provision for credit losses on lending-related commitments” in noninterest expenses on the consolidated statements of income.

#### **Nonperforming Assets**

Nonperforming assets consist of loans, including loans held-for-sale, and debt securities for which the accrual of interest has been discontinued, loans which have been renegotiated to less than the original contractual rates (reduced-rate loans) and real estate which has been acquired through foreclosure and is awaiting disposition (foreclosed property).

A loan is impaired when it is probable that interest or principal payments will not be made in accordance with the contractual terms of the original loan agreement. Consistent with this definition, all nonaccrual and reduced-rate loans are considered impaired. Nonaccrual loans include nonaccrual troubled debt restructurings.

Residential mortgage and home equity loans are generally placed on nonaccrual status and charged off to current appraised values, less costs to sell, during the foreclosure process, normally no later than 180 days past due. Other consumer loans are generally not placed on nonaccrual status and are charged off at no later than 120 days past due, earlier if deemed uncollectible. Business loans and debt securities are generally placed on nonaccrual status when management determines full collection of principal or interest is unlikely or when principal or interest payments are 90 days past due, unless the loan is fully collateralized and in the process of collection. At the time a loan or debt security is placed on nonaccrual status, interest previously accrued but not collected is charged against current income. Income on such loans and debt securities is then recognized only to the extent that cash is received and where future collection of principal is probable. Generally, a loan or debt security may be returned to accrual status when all delinquent principal and interest have been received and the Corporation expects repayment of the remaining contractual principal and interest, or when the loan or debt security is both well secured and in the process of collection.

Foreclosed property is carried at the lower of cost or fair value, less estimated costs to sell. Independent appraisals are obtained to substantiate the fair value of real estate transferred to foreclosed property at the time of foreclosure and updated at least annually or upon evidence of deterioration in the property’s value. At the time of foreclosure, any excess of the related loan balance over fair value (less estimated costs to sell) of the property acquired is charged to the allowance for loan losses. Subsequent write-downs, operating expenses and losses upon sale, if any, are charged to noninterest expenses. Foreclosed property is included in “accrued income and other assets” on the consolidated balance sheets.

#### **Premises and Equipment**

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation, computed on the straight-line method, is charged to operations over the estimated useful lives of the assets.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

Estimated useful lives are generally three years to 33 years for premises that the Corporation owns and three years to eight years for furniture and equipment. Leasehold improvements are amortized over the terms of their respective leases or 10 years, whichever is shorter.

#### **Software**

Capitalized software is stated at cost, less accumulated amortization. Capitalized software includes purchased software and capitalizable application development costs associated with internally-developed software. Amortization, computed on the straight-line method, is charged to operations over five years, the estimated useful life of the software. Capitalized software is included in “accrued income and other assets” on the consolidated balance sheets.

#### **Goodwill**

The Corporation performs its annual impairment test for goodwill in the third quarter of each year, or on an interim basis if events or changes in circumstances between annual tests indicate the assets might be impaired. The annual test of goodwill, performed in the third quarter 2010, did not indicate that an impairment charge was required.

Under applicable accounting standards, the goodwill impairment test is a two-step test. The first step of the goodwill impairment test compares the estimated fair value of identified reporting units, equivalent to a business segment or one level below, with their carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the estimated fair value of the reporting unit is less than the carrying value, the second step must be performed to determine the implied fair value of the reporting unit’s goodwill and the amount of goodwill impairment, if any. Estimating the fair value of reporting units is a subjective process involving the use of estimates and judgments, particularly related to future cash flows of the reporting units, discount rates (including market risk premiums) and market multiples. Material assumptions used in the valuation models included the comparable public company price multiples used in the terminal value, future cash flows and the market risk premium component of the discount rate. The estimated fair values of the reporting units were determined using a blend of two commonly used valuation techniques: the market approach and the income approach. The Corporation gives consideration to both valuation techniques, as either technique can be an indicator of value. For the market approach, valuations of reporting units were based on an analysis of relevant price multiples in market trades in companies with characteristics similar to the reporting unit. For the income approach, estimated future cash flows (derived from internal forecasts and economic expectations for each reporting unit) and terminal value (value at the end of the cash flow period, based on price multiples) were discounted. The discount rate was based on the imputed cost of equity capital appropriate for each reporting unit.

During the third quarter 2010, the Corporation announced that the Retail Bank and Wealth & Institutional Management business segments would report to a single executive. As a result of this change, the Corporation reassessed its reporting units and concluded that, under the new reporting structure, the Corporation has three reporting units: Business Bank, Retail Bank and Wealth & Institutional Management. These changes to the reporting units did not affect the amount of goodwill previously allocated and did not impact the results of previous or current goodwill impairment tests.

Additional information regarding goodwill and impairment testing can be found in Note 8.

#### **Nonmarketable Equity Securities**

The Corporation has a portfolio of investments in indirect private equity and venture capital funds. The majority of these investments are not readily marketable, are accounted for on the cost or equity method and are included in “accrued income and other assets” on the consolidated balance sheets. The investments are

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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individually reviewed for impairment on a quarterly basis by comparing the carrying value to the estimated fair value. The amount by which the carrying value exceeds the fair value that is determined to be other-than-temporary impairment is charged to current earnings and the carrying value of the investment is written down accordingly.

The Corporation also holds restricted equity investments, which are securities the Corporation is required to hold for various reasons and consist primarily of Federal Home Loan Bank of Dallas (FHLB) and Federal Reserve Bank (FRB) stock. Restricted equity securities, classified in “accrued income and other assets” on the consolidated balance sheets, are not readily marketable and are recorded at cost (par value) and evaluated for impairment based on the ultimate recoverability of the par value. If the Corporation does not expect to recover the full par value, the amount by which the par value exceeds the ultimately recoverable value would be charged to current earnings and the carrying value of the investment would be written down accordingly.

#### **Derivative Instruments and Hedging Activities**

Derivative instruments are carried at fair value in either “accrued income and other assets” or “accrued expenses and other liabilities” on the consolidated balance sheets. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument is determined by whether it has been designated and qualifies as part of a hedging relationship and, further, by the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Corporation designates the hedging instrument, based upon the exposure being hedged, as either a fair value hedge or a cash flow hedge. For derivative instruments designated and qualifying as fair value hedges (i.e., hedging the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings during the period of the change in fair values. For derivative instruments that are designated and qualify as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item (i.e., the ineffective portion), if any, is recognized in current earnings during the period of change. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change.

For derivatives designated as hedging instruments at inception, the Corporation uses either the short-cut method or applies dollar offset or statistical regression analysis to assess effectiveness. The short-cut method was used for certain fair value hedges of medium- and long-term debt issued prior to 2006. This method allows for the assumption of zero hedge ineffectiveness and eliminates the requirement to further assess hedge effectiveness on these transactions. For hedge relationships to which the Corporation does not apply the short-cut method, either the dollar offset or statistical regression analysis is used at inception and for each reporting period thereafter to assess whether the derivative used has been and is expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item. All components of each derivative instrument’s gain or loss are included in the assessment of hedge effectiveness. Net hedge ineffectiveness is recorded in “other noninterest income” on the consolidated statements of income.

Further information on the Corporation’s derivative instruments and hedging activities is included in Note 9.

#### **Financial Guarantees**

Certain guarantee contracts or indemnification agreements issued or modified subsequent to December 31, 2002, that contingently require the Corporation, as guarantor, to make payments to the guaranteed

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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party are initially measured at fair value and included in “accrued expenses and other liabilities” on the consolidated balance sheets. The subsequent accounting for the liability depends on the nature of the underlying guarantee. The release from risk is accounted for under a particular guarantee when the guarantee expires or is settled, or by a systematic and rational amortization method. Further information on the Corporation’s obligations under guarantees is included in Note 9.

#### **Share-Based Compensation**

The Corporation recognizes share-based compensation expense using the straight-line method over the requisite service period for all stock awards, including those with graded vesting. The requisite service period is the period an employee is required to provide service in order to vest in the award, which cannot extend beyond the retirement-eligible date (the date at which the employee is no longer required to perform any service to receive the share-based compensation).

Further information on the Corporation’s share-based compensation plans is included in Note 17.

#### **Defined Benefit Pension and Other Postretirement Costs**

Defined benefit pension costs are charged to “employee benefits” expense on the consolidated statements of income and are funded consistent with the requirements of federal laws and regulations. Inherent in the determination of defined benefit pension costs are assumptions concerning future events that will affect the amount and timing of required benefit payments under the plans. These assumptions include demographic assumptions such as retirement age and mortality, a compensation rate increase, a discount rate used to determine the current benefit obligation and a long-term expected rate of return on plan assets. Net periodic defined benefit pension expense includes service cost, interest cost based on the assumed discount rate, an expected return on plan assets based on an actuarially derived market-related value of assets, amortization of prior service cost and amortization of net actuarial gains or losses. The market-related value of plan assets is determined by amortizing the current year’s investment gains and losses (the actual investment return net of the expected investment return) over 5 years. The amortization adjustment cannot exceed 10 percent of the fair value of assets. Prior service costs include the impact of plan amendments on the liabilities and are amortized over the future service periods of active employees expected to receive benefits under the plan. Actuarial gains and losses result from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value). Amortization of actuarial gains and losses is included as a component of net periodic defined benefit pension cost for a year if the actuarial net gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the excess is amortized over the average remaining service period of participating employees expected to receive benefits under the plan.

Postretirement benefits are recognized in “employee benefits” expense on the consolidated statements of income during the average remaining service period of participating employees expected to receive benefits under the plan or the average remaining future lifetime of retired participants currently receiving benefits under the plan.

For further information regarding the Corporation’s defined benefit pension and other postretirement plans, refer to Note 18.

#### **Income Taxes**

The provision for income taxes is based on amounts reported in the consolidated statements of income (after deducting non-taxable items, principally income on bank-owned life insurance, and deducting tax credits related to investments in low income housing partnerships) and includes deferred income taxes on temporary differences between the income tax basis and financial accounting basis of assets and liabilities. Deferred tax assets are evaluated for realization based on available evidence of loss carry-back capacity, future reversals of

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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existing taxable temporary differences, and assumptions made regarding future events. A valuation allowance is provided when it is more-likely-than-not that some portion of the deferred tax asset will not be realized. The provision for income taxes assigned to discontinued operations is based on statutory rates, adjusted for permanent differences generated by those operations.

The Corporation classifies interest and penalties on income tax liabilities in the “provision for income taxes” on the consolidated statements of income.

#### **Discontinued Operations**

Components of the Corporation that have been or will be disposed of by sale, where the Corporation does not have a significant continuing involvement in the operations after the disposal, are accounted for as discontinued operations in all periods presented if significant to the consolidated financial statements. For further information on discontinued operations, refer to Note 25.

#### **Earnings Per Share**

Basic income (loss) from continuing operations per common share and net income (loss) per common share are calculated using the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared (distributed earnings) and participation rights in undistributed earnings. Distributed and undistributed earnings are allocated between common and participating security shareholders based on their respective rights to receive dividends. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities (i.e., nonvested restricted stock). Undistributed net losses are not allocated to nonvested restricted shareholders, as these shareholders do not have a contractual obligation to fund the losses incurred by the Corporation. Income (loss) from continuing operations attributable to common shares and net income (loss) attributable to common shares are then divided by the weighted-average number of common shares outstanding during the period.

Diluted income (loss) from continuing operations per common share and net income (loss) per common share consider common stock issuable under the assumed exercise of stock options granted under the Corporation’s stock plans and warrants. Diluted income (loss) from continuing operations attributable to common shares and net income (loss) attributable to common shares are then divided by the total of weighted-average number of common shares and common stock equivalents outstanding during the period.

#### **Statements of Cash Flows**

Cash and cash equivalents are defined as those amounts included in “cash and due from banks”, “federal funds sold and securities purchased under agreements to resell” and “interest-bearing deposits with banks” on the consolidated balance sheets. Cash flows from discontinued operations are reported as separate line items within cash flows from operating, investing and financing activities in the consolidated statements of cash flows.

#### **Other Comprehensive Income (Loss)**

The Corporation has elected to present information on comprehensive income in the consolidated statements of changes in shareholders’ equity and in Note 15.

#### **Pending Accounting Pronouncements**

In July 2010, the FASB issued ASU No. 2010-20, “Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses,” (ASU 2010-20). The Corporation adopted a portion of ASU 2010-20, which requires enhanced disclosures about an entity’s credit quality of financing receivables and the related allowance for credit losses, in the consolidated financial statements for the year ended December 31, 2010. The Corporation will adopt the activity-related provisions of ASU 2010-20 in the first quarter 2011. The disclosure requirements of ASU 2010-20 regarding troubled debt restructurings have been

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

delayed by the FASB. While the provisions of ASU 2010-20 require significant expansion of the Corporation's disclosures on the credit quality of financing receivables and the allowance for credit losses, the period-end provisions did not have an impact on the Corporation's financial condition and results of operations and the Corporation does not expect the adoption of the remaining provisions of ASU 2010-20 to have a material effect on the Corporation's financial condition and results of operations.

#### **NOTE 2 – PENDING ACQUISITION**

On January 18, 2011, the Corporation announced a definitive agreement to acquire Sterling Bancshares, Inc. ("Sterling"), a bank holding company headquartered in Houston, Texas, in a stock-for-stock transaction. Sterling operates 57 banking centers located in Houston, San Antonio, Fort Worth and Dallas, Texas. At December 31, 2010, Sterling had \$5.2 billion in assets, including \$2.8 billion of loans and \$1.6 billion of investment securities, and \$4.6 billion of liabilities, including \$4.3 billion of deposits. The merger requires the approval of various regulatory agencies and Sterling's shareholders. Assuming all approvals are obtained, the merger is expected to be complete by the end of the second quarter 2011. Under the terms of the merger agreement, Sterling common shareholders will receive 0.2365 shares of the Corporation's common stock in exchange for each share of Sterling common stock. At December 31, 2010, Sterling had approximately 102 million shares of common stock outstanding. On the date of the announcement, the Corporation estimated that the transaction would result in approximately \$745 million of goodwill at closing. The actual amount of goodwill will be determined on the date of closing.

#### **NOTE 3 – FAIR VALUE MEASUREMENTS**

The Corporation utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The determination of fair values of financial instruments, often requires the use of estimates. In cases where quoted market values in an active market are not available, the Corporation uses present value techniques and other valuation methods to estimate the fair values of its financial instruments. These valuation methods require considerable judgment and the resulting estimates of fair value can be significantly affected by the assumptions made and methods used.

Fair value is an estimate of the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date. However, the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and, in many cases, may not be realizable in a current sale of the financial instrument.

Trading securities, investment securities available-for-sale, derivatives and deferred compensation plan liabilities are recorded at fair value on a recurring basis. Additionally, from time to time, the Corporation may be required to record other assets and liabilities at fair value on a nonrecurring basis, such as impaired loans, other real estate (primarily foreclosed property), nonmarketable equity securities and certain other assets and liabilities. These nonrecurring fair value adjustments typically involve write-downs of individual assets or application of lower of cost or fair value accounting.

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The Corporation categorizes assets and liabilities recorded at fair value into a three-level hierarchy, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Following is a description of the valuation methodologies and key inputs used to measure financial assets and liabilities recorded at fair value, as well as a description of the methods and significant assumptions used to estimate fair value disclosures for financial instruments not recorded at fair value in their entirety on a recurring basis. For financial assets and liabilities recorded at fair value, the description includes an indication of the level of the fair value hierarchy in which the assets or liabilities are classified. Transfers of assets or liabilities between levels of the fair value hierarchy are recognized at the beginning of the reporting period, when applicable.

#### **Cash and due from banks, federal funds sold and securities purchased under agreements to resell, and interest-bearing deposits with banks**

Due to the short-term nature, the carrying amount of these instruments approximates the estimated fair value.

#### **Trading securities and associated deferred compensation plan liabilities**

Securities held for trading purposes and associated deferred compensation plan liabilities are recorded at fair value and included in “other short-term investments” and “accrued expenses and other liabilities,” respectively, on the consolidated balance sheets. Level 1 securities held for trading purposes include assets related to employee deferred compensation plans, which are invested in mutual funds, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and other securities traded on an active exchange, such as the New York Stock Exchange. Deferred compensation plan liabilities represent the fair value of the obligation to the employee, which corresponds to the fair value of the invested assets. Level 2 trading securities include municipal bonds and mortgage-backed securities issued by U.S. government-sponsored entities and corporate debt securities. Securities classified as Level 3 include securities in less liquid markets and securities not rated by a credit agency. The methods used to value trading securities are the same as the methods used to value investment securities available-for-sale, discussed below.

#### **Loans held-for-sale**

Loans held-for-sale, included in “other short-term investments” on the consolidated balance sheets, are recorded at the lower of cost or fair value. The fair value of loans held-for-sale is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, the Corporation classifies loans held-for-sale subjected to nonrecurring fair value adjustments as Level 2.

#### **Investment securities available-for-sale**

Investment securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available or the market is deemed

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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to be inactive at the measurement date, an adjustment to the quoted prices may be necessary. In some circumstances, the Corporation may conclude that a change in valuation technique or the use of multiple valuation techniques may be appropriate to estimate an instrument's fair value. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include residential mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises, corporate debt securities and state and municipal securities. The fair value of Level 2 securities was determined using quoted prices of securities with similar characteristics or pricing models based on observable market data inputs, primarily interest rates, spreads and prepayment information. Securities classified as Level 3, of which the substantial majority are auction-rate securities, represent securities in less liquid markets requiring significant management assumptions when determining fair value. Due to the lack of a robust secondary auction-rate securities market with active fair value indicators, fair value at December 31, 2010 and December 31, 2009 was determined using an income approach based on a discounted cash flow model utilizing two significant assumptions: discount rate (including a liquidity risk premium) and workout period. The discount rate was calculated using credit spreads of the underlying collateral or similar securities plus a liquidity risk premium. The liquidity risk premium was based on observed industry auction-rate securities valuations by third parties and incorporated the rate at which the various types of similar ARS had been redeemed or sold since acquisition in 2008. The workout period was based on an assessment of publicly available information on efforts to re-establish functioning markets for these securities and the Corporation's redemption experience. As of December 31, 2010, approximately 50 percent of the aggregate ARS par value had been redeemed or sold since acquisition.

#### **Loans**

The Corporation does not record loans at fair value on a recurring basis. However, periodically, the Corporation records nonrecurring adjustments to the carrying value of loans based on fair value measurements. Loans for which it is probable that payment of interest or principal will not be made in accordance with the contractual terms of the original loan agreement are considered impaired. Impaired loans are reported as nonrecurring fair value measurements when an allowance is established based on the fair value of collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Corporation classifies the impaired loan as nonrecurring Level 2. When management determines that the fair value of the collateral requires additional adjustments, either as a result of non-current appraisal value or when there is no observable market price, the Corporation classifies the impaired loan as nonrecurring Level 3.

Business loans consist of commercial, real estate construction, commercial mortgage, lease financing and international loans. The estimated fair value for variable rate business loans that reprice frequently is based on carrying values adjusted for estimated credit losses and other adjustments that would be expected to be made by a market participant in an active market. The fair value for other business loans and retail loans are estimated using a discounted cash flow model that employs interest rates currently offered on the loans, adjusted by an amount for estimated credit losses and other adjustments that would be expected to be made by a market participant in an active market. The rates take into account the expected yield curve, as well as an adjustment for prepayment risk, when applicable.

#### **Customers' liability on acceptances outstanding and acceptances outstanding**

The carrying amount of these instruments approximates the estimated fair value, due to their short-term nature.

#### **Derivative assets and derivative liabilities**

Derivative instruments held or issued for risk management or customer-initiated activities are traded in over-the-counter markets where quoted market prices are not readily available. Fair value for over-the-counter derivative instruments is measured using internally developed models that use primarily market observable

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inputs, such as yield curves and option volatilities. Included in the fair value of over-the-counter derivative instruments are credit valuation adjustments reflecting counterparty credit risk and credit risk of the Corporation. These adjustments are determined by applying a credit spread for the counterparty or the Corporation, as appropriate, to the total expected exposure of the derivative after considering collateral and other master netting arrangements. These adjustments, which are considered Level 3 inputs, are based on estimates of current credit spreads to evaluate the likelihood of default. The Corporation assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Corporation classified its over-the-counter derivative valuations in Level 2 of the fair value hierarchy. Examples of Level 2 derivative instruments are interest rate swaps and energy derivative and foreign exchange contracts.

The Corporation also holds a portfolio of warrants for generally nonmarketable equity securities. These warrants are primarily from high technology, non-public companies obtained as part of the loan origination process. Warrants which contain a net exercise provision or a non-contingent put right embedded in the warrant agreement are accounted for as derivatives and recorded at fair value using a Black-Scholes valuation model with five inputs: risk-free rate, expected life, volatility, exercise price, and the per share market value of the underlying company. The Corporation classifies warrants accounted for as derivatives as recurring Level 3.

The Corporation holds a derivative contract associated with the 2008 sale of its remaining ownership of Visa Inc. (Visa) Class B shares. Under the terms of the derivative contract, the Corporation will compensate the counterparty primarily for dilutive adjustments made to the conversion factor of the Visa Class B to Class A shares based on the ultimate outcome of litigation involving Visa. Conversely, the Corporation will be compensated by the counterparty for any increase in the conversion factor from anti-dilutive adjustments. The fair value of the derivative contract was based on unobservable inputs consisting of management's estimate of the litigation outcome, timing of litigation settlements and payments related to the derivative. The Corporation classifies the derivative liability as recurring Level 3.

#### **Nonmarketable equity securities**

The Corporation has a portfolio of indirect (through funds) private equity and venture capital investments. These funds generally cannot be redeemed and the majority are not readily marketable. Distributions from these funds are received by the Corporation as a result of the liquidation of underlying investments of the funds and/or as income distributions. It is estimated that the underlying assets of the funds will be liquidated over a period of up to 15 years. The value of these investments is at risk to changes in equity markets, general economic conditions and a variety of other factors. The investments are accounted for on the cost or equity method and are individually reviewed for impairment on a quarterly basis by comparing the carrying value to the estimated fair value. These investments may be carried at fair value on a nonrecurring basis when they are deemed to be impaired and written down to fair value. For such investments, fair value measurement guidance permits the use of net asset value, provided the net asset value is calculated by the fund in compliance with fair value measurement guidance applicable to investment companies. Where there is not a readily determinable fair value, the Corporation estimates fair value for indirect private equity and venture capital investments based on the Corporation's percentage ownership in the net asset value of the entire fund, as reported by the fund, after indication that the fund adheres to applicable fair value measurement guidance. For those funds where the net asset value is not reported by the fund, the Corporation derives the fair value of the fund by estimating the fair value of each underlying investment in the fund. In addition to using qualitative information about each underlying investment, as provided by the fund, the Corporation gives consideration to information pertinent to the specific nature of the debt or equity investment, such as relevant market conditions, offering prices, operating results, financial conditions, exit strategy and other qualitative information, as available. The lack of an independent source to validate fair value estimates, including the impact of future capital calls and transfer restrictions, is an inherent limitation in the valuation process.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

The Corporation also holds restricted equity investments, primarily Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB) stock. Restricted equity securities are not readily marketable and are recorded at cost (par value) and evaluated for impairment based on the ultimate recoverability of the par value. No significant observable market data for these instruments is available. The Corporation considers the profitability and asset quality of the issuer, dividend payment history and recent redemption experience, when determining the ultimate recoverability of the par value. The Corporation's investment in FHLB stock totaled \$128 million and \$271 million at December 31, 2010 and 2009, respectively, and its investment in FRB stock totaled \$59 million at both December 31, 2010 and 2009. The Corporation believes its investments in FHLB and FRB stock are ultimately recoverable at par.

The Corporation classifies nonmarketable equity securities subjected to nonrecurring fair value adjustments as Level 3.

#### **Other real estate**

Other real estate is included in "accrued income and other assets" on the consolidated balance sheets and includes primarily foreclosed property. Foreclosed property is initially recorded at the lower of the loan balance or fair value, less costs to sell, at the date of foreclosure, establishing a new cost basis. Subsequently, foreclosed property is carried at the lower of cost or fair value, less costs to sell. Other real estate may be carried at fair value on a nonrecurring basis when fair value is less than cost. Fair value is based upon independent market prices, appraised value or management's estimate of the value. Foreclosed property carried at fair value based on an observable market price or a current appraised value is classified by the Corporation as nonrecurring Level 2. When management determines that the fair value of the foreclosed property requires additional adjustments, either as a result of a non-current appraisal or when there is no observable market price, the Corporation classifies the foreclosed property as nonrecurring Level 3.

#### **Loan servicing rights**

Loan servicing rights, included in "accrued income and other assets" on the consolidated balance sheets, are subject to impairment testing. A valuation model is used for impairment testing, which utilizes a discounted cash flow analysis using interest rates and prepayment speed assumptions currently quoted for comparable instruments and a discount rate determined by management. If the valuation model reflects a value less than the carrying value, loan servicing rights are adjusted to fair value through a valuation allowance as determined by the model. As such, the Corporation classifies loan servicing rights subjected to nonrecurring fair value adjustments as Level 3.

#### **Deposit liabilities**

The estimated fair value of checking, savings and certain money market deposit accounts is represented by the amounts payable on demand. The estimated fair value of term deposits is calculated by discounting the scheduled cash flows using the period-end rates offered on these instruments.

#### **Short-term borrowings**

The carrying amount of federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings approximates the estimated fair value.

#### **Medium- and long-term debt**

The carrying value of variable-rate FHLB advances approximates the estimated fair value. The estimated fair value of the Corporation's remaining variable- and fixed-rate medium- and long-term debt is based on quoted market values. If quoted market values are not available, the estimated fair value is based on the market values of debt with similar characteristics.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**Credit-related financial instruments**

The estimated fair value of unused commitments to extend credit and standby and commercial letters of credit is represented by the estimated cost to terminate or otherwise settle the obligations with the counterparties. This amount is approximated by the fees currently charged to enter into similar arrangements, considering the remaining terms of the agreements and any changes in the credit quality of counterparties since the agreements were executed. This estimate of fair value does not take into account the significant value of the customer relationships and the future earnings potential involved in such arrangements as the Corporation does not believe that it would be practicable to estimate a representational fair value for these items.

**ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A RECURRING BASIS**

The following tables present the recorded amount of assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009.

<i>(in millions)</i>	Total	Level 1	Level 2	Level 3
<b>December 31, 2010</b>				
Trading securities:				
Deferred compensation plan assets	\$ 86	\$ 86	\$ -	\$ -
Residential mortgage-backed securities (a)	7	-	7	-
Other government-sponsored enterprise securities	1	-	1	-
State and municipal securities	19	-	19	-
Corporate debt securities	4	-	4	-
Other securities	1	-	-	1
Total trading securities	118	86	31	1
Investment securities available-for-sale:				
U.S. Treasury and other U.S. government agency securities	131	131	-	-
Residential mortgage-backed securities (a)	6,709	-	6,709	-
State and municipal securities (b)	39	-	-	39
Corporate debt securities:				
Auction-rate debt securities	1	-	-	1
Other corporate debt securities	26	-	25	1
Equity and other non-debt securities:				
Auction-rate preferred securities	570	-	-	570
Money market and other mutual funds	84	84	-	-
Total investment securities available-for-sale	7,560	215	6,734	611
Derivative assets (c):				
Interest rate contracts	542	-	542	-
Energy derivative contracts	103	-	103	-
Foreign exchange contracts	51	-	51	-
Warrants	7	-	-	7
Total derivative assets	703	-	696	7
Total assets at fair value	\$ 8,381	\$ 301	\$ 7,461	\$ 619
Derivative liabilities (d):				
Interest rate contracts	\$ 249	\$ -	\$ 249	\$ -
Energy derivative contracts	103	-	103	-
Foreign exchange contracts	48	-	48	-
Other	1	-	-	1
Total derivative liabilities	401	-	400	1
Deferred compensation plan liabilities (d)	86	86	-	-
Total liabilities at fair value	\$ 487	\$ 86	\$ 400	\$ 1

(a) Residential mortgage-backed securities issued and/or guaranteed by FNMA, FHLMC or GNMA.

(b) Primarily auction-rate securities.

(c) Recorded in "accrued income and other assets" on the consolidated balance sheets.

(d) Recorded in "accrued expenses and other liabilities" on the consolidated balance sheets.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

<i>(in millions)</i>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2009</b>				
Trading securities:				
Deferred compensation plan assets	\$ 86	\$ 86	\$ -	\$ -
Residential mortgage-backed securities (a)	3	-	3	-
State and municipal securities	15	-	15	-
Corporate debt securities	3	-	3	-
Total trading securities	107	86	21	-
Investment securities available-for-sale:				
U.S. Treasury and other U.S. government agency securities	103	103	-	-
Residential mortgage-backed securities (a)	6,261	-	6,261	-
State and municipal securities (b)	47	-	1	46
Corporate debt securities:				
Auction-rate debt securities	150	-	-	150
Other corporate debt securities	50	-	43	7
Equity and other non-debt securities:				
Auction-rate preferred securities	706	-	-	706
Money market and other mutual funds	99	99	-	-
Total investment securities available-for-sale	7,416	202	6,305	909
Derivative assets (c):				
Interest rate contracts	492	-	492	-
Energy derivative contracts	137	-	137	-
Foreign exchange contracts	35	-	35	-
Warrants	7	-	-	7
Total derivative assets	671	-	664	7
Total assets at fair value	\$ 8,194	\$ 288	\$ 6,990	\$ 916
Derivative liabilities (d):				
Interest rate contracts	\$ 240	\$ -	\$ 240	\$ -
Energy derivative contracts	136	-	136	-
Foreign exchange contracts	34	-	34	-
Total derivative liabilities	410	-	410	-
Deferred compensation plan liabilities (d)	86	86	-	-
Total liabilities at fair value	\$ 496	\$ 86	\$ 410	\$ -

(a) Residential mortgage-backed securities issued and/or guaranteed by FNMA, FHLMC or GNMA.

(b) Primarily auction-rate securities.

(c) Recorded in "accrued income and other assets" on the consolidated balance sheets.

(d) Recorded in "accrued expenses and other liabilities" on the consolidated balance sheets.

There were no significant transfers of assets or liabilities recorded at fair value on a recurring basis into or out of Level 1 and Level 2 fair value measurements during the years ended December 31, 2010 and 2009.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2010 and 2009.

<i>(in millions)</i>	<u>Net Realized/Unrealized Gains (Losses)</u>							<b>Balance at End of Period</b>	
	<b>Balance at Beginning of Period</b>	<b>Recorded in Earnings</b>		<b>Recorded in Other Comprehensive Income (Pre-tax)</b>		<b>Purchases</b>	<b>Sales</b>		<b>Settlements</b>
		<b>Realized</b>	<b>Unrealized</b>						
<b>Year ended</b>									
<b>December 31, 2010</b>									
Trading securities:									
State and municipal securities	\$ -	\$ -	\$ -	-	-	\$ 3	\$ (3)	\$ -	-
Other securities	-	-	1	-	-	-	-	-	1
Total trading securities	-	-	1	-	-	3	(3)	-	1
Investment securities available-for-sale:									
State and municipal securities (a)	46	(1)	-	(2)	-	-	(4)	-	39
Auction-rate debt securities	150	3	-	5	-	-	(157)	-	1
Other corporate debt securities	7	27	-	-	-	-	-	(33)	1
Auction-rate preferred securities	706	6	-	(21)	-	-	(121)	-	570
Total investment securities available-for-sale	909	35	-	(18)	-	-	(282)	(33)	611
Derivative assets:									
Warrants	7	2	1	-	-	1	(4)	-	7
Derivative liabilities:									
Other	-	(4)	(1)	-	-	-	-	(4)	1
<b>Year ended</b>									
<b>December 31, 2009</b>									
Trading securities:									
State and municipal securities	\$ 29	\$ -	\$ -	-	-	\$ -	\$ (29)	\$ -	-
Corporate debt securities	5	-	-	-	-	-	(5)	-	-
Total trading securities	34	-	-	-	-	-	(34)	-	-
Investment securities available-for-sale:									
State and municipal securities (a)	65	-	-	(2)	-	-	(17)	-	46
Auction-rate debt securities	147	-	-	5	-	-	(2)	-	150
Other corporate debt securities	5	-	2	-	-	-	-	-	7
Auction-rate preferred securities	936	14	-	13	-	-	(257)	-	706
Total investment securities available-for-sale	1,153	14	2	16	-	-	(276)	-	909
Derivative assets:									
Warrants	8	3	3	-	-	-	(7)	-	7
Derivative liabilities:									
Other	5	(2)	-	-	-	-	-	(7)	-

(a) Primarily auction-rate securities

There were no transfers of assets or liabilities recorded at fair value on a recurring basis into or out of Level 3 fair value measurements during the years ended December 31, 2010 and 2009.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

The following table presents the income statement classification of realized and unrealized gains and losses due to changes in fair value recorded in earnings for the years ended December 31, 2010 and 2009 for recurring Level 3 assets and liabilities, as shown in the previous table.

<i>(in millions)</i>	Net Securities Gains (Losses)		Other Noninterest Income		Discontinued Operations		Total	
	Realized	Unrealized	Realized	Unrealized	Realized	Unrealized	Realized	Unrealized
<b>Year ended December 31, 2010</b>								
Trading securities:								
Other securities	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1
Investment securities available-for-sale:								
State and municipal securities (a)	(1)	-	-	-	-	-	(1)	-
Auction-rate debt securities	3	-	-	-	-	-	3	-
Other corporate debt securities	-	-	-	-	27	-	27	-
Auction-rate preferred securities	6	-	-	-	-	-	6	-
Total investment securities available-for-sale	8	-	-	-	27	-	35	-
Derivative assets:								
Warrants	-	-	2	1	-	-	2	1
Derivative liabilities:								
Other	(4)	(1)	-	-	-	-	(4)	(1)
<b>Year ended December 31, 2009</b>								
Investment securities available-for-sale:								
Other corporate debt securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 2
Auction-rate preferred securities	14	-	-	-	-	-	14	-
Total investment securities available-for-sale	14	-	-	-	-	2	14	2
Derivative assets:								
Warrants	-	-	3	3	-	-	3	3
Derivative liabilities:								
Other	(2)	-	-	-	-	-	(2)	-

(a) Primarily auction-rate securities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**ASSETS AND LIABILITIES RECORDED AT FAIR VALUE ON A NONRECURRING BASIS**

The Corporation may be required, from time to time, to record certain assets and liabilities at fair value on a nonrecurring basis. These include assets that are recorded at the lower of cost or fair value that were recognized at fair value below cost at the end of the period. Assets and liabilities recorded at fair value on a nonrecurring basis are presented in the following table.

<i>(in millions)</i>	Total	Level 2	Level 3
<b>December 31, 2010</b>			
Loans held-for-sale:			
Residential mortgage	\$ 6	\$ 6	\$ -
Loans:			
Commercial	200	-	200
Real estate construction	247	-	247
Commercial mortgage	398	-	398
Residential mortgage	-	-	-
Lease financing	7	-	7
International	2	-	2
Total loans (a)	854	-	854
Nonmarketable equity securities (b)	9	-	9
Other real estate (c)	33	-	33
Loan servicing rights	5	-	5
<b>Total assets at fair value</b>	<b>\$ 907</b>	<b>\$ 6</b>	<b>\$ 901</b>
<b>Total liabilities at fair value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>December 31, 2009</b>			
Loans held-for-sale:			
Residential mortgage	\$ 6	\$ 6	\$ -
Loans:			
Commercial	191	-	191
Real estate construction	474	-	474
Commercial mortgage	231	-	231
Residential mortgage	-	-	-
Consumer	-	-	-
Lease financing	14	-	14
International	29	-	29
Total loans (a)	939	-	939
Nonmarketable equity securities (b)	8	-	8
Other real estate (c)	31	-	31
Loan servicing rights	7	-	7
<b>Total assets at fair value</b>	<b>\$ 991</b>	<b>\$ 6</b>	<b>\$ 985</b>
<b>Total liabilities at fair value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

- (a) The Corporation recorded \$398 million and \$576 million in fair value losses on impaired loans (included in "provision for loan losses" on the consolidated statements of income) during the years ended December 31, 2010 and 2009, respectively, based on the estimated fair value of the underlying collateral.
- (b) The Corporation recorded \$6 million and \$13 million in fair value losses related to write-downs on nonmarketable equity securities (included in "other noninterest income" on the consolidated statements of income) during the years ended December 31, 2010 and 2009, respectively, based on the estimated fair value of the funds. At December 31, 2010 and 2009, commitments to fund additional investments in nonmarketable equity securities recorded at fair value on a nonrecurring basis totaled approximately \$2 million and \$3 million, respectively.
- (c) Represents the fair value of other real estate written down subsequent to initial acquisition. The Corporation recorded \$23 million and \$34 million in fair value losses related to write-downs of other real estate, based on the estimated fair value of the property, and recognized a net gain of \$7 million and a net loss of \$2 million on sales of other real estate during the years ended December 31, 2010 and 2009, respectively, (included in "other real estate expense" on the consolidated statements of income).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**ESTIMATED FAIR VALUES OF FINANCIAL INSTRUMENTS NOT RECORDED AT FAIR VALUE  
IN THEIR ENTIRETY ON A RECURRING BASIS**

The Corporation typically holds the majority of its financial instruments until maturity and thus does not expect to realize many of the estimated fair value amounts disclosed. The disclosures also do not include estimated fair value amounts for items that are not defined as financial instruments, but which have significant value. These include such items as core deposit intangibles, the future earnings potential of significant customer relationships and the value of trust operations and other fee generating businesses. The Corporation believes the imprecision of an estimate could be significant.

The carrying amount and estimated fair value of financial instruments not recorded at fair value in their entirety on a recurring basis on the Corporation's consolidated balance sheets are as follows:

<i>(in millions)</i>	December 31,			
	2010		2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Assets</b>				
Cash and due from banks	\$ 668	\$ 668	\$ 774	\$ 774
Interest-bearing deposits with banks	1,415	1,415	4,843	4,843
Loans held-for-sale	23	23	30	30
Total loans, net of allowance for loan losses (a)	39,335	39,212	41,176	41,098
Customers' liability on acceptances outstanding	9	9	11	11
Nonmarketable equity securities (b)	47	77	57	61
Loan servicing rights (c)	5	5	7	7
<b>Liabilities</b>				
Demand deposits (noninterest-bearing)	15,538	15,538	15,871	15,871
Interest-bearing deposits	24,933	24,945	23,794	23,814
Total deposits	40,471	40,483	39,665	39,685
Short-term borrowings	130	130	462	462
Acceptances outstanding	9	9	11	11
Medium- and long-term debt	6,138	6,008	11,060	10,723
Credit-related financial instruments	(99)	(99)	(89)	(89)

(a) Included \$854 million and \$939 million of impaired loans recorded at fair value on a nonrecurring basis at December 31, 2010 and 2009, respectively.

(b) Included \$9 million and \$8 million of nonmarketable equity securities recorded at fair value on a nonrecurring basis at December 31, 2010 and 2009, respectively.

(c) Included \$5 million and \$7 million of loan servicing rights recorded at fair value on a nonrecurring basis at December 31, 2010 and 2009, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**NOTE 4 - INVESTMENT SECURITIES**

A summary of the Corporation's investment securities available-for-sale follows:

<i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2010</b>				
U.S. Treasury and other U.S. government agency securities	\$ 131	\$ -	\$ -	\$ 131
Residential mortgage-backed securities (a)	6,653	95	39	6,709
State and municipal securities (b)	46	-	7	39
Corporate debt securities:				
Auction-rate debt securities	1	-	-	1
Other corporate debt securities	26	-	-	26
Equity and other non-debt securities:				
Auction-rate preferred securities	597	3	30	570
Money market and other mutual funds	84	-	-	84
<b>Total investment securities available-for-sale</b>	<b>\$ 7,538</b>	<b>\$ 98</b>	<b>\$ 76</b>	<b>\$ 7,560</b>
<b>December 31, 2009</b>				
U.S. Treasury and other U.S. government agency securities	\$ 103	\$ -	\$ -	\$ 103
Residential mortgage-backed securities (a)	6,228	51	18	6,261
State and municipal securities (b)	51	-	4	47
Corporate debt securities:				
Auction-rate debt securities	156	-	6	150
Other corporate debt securities	50	-	-	50
Equity and other non-debt securities:				
Auction-rate preferred securities	711	8	13	706
Money market and other mutual funds	99	-	-	99
<b>Total investment securities available-for-sale</b>	<b>\$ 7,398</b>	<b>\$ 59</b>	<b>\$ 41</b>	<b>\$ 7,416</b>

(a) Residential mortgage-backed securities issued and/or guaranteed by FNMA, FHLMC or GNMA.

(b) Primarily auction-rate securities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

A summary of the Corporation's investment securities available-for-sale in an unrealized loss position as of December 31, 2010 and 2009 follows:

<i>(in millions)</i>	Impaired					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>December 31, 2010</b>						
Residential mortgage-backed securities (a)	\$ 1,702	\$ 39	\$ -	\$ -	\$ 1,702	\$ 39
State and municipal securities (b)	-	-	38	7	38	7
Corporate debt securities:						
Auction-rate debt securities	-	-	1	-	1	-
Equity and other non-debt securities:						
Auction-rate preferred securities	-	-	436	30	436	30
<b>Total impaired securities</b>	<b>\$ 1,702</b>	<b>\$ 39</b>	<b>\$ 475</b>	<b>\$ 37</b>	<b>\$ 2,177</b>	<b>\$ 76</b>
<b>December 31, 2009</b>						
Residential mortgage-backed securities (a)	\$ 1,609	\$ 18	\$ -	\$ -	\$ 1,609	\$ 18
State and municipal securities (b)	-	-	46	4	46	4
Corporate debt securities:						
Auction-rate debt securities	150	6	-	-	150	6
Equity and other non-debt securities:						
Auction-rate preferred securities	510	13	-	-	510	13
<b>Total impaired securities</b>	<b>\$ 2,269</b>	<b>\$ 37</b>	<b>\$ 46</b>	<b>\$ 4</b>	<b>\$ 2,315</b>	<b>\$ 41</b>

(a) Residential mortgage-backed securities issued and/or guaranteed by FNMA, FHLMC or GNMA.

(b) Primarily auction-rate securities.

As of December 31, 2010, 93 percent of the Corporation's auction-rate portfolio was either rated Aaa/AAA by the credit rating agencies (88 percent) or adequately collateralized (five percent).

At December 31, 2010, the Corporation had 380 securities in an unrealized loss position with no credit impairment, including 310 auction-rate preferred securities, 2 auction-rate debt securities, 30 state and municipal auction-rate securities, and 38 residential mortgage-backed securities. The unrealized losses for these securities resulted from changes in market interest rates and liquidity. The Corporation ultimately expects full collection of the carrying amount of these securities, does not intend to sell the securities in an unrealized loss position, and it is not more-likely-than-not that the Corporation will be required to sell the securities in an unrealized loss position prior to recovery of amortized cost. The Corporation does not consider these securities to be other-than-temporarily impaired at December 31, 2010.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

Sales, calls and write-downs of investment securities available-for-sale resulted in the following gains and losses, recorded in “net securities gains” on the consolidated statements of income, computed based on the adjusted cost of the specific security.

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Securities gains	\$ 13	\$ 245	\$ 68
Securities losses	(10)	(2)	(1)
Total net securities gains	\$ 3	\$ 243	\$ 67

The following table summarizes the amortized cost and fair values of debt securities by contractual maturity. Securities with multiple maturity dates are classified in the period of final maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

*(in millions)*

<b>December 31, 2010</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Contractual maturity		
Within one year	\$ 157	\$ 157
After one year through five years	229	239
After five years through ten years	136	139
After ten years	6,335	6,371
Subtotal	6,857	6,906
Equity and other nondebt securities:		
Auction-rate preferred securities	597	570
Money market and other mutual funds	84	84
Total investment securities available-for-sale	\$ 7,538	\$ 7,560

Included in the contractual maturity distribution in the table above were auction-rate securities with a total amortized cost and fair value of \$45 million and \$39 million, respectively. Auction-rate securities are long-term, floating rate instruments for which interest rates are reset at periodic auctions. At each successful auction, the Corporation has the option to sell the security at par value. Additionally, the issuers of auction-rate securities generally have the right to redeem or refinance the debt. As a result, the expected life of auction-rate securities may differ significantly from the contractual life. Also included in the table above were residential mortgage-backed securities with a total amortized cost and fair value of \$6,653 million and \$6,709 million, respectively. The actual cash flows of mortgage-backed securities may differ from contractual maturity as the borrowers of the underlying loans may exercise prepayment options.

At December 31, 2010, investment securities with a carrying value of \$1.9 billion were pledged where permitted or required by law to secure \$1.6 billion of liabilities, primarily public and other deposits of state and local government agencies and derivative instruments.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

The following table summarizes auction-rate securities activity for the years ended December 31, 2010 and 2009.

<i>(in millions)</i>	<b>Par Value</b>	<b>Fair Value (a)</b>
Balance at January 1, 2009	\$ 1,261	\$ 1,147
Called or redeemed subsequent to repurchase	(276)	(276)
Net securities gains		14
Unrealized gains (b)		16
Balance at December 31, 2009	\$ 985	\$ 901
Called, redeemed or sold subsequent to repurchase	(308)	(282)
Net securities gains		8
Unrealized losses (b)		(18)
Balance at December 31, 2010	<b>\$ 677</b>	<b>\$ 609</b>

(a) Recorded in "investment securities available-for-sale" on the consolidated balance sheets.

(b) Changes in fair value recognized in accumulated other comprehensive income (loss).

In January 2011, \$67 million par value of auction-rate securities were redeemed at par, including \$53 million of auction-rate preferred securities and \$14 million state and municipal auction-rate securities. Additionally, the Corporation received notices of redemption for an additional \$62 million par value of auction-rate preferred securities.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**NOTE 5 – CREDIT QUALITY AND ALLOWANCE FOR CREDIT LOSSES**

The following table summarizes nonperforming assets, which consist of nonaccrual loans, reduced-rate loans and real estate acquired through foreclosure.

Nonaccrual and reduced-rate loans are included in the corresponding loan line items and real estate acquired through foreclosure is included in “accrued income and other assets” on the consolidated balance sheets.

*(in millions)*

<b>December 31</b>	<b>2010</b>	<b>2009</b>
Nonaccrual loans:		
Business loans:		
Commercial	\$ 252	\$ 238
Real estate construction:		
Commercial Real Estate business line (a)	259	507
Other business lines (b)	4	4
Total real estate construction	263	511
Commercial mortgage:		
Commercial Real Estate business line (a)	181	127
Other business lines (b)	302	192
Total commercial mortgage	483	319
Lease financing	7	13
International	2	22
Total nonaccrual business loans	1,007	1,103
Retail loans:		
Residential mortgage	55	50
Consumer:		
Home equity	5	8
Other consumer	13	4
Total consumer	18	12
Total nonaccrual retail loans	73	62
Total nonaccrual loans	1,080	1,165
Reduced-rate loans (c)	43	16
Total nonperforming loans	1,123	1,181
Foreclosed property	112	111
Total nonperforming assets	\$ 1,235	\$ 1,292

(a) Primarily loans to real estate investors and developers.

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

(c) Includes \$26 million in business loans and \$17 million in retail loans as of December 31, 2010.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Comerica Incorporated and Subsidiaries

The following presents an aging analysis of loans.

<i>(in millions)</i> December 31, 2010	Loans Past Due and Still Accruing				Nonaccrual Loans	Current Loans	Total Loans
	30-59 Days	60-89 Days	90 Days or More	Total			
Business loans:							
Commercial	\$ 84	\$ 28	\$ 3	\$ 115	\$ 252	\$ 21,778	\$ 22,145
Real estate construction:							
Commercial Real Estate business line (a)	27	-	17	44	259	1,523	1,826
Other business lines (b)	2	-	5	7	4	416	427
Total real estate construction	29	-	22	51	263	1,939	2,253
Commercial mortgage:							
Commercial Real Estate business line (a)	8	1	-	9	181	1,747	1,937
Other business lines (b)	28	25	16	69	302	7,459	7,830
Total commercial mortgage	36	26	16	78	483	9,206	9,767
Lease financing	-	-	-	-	7	1,002	1,009
International	1	-	-	1	2	1,129	1,132
Total business loans	150	54	41	245	1,007	35,054	36,306
Retail loans:							
Residential mortgage	33	23	7	63	55	1,501	1,619
Consumer:							
Home equity	11	4	10	25	5	1,674	1,704
Other consumer	4	2	4	10	13	584	607
Total consumer	15	6	14	35	18	2,258	2,311
Total retail loans	48	29	21	98	73	3,759	3,930
<b>Total loans</b>	<b>\$ 198</b>	<b>\$ 83</b>	<b>\$ 62</b>	<b>\$ 343</b>	<b>\$ 1,080</b>	<b>\$ 38,813</b>	<b>\$ 40,236</b>

(a) Primarily loans to real estate investors and developers.

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

The following table presents information regarding total impaired loans.

<i>(in millions)</i>	December 31, 2010			December 31, 2009	December 31, 2008
	Business Loans	Retail Loans	Total		
Loans individually evaluated for impairment	\$ 927	\$ 47	\$ 974	\$ 986	\$ 803
Loans collectively evaluated for impairment	35,379	3,883	39,262	41,175	49,702
Total loans evaluated for impairment	\$ 36,306	\$ 3,930	\$ 40,236	\$ 42,161	\$ 50,505
Allowance for loans individually evaluated for impairment	\$ 192	\$ 5	\$ 197	\$ 193	\$ 177
Allowance for loans collectively evaluated for impairment	647	57	704	792	593
Total allowance for loan losses	\$ 839	\$ 62	\$ 901	\$ 985	\$ 770
Gross interest income that would have been recorded had the nonaccrual and reduced-rate loans performed in accordance with original terms	\$ 84	\$ 3	\$ 87	\$ 109	\$ 98
Interest income recognized	\$ 17	\$ 1	\$ 18	\$ 21	\$ 24

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

The following table presents additional information regarding individually evaluated impaired loans.

<i>(in millions)</i> December 31, 2010	Recorded Investment In:			Unpaid Principal Balance	Associated Valuation Allowance	Average Impaired Loans for the Year	Interest Income Recognized
	Impaired Loans with No Related Allowance	Impaired Loans with Related Allowance	Total Impaired Loans				
Business loans:							
Commercial	\$ 9	\$ 237	\$ 246	\$ 398	\$ 55	\$ 224	\$ 6
Real estate construction:							
Commercial Real Estate business line (a)	-	249	249	400	51	366	1
Other business lines (b)	-	-	-	-	-	1	-
Total real estate construction	-	249	249	400	51	367	1
Commercial mortgage:							
Commercial Real Estate business line (a)	-	178	178	282	35	150	3
Other business lines (b)	-	245	245	325	49	197	6
Total commercial mortgage	-	423	423	607	84	347	9
Lease financing	-	7	7	15	1	10	-
International	-	2	2	2	1	11	-
Total business loans	9	918	927	1,422	192	959	16
Retail loans:							
Residential mortgage	8	29	37	41	3	34	-
Consumer:							
Other consumer	-	10	10	14	2	5	1
Total consumer	-	10	10	14	2	5	1
Total retail loans	8	39	47	55	5	39	1
Total individually evaluated impaired loans	\$ 17	\$ 957	\$ 974	\$ 1,477	\$ 197	\$ 998	\$ 17

(a) Primarily loans to real estate investors and developers.

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

At December 31, 2009, individually evaluated impaired loans totaled \$986 million. Of these loans, \$956 million required an allowance, which totaled \$193 million. Individually evaluated impaired loans averaged \$932 million and \$595 million for the years ended December 31, 2009 and 2008, respectively.

An analysis of changes in the allowance for loan losses follows:

<i>(dollar amounts in millions)</i>	2010	2009	2008
Balance at January 1	\$ 985	\$ 770	\$ 557
Loan charge-offs	(627)	(895)	(500)
Recoveries on loans previously charged-off	63	27	29
Net loan charge-offs	(564)	(868)	(471)
Provision for loan losses	480	1,082	686
Foreign currency translation adjustment	-	1	(2)
Balance at December 31	\$ 901	\$ 985	\$ 770
As a percentage of total loans	2.24 %	2.34 %	1.52 %

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

The following table presents loans by credit quality indicator, based on internal risk ratings assigned to each business loan at the time of approval and subjected to subsequent periodic reviews by the Corporation's senior management, and to pools of retail loans with similar risk characteristics.

<i>(in millions)</i> December 31, 2010	Internally Assigned Rating				Total
	Pass (a)	Special Mention (b)	Substandard (c)	Nonaccrual (d)	
Business loans:					
Commercial	\$19,884	\$ 1,015	\$ 994	\$ 252	\$22,145
Real estate construction:					
Commercial Real Estate business line (e)	1,025	333	209	259	1,826
Other business lines (f)	383	20	20	4	427
Total real estate construction	1,408	353	229	263	2,253
Commercial mortgage:					
Commercial Real Estate business line (e)	1,104	372	280	181	1,937
Other business lines (f)	6,595	508	425	302	7,830
Total commercial mortgage	7,699	880	705	483	9,767
Lease financing	962	13	27	7	1,009
International	963	112	55	2	1,132
Total business loans	30,916	2,373	2,010	1,007	36,306
Retail loans:					
Residential mortgage	1,541	6	17	55	1,619
Consumer:					
Home equity	1,662	26	11	5	1,704
Other consumer	575	8	11	13	607
Total consumer	2,237	34	22	18	2,311
Total retail loans	3,778	40	39	73	3,930
<b>Total loans</b>	<b>\$34,694</b>	<b>\$ 2,413</b>	<b>\$ 2,049</b>	<b>\$ 1,080</b>	<b>\$40,236</b>

- (a) Includes all loans not included in the categories of special mention, substandard or nonaccrual.  
(b) Special mention loans have potential credit weaknesses that deserve management's close attention. Included in the special mention category at December 31, 2010 were \$546 million of loans proactively monitored by management that were considered "pass" by regulatory authorities.  
(c) Substandard loans are accruing loans that have a well-defined weakness, or weaknesses, that jeopardizes the orderly repayment of the loan. This category is generally consistent with the Substandard category as defined by regulatory authorities.  
(d) Nonaccrual loans are loans for which full collection of principal or interest is unlikely, or for which principal and/or interest payments are 90 days or more past due, unless the loan is fully collateralized and in the process of collection. This category is generally consistent with the Doubtful category as defined by regulatory authorities.  
(e) Primarily loans to real estate investors and developers.  
(f) Primarily loans secured by owner-occupied real estate.

**NOTE 6 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK**

Concentrations of credit risk may exist when a number of borrowers are engaged in similar activities, or activities in the same geographic region, and have similar economic characteristics that would cause them to be similarly impacted by changes in economic or other conditions. Concentrations of both on-balance sheet and off-balance sheet credit risk are controlled and monitored as part of credit policies. The Corporation is a regional financial services holding company with a geographic concentration of its on-balance-sheet and off-balance-sheet activities in Michigan, California and Texas.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

As outlined below, the Corporation has a concentration of credit risk with the automotive industry. Loans to automotive dealers and to borrowers involved with automotive production are reported as automotive, as management believes these loans have similar economic characteristics that might cause them to react similarly to changes in economic conditions. This aggregation involves the exercise of judgment. Included in automotive production are: (a) original equipment manufacturers and Tier 1 and Tier 2 suppliers that produce components used in vehicles and whose primary revenue source is automotive-related (“primary” defined as greater than 50%) and (b) other manufacturers that produce components used in vehicles and whose primary revenue source is automotive-related. Loans less than \$1 million and loans recorded in the Small Business loan portfolio were excluded from the definition. Outstanding loans and total exposure from loans, unused commitments and standby letters of credit to companies related to the automotive industry were as follows:

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Automotive loans:		
Production	\$ 831	\$ 941
Dealer	4,011	3,430
Total automotive loans	\$ 4,842	\$ 4,371
Total automotive exposure:		
Production	\$ 1,778	\$ 1,869
Dealer	5,758	5,767
Total automotive exposure	\$ 7,536	\$ 7,636

Further, the Corporation’s portfolio of commercial real estate loans, which includes real estate construction and commercial mortgage loans, was as shown in the following table.

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Real estate construction loans:		
Commercial Real Estate business line (a)	\$ 1,826	\$ 3,002
Other business lines (b)	427	459
Total real estate construction loans	2,253	3,461
Commercial mortgage loans:		
Commercial Real Estate business line (a)	1,937	1,889
Other business lines (b)	7,830	8,568
Total commercial mortgage loans	9,767	10,457
Total commercial real estate loans	\$ 12,020	\$ 13,918
Total unused commitments on commercial real estate loans	\$ 707	\$ 1,249

- (a) Primarily loans to real estate investors and developers.  
(b) Primarily loans secured by owner-occupied real estate.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**NOTE 7 - PREMISES AND EQUIPMENT**

A summary of premises and equipment by major category follows:

*(in millions)*

<b>December 31</b>	<b>2010</b>	<b>2009</b>
Land	\$ 92	\$ 93
Buildings and improvements	778	754
Furniture and equipment	503	508
Total cost	1,373	1,355
Less: Accumulated depreciation and amortization	(743)	(711)
Net book value	\$ 630	\$ 644

The Corporation conducts a portion of its business from leased facilities and leases certain equipment. Rental expense for leased properties and equipment amounted to \$82 million, \$84 million and \$76 million in 2010, 2009 and 2008, respectively. As of December 31, 2010, future minimum payments under operating leases and other long-term obligations were as follows:

*(in millions)*

<b>Years Ending December 31</b>	
2011	\$ 100
2012	80
2013	71
2014	64
2015	56
Thereafter	377
Total	\$ 748

**NOTE 8 - GOODWILL**

Goodwill is subject to impairment testing annually and on an interim basis if events or changes in circumstances between annual tests indicate the assets might be impaired. The annual test of goodwill performed in the third quarter 2010 and 2009 did not indicate that an impairment charge was required. There have been no events since the annual test performed in the third quarter 2010 that would indicate that it was more likely than not that goodwill had become impaired.

The carrying amount of goodwill for the years ended December 31, 2010, 2009 and 2008 are shown in the following table. Amounts in all periods are based on business segments in effect at December 31, 2010.

*(in millions)*

	<b>Business Bank</b>	<b>Retail Bank</b>	<b>Wealth &amp; Institutional Management</b>	<b>Other</b>	<b>Total</b>
Balances at December 31, 2010, 2009 and 2008	\$ 90	\$ 47	\$ 13	\$ -	\$ 150

**NOTE 9 - DERIVATIVE AND CREDIT-RELATED FINANCIAL INSTRUMENTS**

In the normal course of business, the Corporation enters into various transactions involving derivative and credit-related financial instruments to manage exposure to fluctuations in interest rate, foreign currency and other market risks and to meet the financing needs of customers. These financial instruments involve, to varying degrees, elements of market and credit risk. Derivatives are carried at fair value in the consolidated financial statements. Market and credit risk are included in the determination of fair value.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

Market risk is the potential loss that may result from movements in interest rates, foreign currency exchange rates or energy commodity prices that cause an unfavorable change in the value of a financial instrument. The Corporation manages this risk by establishing monetary exposure limits and monitoring compliance with those limits. Market risk inherent in interest rate and energy contracts entered into on behalf of customers is mitigated by taking offsetting positions, except in those circumstances when the amount, tenor and/or contract rate level results in negligible economic risk, whereby the cost of purchasing an offsetting contract is not economically justifiable. The Corporation mitigates most of the inherent market risk in foreign exchange contracts entered into on behalf of customers by taking offsetting positions and manages the remainder through individual foreign currency position limits and aggregate value-at-risk limits. These limits are established annually and reviewed quarterly. Market risk inherent in derivative instruments held or issued for risk management purposes is typically offset by changes in the fair value of the assets or liabilities being hedged.

Credit risk is the possible loss that may occur in the event of nonperformance by the counterparty to a financial instrument. For customer-initiated derivatives, the Corporation attempts to minimize credit risk arising from financial instruments by evaluating the creditworthiness of each counterparty, adhering to the same credit approval process used for traditional lending activities and obtaining collateral as deemed necessary.

For derivatives with dealer counterparties, the Corporation utilizes both counterparty risk limits and monitoring procedures as well as master netting arrangements and bilateral collateral agreements to facilitate the management of credit risk. Master netting arrangements effectively reduce credit risk by permitting settlement, on a net basis, of contracts entered into with the same counterparty. Bilateral collateral agreements require daily exchange of cash or highly rated securities issued by the U.S. Treasury or other U.S. government agencies to collateralize amounts due to either party beyond certain risk limits. At December 31, 2010, counterparties had pledged marketable investment securities to secure approximately 79 percent of the fair value of contracts with bilateral collateral agreements in an unrealized gain position. For those counterparties not covered under bilateral collateral agreements, collateral is obtained, if deemed necessary, based on the results of management's credit evaluation of the counterparty. Collateral varies, but may include cash, investment securities, accounts receivable, equipment or real estate. Included in the fair value of derivative instruments are credit valuation adjustments reflecting counterparty credit risk. These adjustments are determined by applying a credit spread for the counterparty or the Corporation, as appropriate, to the total expected exposure of the derivative.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on December 31, 2010 was \$132 million, for which the Corporation had pledged collateral of \$128 million in the normal course of business. The credit-risk-related contingent features require the Corporation's debt to maintain an investment grade credit rating from each of the major credit rating agencies. If the Corporation's debt were to fall below investment grade, the counterparties to the derivative instruments could require additional overnight collateral on derivative instruments in net liability positions. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2010, the Corporation would have been required to assign an additional \$15 million of collateral to its counterparties.

#### **DERIVATIVE INSTRUMENTS**

Derivative instruments are traded over an organized exchange or negotiated over-the-counter. Credit risk associated with exchange-traded contracts is typically assumed by the organized exchange. Over-the-counter contracts are tailored to meet the needs of the counterparties involved and, therefore, contain a greater degree of credit risk and liquidity risk than exchange-traded contracts, which have standardized terms and readily available price information. The Corporation reduces exposure to credit and liquidity risks from over-the-counter derivative instruments entered into for risk management purposes, and transactions entered into to mitigate the market risk associated with customer-initiated transactions, by conducting such transactions with investment

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

grade domestic and foreign financial institutions and subjecting counterparties to credit approvals, limits and monitoring procedures similar to those used in making other extensions of credit.

Detailed discussions of each class of derivative instruments held or issued by the Corporation for both risk management and customer-initiated and other activities are as follows.

#### ***Interest Rate Swaps***

Interest rate swaps are agreements in which two parties periodically exchange fixed cash payments for variable payments based on a designated market rate or index, or variable payments based on two different rates or indices, applied to a specified notional amount until a stated maturity. The Corporation's swap agreements are structured such that variable payments are primarily based on LIBOR (one-month, three-month or six-month) or prime. These instruments are principally negotiated over-the-counter and are subject to credit risk, market risk and liquidity risk.

#### ***Foreign Exchange Contracts***

Foreign exchange contracts such as futures, forwards and options are primarily entered into as a service to customers and to offset market risk arising from such positions. Futures and forward contracts require the delivery or receipt of foreign currency at a specified date and exchange rate. Foreign currency options allow the owner to purchase or sell a foreign currency at a specified date and price. Foreign exchange futures are exchange-traded, while forwards, swaps and most options are negotiated over-the-counter. Foreign exchange contracts expose the Corporation to both market risk and credit risk. The Corporation also uses foreign exchange rate swaps and cross-currency swaps for risk management purposes.

#### ***Interest Rate Options, Including Caps and Floors***

Option contracts grant the option holder the right to buy or sell an underlying financial instrument for a predetermined price before the contract expires. Interest rate caps and floors are option-based contracts which entitle the buyer to receive cash payments based on the difference between a designated reference rate and the strike price, applied to a notional amount. Written options, primarily caps, expose the Corporation to market risk but not credit risk. A fee is received at inception for assuming the risk of unfavorable changes in interest rates. Purchased options contain both credit and market risk. All interest rate caps and floors entered into by the Corporation are over-the-counter agreements.

#### ***Energy Derivative Contracts***

The Corporation offers energy derivative contracts, including over-the-counter and NYMEX-based natural gas and crude oil fixed rate swaps and options, as a service to customers seeking to hedge market risk in the underlying products. Contract tenors are typically limited to three years to accommodate hedge requirements and are further limited to products that are liquid and available on demand. Energy derivative swaps are over-the-counter agreements in which the Corporation and the counterparty periodically exchange fixed cash payments for variable payments based upon a designated market price or index. Energy derivative contracts expose the Corporation to both credit and market risk. Energy derivative option contracts grant the option owner the right to buy or sell the underlying commodity for a predetermined price at settlement date. Energy caps, floors and collars are option-based contracts that result in the buyer and seller of the contract receiving or making cash payments based on the difference between a designated reference price and the contracted strike price, applied to a notional amount. An option fee or premium is received by the Corporation at inception for assuming the risk of unfavorable changes in energy commodity prices. Purchased options contain both credit and market risk. Commodity options entered into by the Corporation are over-the-counter agreements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Comerica Incorporated and Subsidiaries

#### Commitments

The Corporation also enters into commitments to purchase or sell securities on behalf of customers or for trading purposes. These transactions are similar in nature to forward contracts.

The following table presents the composition of the Corporation's derivative instruments held or issued for risk management purposes or in connection with customer-initiated and other activities at December 31, 2010 and 2009. The table excludes commitments, warrants accounted for as derivatives and a derivative related to the Corporation's 2008 sale of its remaining ownership of Visa shares.

	December 31, 2010			December 31, 2009		
	Notional/ Contract Amount (b)	Fair Value (a)		Notional/ Contract Amount (b)	Fair Value (a)	
		Asset Derivatives	Liability Derivatives		Asset Derivatives	Liability Derivatives
<i>(in millions)</i>						
<b>Risk management purposes</b>						
Derivatives designated as hedging instruments						
Interest rate contracts:						
Swaps - cash flow - receive fixed/pay floating	\$ 800	\$ 3	\$ -	\$ 1,700	\$ 30	\$ -
Swaps - fair value - receive fixed/pay floating	1,600	263	-	1,600	194	-
Total risk management interest rate swaps designated as hedging instruments	2,400	266	-	3,300	224	-
Derivatives used as economic hedges						
Foreign exchange contracts:						
Spot, forwards and swaps	220	2	-	253	-	1
Total risk management purposes	\$ 2,620	\$ 268	\$ -	\$ 3,553	\$ 224	\$ 1
<b>Customer-initiated and other activities</b>						
Interest rate contracts:						
Caps and floors written	\$ 697	\$ -	\$ 7	\$ 1,176	\$ -	\$ 10
Caps and floors purchased	697	7	-	1,176	10	-
Swaps	9,126	269	242	9,744	258	230
Total interest rate contracts	10,520	276	249	12,096	268	240
Energy derivative contracts:						
Caps and floors written	1,106	-	62	869	-	70
Caps and floors purchased	1,106	62	-	869	70	-
Swaps	411	41	41	599	67	66
Total energy derivative contracts	2,623	103	103	2,337	137	136
Foreign exchange contracts:						
Spot, forwards, futures, options and swaps	2,497	49	48	2,023	35	33
Total customer-initiated and other activities	\$ 15,640	\$ 428	\$ 400	\$ 16,456	\$ 440	\$ 409
Total derivatives	\$ 18,260	\$ 696	\$ 400	\$ 20,009	\$ 664	\$ 410

(a) Asset derivatives are included in "accrued income and other assets" and liability derivatives are included in "accrued expenses and other liabilities" on the consolidated balance sheets. Included in the fair value of derivative assets and liabilities are credit valuation adjustments reflecting counterparty credit risk and credit risk of the Corporation. The fair value of derivative assets included credit valuation adjustments for counterparty credit risk totaling \$5 million and \$4 million at December 31, 2010 and 2009, respectively.

(b) Notional or contract amounts, which represent the extent of involvement in the derivatives market, are used to determine the contractual cash flows required in accordance with the terms of the agreement. These amounts are typically not exchanged, significantly exceed amounts subject to credit or market risk and are not reflected in the consolidated balance sheets.

#### Risk Management

As an end-user, the Corporation employs a variety of financial instruments for risk management purposes, including cash instruments, such as investment securities, as well as derivative instruments. Activity related to these instruments is centered predominantly in the interest rate markets and mainly involves interest rate swaps. Various other types of instruments also may be used to manage exposures to market risks, including interest rate caps and floors, total return swaps, foreign exchange forward contracts and foreign exchange swap agreements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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As part of a fair value hedging strategy, the Corporation entered into interest rate swap agreements for interest rate risk management purposes. These interest rate swap agreements effectively modify the Corporation's exposure to interest rate risk by converting fixed-rate debt to a floating rate. These agreements involve the receipt of fixed-rate interest amounts in exchange for floating-rate interest payments over the life of the agreement, without an exchange of the underlying principal amount.

Risk management fair value interest rate swaps generated net interest income of \$77 million and \$61 million for the years ended December 31, 2010 and 2009, respectively.

The net gains (losses) recognized in "other noninterest income" (i.e., the ineffective portion) in the consolidated statements of income on risk management derivative instruments designated as fair value hedges of fixed-rate debt were as follows.

<i>(in millions)</i>	<b>2010</b>	<b>2009</b>
Interest rate swaps	\$ (3)	\$ (4)

As part of a cash flow hedging strategy, the Corporation entered into predominantly two-year interest rate swap agreements (weighted-average original maturity of 2.3 years) that effectively convert a portion of existing and forecasted floating-rate loans to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest income over the life of the agreements (currently over the next three months). Approximately two percent (\$800 million) of the Corporation's outstanding loans were designated as hedged items to interest rate swap agreements at December 31, 2010. If interest rates, interest yield curves and notional amounts remain at current levels, the Corporation expects to reclassify \$1 million of net gains, net of tax, on derivative instruments designated as cash flow hedges from accumulated other comprehensive income (loss) to earnings during the next three months due to receipt of variable interest associated with existing and forecasted floating-rate loans.

The net gains (losses) recognized in income and OCI on risk management derivatives designated as cash flow hedges of loans for years ended December 31, 2010 and 2009 are displayed in the table below.

<i>(in millions)</i>	<b>2010</b>	<b>2009</b>
<b>Interest rate swaps</b>		
Gain (loss) recognized in OCI (effective portion)	\$ 2	\$ 15
Gain (loss) recognized in other noninterest income (ineffective portion)	1	(2)
Gain reclassified from accumulated OCI into interest and fees on loans (effective portion)	28	34

Foreign exchange rate risk arises from changes in the value of certain assets and liabilities denominated in foreign currencies. The Corporation employs spot and forward contracts in addition to swap contracts to manage exposure to these and other risks.

The net gains (losses) recognized in "other noninterest income" in the consolidated statements of income on risk management derivative instruments used as economic hedges were as follows.

<i>(in millions)</i>	<b>2010</b>	<b>2009</b>
Foreign exchange contracts	\$ -	\$ (1)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The following table summarizes the expected weighted average remaining maturity of the notional amount of risk management interest rate swaps and the weighted average interest rates associated with amounts expected to be received or paid on interest rate swap agreements as of December 31, 2010 and 2009.

<i>(dollar amounts in millions)</i>	Weighted Average			
	Notional Amount	Remaining Maturity (in years)	Receive Rate	Pay Rate (a)
<b>December 31, 2010</b>				
Swaps - cash flow - receive fixed/pay floating rate				
Variable rate loan designation	\$ 800	0.1	4.75 %	3.25 %
Swaps - fair value - receive fixed/pay floating rate				
Medium- and long-term debt designation	1,600	7.1	5.73	0.85
Total risk management interest rate swaps	\$ 2,400			
<b>December 31, 2009</b>				
Swaps - cash flow - receive fixed/pay floating rate				
Variable rate loan designation	\$ 1,700	0.9	5.22 %	3.25 %
Swaps - fair value - receive fixed/pay floating rate				
Medium- and long-term debt designation	1,600	8.1	5.73	1.01
Total risk management interest rate swaps	\$ 3,300			

(a) Variable rates paid on receive fixed swaps are based on prime and six-month LIBOR rates in effect at December 31, 2010 and 2009.

Management believes these hedging strategies achieve the desired relationship between the rate maturities of assets and funding sources which, in turn, reduce the overall exposure of net interest income to interest rate risk, although there can be no assurance that such strategies will be successful.

**Customer-Initiated and Other**

Fee income is earned from entering into various transactions at the request of customers (customer-initiated contracts), principally foreign exchange contracts, interest rate contracts and energy derivative contracts. For customer-initiated foreign exchange contracts, the Corporation mitigates most of the inherent market risk by taking offsetting positions and manages the remainder through individual foreign currency position limits and aggregate value-at-risk limits. These limits are established annually and reviewed quarterly.

For those customer-initiated derivative contracts which were not offset or where the Corporation holds a speculative position within the limits described above, the Corporation recognized in "other noninterest income" in the consolidated statements of income net gains of \$1 million, \$1 million and \$2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Fair values of customer-initiated and other derivative instruments represent the net unrealized gains or losses on such contracts and are recorded in the consolidated balance sheets. Changes in fair value are recognized in the consolidated statements of income. The net gains recognized in income on customer-initiated derivative instruments, net of the impact of offsetting positions, were as follows.

<i>(in millions)</i>	Location of Gain	2010	2009
<b>Years Ended December 31</b>			
Interest rate contracts	Other noninterest income	\$ 7	\$ 8
Energy derivative contracts	Other noninterest income	1	1
Foreign exchange contracts	Foreign exchange income	36	34
Total		\$ 44	\$ 43

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**CREDIT-RELATED FINANCIAL INSTRUMENTS**

The Corporation issues off-balance sheet financial instruments in connection with commercial and consumer lending activities. The Corporation's credit risk associated with these instruments is represented by the contractual amounts indicated in the following table.

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Unused commitments to extend credit:		
Commercial and other	\$ 23,578	\$ 22,451
Bankcard, revolving check credit and home equity loan commitments	1,568	1,917
<b>Total unused commitments to extend credit</b>	<b>\$ 25,146</b>	<b>\$ 24,368</b>
Standby letters of credit	\$ 5,453	\$ 5,652
Commercial letters of credit	93	104
Other credit-related financial instruments	1	-

The Corporation maintains an allowance to cover probable credit losses inherent in lending-related commitments, including unused commitments to extend credit, letters of credit and financial guarantees. At December 31, 2010 and 2009, the allowance for credit losses on lending-related commitments, included in "accrued expenses and other liabilities" on the consolidated balance sheets, was \$35 million and \$37 million, respectively.

**Unused Commitments to Extend Credit**

Commitments to extend credit are legally binding agreements to lend to a customer, provided there is no violation of any condition established in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many commitments expire without being drawn upon, the total contractual amount of commitments does not necessarily represent future cash requirements of the Corporation. Commercial and other unused commitments are primarily variable rate commitments. The allowance for credit losses on lending-related commitments included \$16 million and \$20 million at December 31, 2010 and 2009, respectively, for probable credit losses inherent in the Corporation's unused commitments to extend credit.

At December 31, 2010 and 2009, commitments to lend additional funds to borrowers whose terms have been modified in troubled debt restructurings totaled \$7 million and \$5 million, respectively.

**Standby and Commercial Letters of Credit**

Standby and commercial letters of credit represent conditional obligations of the Corporation which guarantee the performance of a customer to a third party. Standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Commercial letters of credit are issued to finance foreign or domestic trade transactions and are short-term in nature. These contracts expire in decreasing amounts through the year 2019. The Corporation may enter into participation arrangements with third parties that effectively reduce the maximum amount of future payments which may be required under standby and commercial letters of credit. These risk participations covered \$298 million and \$404 million of the \$5.5 billion and \$5.8 billion standby and commercial letters of credit outstanding at December 31, 2010 and 2009, respectively.

The carrying value of the Corporation's standby and commercial letters of credit, included in "accrued expenses and other liabilities" on the consolidated balance sheet, totaled \$83 million at December 31, 2010, including \$64 million of deferred fees and \$19 million in the allowance for credit losses on lending-related commitments. At December 31, 2009, the comparable amounts were \$70 million, \$53 million and \$17 million, respectively.

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The following table presents a summary of total internally classified watch list standby and commercial letters of credit (loans generally consistent with regulatory defined special mention and substandard, in addition to those of concern to the Corporation that have not yet been designated as special mention) at December 31, 2010 and 2009. The Corporation manages credit risk through underwriting, periodically reviewing and approving its credit exposures using Board committee approved credit policies and guidelines.

<i>(dollar amounts in millions)</i>	December 31	
	2010	2009
Total watch list standby and commercial letters of credit	\$ 243	\$ 432
As a percentage of total outstanding standby and commercial letters of credit	4.4 %	7.5 %

**Other Credit-Related Financial Instruments**

The Corporation enters into credit risk participation agreements, under which the Corporation assumes credit exposure associated with a borrower's performance related to certain interest rate derivative contracts. The Corporation is not a party to the interest rate derivative contracts and only enters into these credit risk participation agreements in instances in which the Corporation is also a party to the related loan participation agreement for such borrowers. The Corporation manages its credit risk on the credit risk participation agreements by monitoring the creditworthiness of the borrowers, which is based on the normal credit review process had it entered into the derivative instruments directly with the borrower. The notional amount of such credit risk participation agreement reflects the pro-rata share of the derivative instrument, consistent with its share of the related participated loan. As of December 31, 2010 and 2009, the total notional amount of the credit risk participation agreements was approximately \$316 million and \$523 million, respectively, and the fair value for each period was insignificant, included in customer-initiated interest rate contracts recorded in "accrued expenses and other liabilities" on the consolidated balance sheets. The maximum estimated exposure to these agreements, as measured by projecting a maximum value of the guaranteed derivative instruments, assuming 100 percent default by all obligors on the maximum values, was approximately \$12 million and \$18 million at December 31, 2010 and 2009, respectively. In the event of default, the lead bank has the ability to liquidate the assets of the borrower, in which case the lead bank would be required to return a percentage of the recouped assets to the participating banks. As of December 31, 2010, the credit risk participation agreements had a weighted average remaining maturity for outstanding agreements of 2.5 years.

In 2008, the Corporation sold its remaining ownership of Visa Class B shares and entered into a derivative contract. Under the terms of the derivative contract, the Corporation will compensate the counterparty primarily for dilutive adjustments made to the conversion factor of the Visa Class B shares to Class A shares based on the ultimate outcome of litigation involving Visa. Conversely, the Corporation will be compensated by the counterparty for any increase in the conversion factor from anti-dilutive adjustments. The notional amount of the derivative contract was equivalent to approximately 780 thousand Visa Class B shares. The fair value of the derivative liability was \$1 million and an insignificant amount at December 31, 2010 and 2009, respectively, included in "accrued expenses and other liabilities" on the consolidated balance sheets.

**NOTE 10 - VARIABLE INTEREST ENTITIES (VIEs)**

The Corporation evaluates its interest in certain entities to determine if these entities meet the definition of a VIE and whether the Corporation is the primary beneficiary and should consolidate the entity based on the variable interests it held both at inception and when there is a change in circumstances that require a reconsideration. The following provides a summary of the VIEs in which the Corporation has an interest.

The Corporation has a limited partnership interest in 147 low income housing tax credit/historic rehabilitation tax credit partnerships. These entities meet the definition of a VIE; however, the Corporation is not the primary beneficiary of the entities, as the general partner has both the power to direct the activities that most significantly impact the economic performance of the entities and the obligation to absorb losses or the right to

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receive benefits that could be significant to the entities. While the partnership agreements allow the limited partners, through a majority vote, to remove the general partner, this right is not deemed to be substantive as the general partner can only be removed for cause.

The Corporation accounts for its interest in these partnerships on either the cost or equity method. Exposure to loss as a result of the Corporation's involvement with these entities at December 31, 2010 was limited to the book basis of the Corporation's investment of approximately \$339 million, which includes unused commitments for future investments.

As a limited partner, the Corporation obtains income tax credits and deductions from the operating losses of these low income housing tax credit/historic rehabilitation tax credit partnerships, which are recorded as a reduction of income tax expense (or an increase to income tax benefit) and a reduction of federal income taxes payable. These income tax credits and deductions are allocated to the funds' investors based on their ownership percentages. Investment balances, including all legally binding commitments to fund future investments, are included in "accrued income and other assets" on the consolidated balance sheets, with amortization and other write-downs of investments recorded in "other noninterest income" on the consolidated statements of income. In addition, a liability is recognized in "accrued expenses and other liabilities" on the consolidated balance sheets for all legally binding unfunded commitments to fund low income housing partnerships (\$71 million at December 31, 2010).

The Corporation provided no financial or other support that was not contractually required to any of the above VIEs during the years ended December 31, 2010 and 2009.

The following table summarizes the impact of these VIEs on line items on the Corporation's consolidated statements of income.

<i>(in millions)</i> Classification in Earnings	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Other noninterest income	\$ (51)	\$ (48)
Provision (benefit) for income taxes (a)	(49)	(46)

(a) Income tax credits from low income housing tax credit/historic rehabilitation tax credit partnerships.

For further information on the Corporation's consolidation policy, see Note 1.

**NOTE 11 - DEPOSITS**

At December 31, 2010, the scheduled maturities of certificates of deposit and other deposits with a stated maturity were as follows:

<i>(in millions)</i> <b>Years Ending December 31</b>	
2011	<b>\$4,985</b>
2012	<b>663</b>
2013	<b>132</b>
2014	<b>51</b>
2015	<b>43</b>
Thereafter	<b>40</b>
<b>Total</b>	<b>\$5,914</b>

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A maturity distribution of domestic certificates of deposit of \$100,000 and over follows:

<i>(in millions)</i>		
<b>December 31</b>	<b>2010</b>	<b>2009</b>
Three months or less	\$ 1,109	\$ 1,657
Over three months to six months	560	1,142
Over six months to twelve months	928	1,333
Over twelve months	548	536
Total	\$ 3,145	\$ 4,668

All foreign office time deposits of \$432 million and \$542 million at December 31, 2010 and 2009, respectively, were in denominations of \$100,000 or more.

**NOTE 12 - SHORT-TERM BORROWINGS**

Federal funds purchased and securities sold under agreements to repurchase generally mature within one to four days from the transaction date. Other short-term borrowings, which may consist of Federal Reserve Term Auction Facility borrowings, commercial paper, borrowed securities, term federal funds purchased, short-term notes and treasury tax and loan deposits, generally mature within one to 120 days from the transaction date. The following table provides a summary of short-term borrowings.

At December 31, 2010, Comerica Bank (the Bank), a subsidiary of the Corporation, had pledged loans totaling \$18 billion which provided for up to \$12 billion of available collateralized borrowing with the FRB.

<i>(dollar amounts in millions)</i>	<b>Federal Funds Purchased and Securities Sold Under Agreements to Repurchase</b>	<b>Other Short-term Borrowings</b>
<b>December 31, 2010</b>		
Amount outstanding at year-end	\$ 126	\$ 4
Weighted average interest rate at year-end	0.12 %	4.95 %
Maximum month-end balance during the year	\$ 474	\$ 16
Average balance outstanding during the year	210	6
Weighted average interest rate during the year	0.11 %	5.31 %
<b>December 31, 2009</b>		
Amount outstanding at year-end	\$ 462	\$ -
Weighted average interest rate at year-end	0.03 %	- %
Maximum month-end balance during the year	\$ 655	\$ 2,558
Average balance outstanding during the year	467	532
Weighted average interest rate during the year	0.19 %	0.28 %
<b>December 31, 2008</b>		
Amount outstanding at year-end	\$ 696	\$ 1,053
Weighted average interest rate at year-end	0.37 %	0.40 %
Maximum month-end balance during the year	\$ 3,617	\$ 3,046
Average balance outstanding during the year	2,105	1,658
Weighted average interest rate during the year	2.20 %	2.43 %

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**NOTE 13 - MEDIUM- AND LONG-TERM DEBT**

Medium- and long-term debt are summarized as follows:

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Parent company		
Subordinated notes:		
4.80% subordinated note due 2015	\$ 337	\$ 325
6.576% subordinated notes due 2010	-	511
Total subordinated notes	<b>337</b>	836
Medium-term notes:		
Floating rate based on LIBOR indices due 2010	-	150
3.00% notes due 2015	<b>298</b>	-
Total parent company	<b>635</b>	986
Subsidiaries		
Subordinated notes:		
7.125% subordinated note due 2010	-	152
5.70% subordinated note due 2014	<b>280</b>	275
5.75% subordinated notes due 2016	<b>691</b>	678
5.20% subordinated notes due 2017	<b>568</b>	543
8.375% subordinated note due 2024	<b>191</b>	187
7.875% subordinated note due 2026	<b>213</b>	204
Total subordinated notes	<b>1,943</b>	2,039
Medium-term notes:		
Floating rate based on LIBOR indices due 2010 to 2012	<b>1,017</b>	1,982
Federal Home Loan Bank advances:		
Floating rate based on LIBOR indices due 2010 to 2014	<b>2,500</b>	6,000
Other notes:		
6.0% - 6.4% notes due 2020	<b>43</b>	53
Total subsidiaries	<b>5,503</b>	10,074
<b>Total medium- and long-term debt</b>	<b>\$ 6,138</b>	<b>\$ 11,060</b>

The carrying value of medium- and long-term debt has been adjusted to reflect the gain or loss attributable to the risk hedged with interest rate swaps.

All subordinated notes with maturities greater than one year qualify as Tier 2 capital.

Comerica Bank (the Bank), a subsidiary of the Corporation, is a member of the FHLB, which provides short- and long-term funding collateralized by mortgage-related assets to its members. In the third quarter 2010, the Bank early redeemed, without penalty, \$2.0 billion of floating-rate FHLB advances at par due 2012 and 2013. FHLB advances bear interest at variable rates based on LIBOR and were secured by a blanket lien on \$16 billion of real estate-related loans at December 31, 2010.

In the first quarter 2010, the Bank exercised its option to redeem, at par, a \$150 million, 7.125% subordinated note, which had an original maturity date of 2013, and recognized a pre-tax gain of \$2 million resulting from the previous termination of a related interest rate swap. In addition, the Bank repurchased, at a discount, \$15 million of floating rate medium-term notes maturing in 2011 in the first quarter 2010.

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In the third quarter 2010, the Corporation issued \$300 million of 3.00% medium-term senior notes due 2015. A portion of the proceeds, along with cash on hand, was used to redeem 6.576% subordinated notes, as discussed below, and the remainder was used for general corporate purposes.

In the fourth quarter 2010, the Corporation redeemed, at par, \$515 million of 6.576% subordinated notes, which had an original maturity date of 2037, and recognized a pre-tax charge of \$5 million resulting from the accelerated accretion of the original issuance discount, included in “other noninterest expenses” in the consolidated statements of income. The notes related to \$500 million, par value, of trust preferred securities issued by an unconsolidated subsidiary, which were concurrently redeemed.

In 2009, the Bank repurchased, at a discount, \$212 million of floating-rate medium-term notes maturing in 2012 and recognized a gain of \$15 million.

The Corporation currently has a \$15 billion medium-term senior note program. This program allows the Bank to issue fixed- or floating-rate notes with maturities between one year and 30 years. The Bank did not issue any notes under the senior note program during the years ended December 31, 2010 and 2009. The interest rate on the floating rate medium-term notes based on LIBOR at December 31, 2010, ranged from three-month LIBOR plus 0.11% to three-month LIBOR plus 0.15%. The medium-term notes outstanding at December 31, 2010 are due from 2011 to 2012. The medium-term notes do not qualify as Tier 2 capital and are not insured by the FDIC.

At December 31, 2010, the principal maturities of medium- and long-term debt were as follows:

*(in millions)*

**Years Ending December 31**

2011	\$ 1,365
2012	163
2013	1,005
2014	1,256
2015	606
Thereafter	1,466
Total	\$ 5,861

**NOTE 14 - SHAREHOLDERS' EQUITY**

In the first quarter 2010, the Corporation fully redeemed \$2.25 billion of Fixed Rate Cumulative Perpetual Preferred Stock (preferred stock) issued in 2008 in connection with the U.S. Department of Treasury (U.S. Treasury) Capital Purchase Program. The redemption was funded by the net proceeds from an \$880 million common stock offering completed in the first quarter 2010 and from excess liquidity at the parent company. The redemption resulted in a one-time, non-cash redemption charge of \$94 million in the first quarter 2010, reflecting the accelerated accretion of the remaining discount, which reduced diluted earnings per common share by \$0.54 for the year ended December 31, 2010. The total impact of the preferred stock, including the redemption charge, cash dividends of \$24 million and non-cash discount accretion of \$5 million, was a reduction to diluted earnings per common share of \$0.71 for the year ended December 31, 2010.

Upon the redemption of the preferred stock, related restrictions on the Corporation's ability to declare dividends or repurchase stock ceased. In addition, the Corporation is no longer required to comply with the U.S. Treasury's standards for executive compensation and corporate governance.

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In the second quarter 2010, the U.S. Treasury sold the related warrant, which granted the right to purchase 11.5 million shares of the Corporation's common stock at \$29.40 per share. Prior to the public sale, the warrant was separated into 11.5 million warrants to purchase one share of the Corporation's common stock at an exercise price of \$29.40 per share. The sale of the warrant by the U.S. Treasury had no impact on the Corporation's equity. The warrants remained outstanding at December 31, 2010 and were included in "capital surplus" on the consolidated statements of changes in shareholders' equity at their original fair value of \$124 million.

At December 31, 2010, the Corporation had 11.5 million shares of common stock reserved for the warrants, 26.5 million shares of common stock reserved for stock option exercises and 1.8 million shares of restricted stock outstanding to employees and directors under share-based compensation plans.

In November 2010, the Board of Directors of the Corporation (the Board) authorized the purchase of up to 12.6 million shares of Comerica Incorporated outstanding common stock, as well as outstanding warrants to purchase up to 11.5 million shares of the Corporation's common stock. There is no expiration date for the Corporation's share repurchase program. There were no open market repurchases of common stock or warrants in 2010, 2009 and 2008.

The following table summarizes the Corporation's share repurchase activity for the year ended December 31, 2010.

<i>(shares in thousands)</i>	<b>Total Number of Shares and Warrants Purchased as Part of Publicly Announced Repurchase Plans or Programs</b>	<b>Remaining Repurchase Authorization (a)</b>	<b>Total Number of Shares Purchased (b)</b>	<b>Average Price Paid Per Share</b>
Total first quarter 2010	-	12,576	60	\$ 35.28
Total second quarter 2010	-	12,576	55	42.65
Total third quarter 2010	-	12,576	2	37.33
October 2010	-	12,576	1	37.11
November 2010	-	24,056	-	-
December 2010	-	24,056	-	-
Total fourth quarter 2010	-	24,056	1	37.58
Total 2010	-	24,056	118	\$ 38.82

(a) Maximum number of shares and warrants that may yet be purchased under the publicly announced plans or programs.

(b) Includes shares purchased as part of publicly announced repurchase plans or programs, shares purchased pursuant to deferred compensation plans and shares purchased from employees to pay for grant prices and/or taxes related to stock option exercises and restricted stock vesting under the terms of an employee share-based compensation plan.

**NOTE 15 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Other comprehensive income (loss) includes the change in net unrealized gains and losses on investment securities available-for-sale, the change in accumulated net gains and losses on cash flow hedges and the change in the accumulated defined benefit and other postretirement plans adjustment. Total comprehensive income (loss) was \$224 million, (\$10) million and \$81 million for the years ended December 31, 2010, 2009 and 2008, respectively. The \$234 million increase in total comprehensive income for the year ended December 31, 2010, when compared to 2009, resulted principally from a \$260 million increase in net income and a \$123 million

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after-tax increase in net unrealized gains on investment securities available-for-sale, partially offset by \$145 million after-tax decrease in the defined benefit and other postretirement benefit plans adjustment. The following table presents reconciliations of the components of accumulated other comprehensive income (loss) for the years ended December 31, 2010, 2009 and 2008.

For a further discussion of the effects of investment securities available-for-sale, derivative instruments and defined benefit and other postretirement benefit plans on other comprehensive income (loss) refer to Notes 1, 9 and 18.

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Accumulated net unrealized gains (losses) on investment securities available-for-sale:</b>			
Balance at beginning of period, net of tax	\$ 11	\$ 131	\$ (9)
Net unrealized holding gains arising during the period	7	54	285
Less: Reclassification adjustment for net gains included in net income	3	243	67
Change in net unrealized gains before income taxes	4	(189)	218
Less: Provision for income taxes	1	(69)	78
Change in net unrealized gains on investment securities available-for-sale, net of tax	3	(120)	140
Balance at end of period, net of tax	\$ 14	\$ 11	\$ 131
<b>Accumulated net gains (losses) on cash flow hedges:</b>			
Balance at beginning of period, net of tax	\$ 18	\$ 30	\$ 2
Net cash flow hedge gains arising during the period	2	15	69
Less: Reclassification adjustment for net gains included in net income	28	34	24
Change in net cash flow hedge gains before income taxes	(26)	(19)	45
Less: Provision for income taxes	(10)	(7)	17
Change in net cash flow hedge gains, net of tax	(16)	(12)	28
Balance at end of period, net of tax	\$ 2	\$ 18	\$ 30
<b>Accumulated defined benefit pension and other postretirement plans adjustment:</b>			
Balance at beginning of period, net of tax	\$ (365)	\$ (470)	\$ (170)
Net defined benefit pension and other postretirement adjustment arising during the period	(100)	112	(488)
Less: Adjustment for amounts recognized as components of net periodic benefit cost during the period	(39)	(53)	(18)
Change in defined benefit pension and other postretirement plans adjustment before income taxes	(61)	165	(470)
Less: Provision for income taxes	(21)	60	(170)
Change in defined benefit pension and other postretirement plans adjustment, net of tax	(40)	105	(300)
Balance at end of period, net of tax	\$ (405)	\$ (365)	\$ (470)
<b>Total accumulated other comprehensive loss at end of period, net of tax</b>	<b>\$ (389)</b>	<b>\$ (336)</b>	<b>\$ (309)</b>

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**NOTE 16 - NET INCOME (LOSS) PER COMMON SHARE**

Basic and diluted income (loss) from continuing operations per common share and net income (loss) per common share are presented in the following table.

*(in millions, except per share data)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Basic and diluted			
Income from continuing operations	\$ 260	\$ 16	\$ 212
Less:			
Preferred stock dividends	29	134	17
Redemption discount accretion on preferred stock	94	-	-
Income allocated to participating securities	1	1	4
<b>Income (loss) from continuing operations attributable to common shares</b>	<b>\$ 136</b>	<b>\$ (119)</b>	<b>\$ 191</b>
Net income	\$ 277	\$ 17	\$ 213
Less:			
Preferred stock dividends	29	134	17
Redemption discount accretion on preferred stock	94	-	-
Income allocated to participating securities	1	1	4
<b>Net income (loss) attributable to common shares</b>	<b>\$ 153</b>	<b>\$ (118)</b>	<b>\$ 192</b>
<b>Basic average common shares</b>	<b>170</b>	<b>149</b>	<b>149</b>
Basic income (loss) from continuing operations per common share	\$ 0.79	\$ (0.80)	\$ 1.28
<b>Basic net income (loss) per common share</b>	<b>0.90</b>	<b>(0.79)</b>	<b>1.29</b>
Basic average common shares	170	149	149
Dilutive common stock equivalents:			
Net effect of the assumed exercise of stock options	1	-	-
Net effect of the assumed exercise of warrants	2	-	-
<b>Diluted average common shares</b>	<b>173</b>	<b>149</b>	<b>149</b>
Diluted income (loss) from continuing operations per common share	\$ 0.78	\$ (0.80)	\$ 1.28
<b>Diluted net income (loss) per common share</b>	<b>0.88</b>	<b>(0.79)</b>	<b>1.28</b>

Basic income (loss) from continuing operations per common share and net income (loss) per common share are calculated using the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared (distributed earnings) and participation rights in undistributed earnings. Distributed and undistributed earnings are allocated between common and participating security shareholders based on their respective rights to receive dividends. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities (i.e., nonvested restricted stock). Undistributed net losses are not allocated to nonvested restricted shareholders, as these shareholders do not have a contractual obligation to fund the losses incurred by the Corporation. Income (loss) from continuing operations attributable to common shares and net income (loss) attributable to common shares are then divided by the weighted-average number of common shares outstanding during the period, net of nonvested restricted shares.

Diluted income (loss) from continuing operations per common share and net income (loss) per common share consider common stock issuable under the assumed exercise of stock options granted under the Corporation's stock plans and warrants. Diluted income (loss) from continuing operations attributable to

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common shares and net income (loss) attributable to common shares are then divided by the total of weighted-average number of common shares and common stock equivalents outstanding during the period, net of nonvested restricted shares.

The following average shares related to outstanding options and warrants to purchase shares of common stock were not included in the computation of diluted net income (loss) per common share because the options' and warrants' exercise prices were greater than the average market price of common shares for the period.

<i>(shares in millions)</i>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Average outstanding options	<b>15.1</b>	17.6	19.7
Range of exercise prices	<b>\$36.24 - \$64.50</b>	\$28.07 - \$66.81	\$33.69 - \$71.58
Average outstanding warrants		11.5	
Exercise price		\$29.40	

Due to the net loss from continuing operations attributable to common shares reported for the year ended December 31, 2009, options to purchase 1.5 million shares, with average exercise prices less than the average market price of common shares for the period, were excluded from the computation of diluted net loss per share, as their inclusion would have been anti-dilutive.

**NOTE 17 - SHARE-BASED COMPENSATION**

Share-based compensation expense is charged to "salaries" expense on the consolidated statements of income. The components of share-based compensation expense for all share-based compensation plans and related tax benefits are as follows:

<i>(in millions)</i>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Total share-based compensation expense	<b>\$ 32</b>	\$ 32	\$ 51
Related tax benefits recognized in net income	<b>\$ 12</b>	\$ 12	\$ 19

The following table summarizes unrecognized compensation expense for all share-based plans:

<i>(dollar amounts in millions)</i>	<b>December 31, 2010</b>
Total unrecognized share-based compensation expense	<b>\$ 33</b>
Weighted-average expected recognition period (in years)	<b>2.5</b>

The Corporation has share-based compensation plans under which it awards both shares of restricted stock to key executive officers and key personnel and stock options to executive officers, directors and key personnel of the Corporation and its subsidiaries. Restricted stock vests over periods ranging from three years to five years. Stock options vest over periods ranging from one year to four years. During the period the U.S. Treasury held equity issued under the Capital Purchase Program, restricted share grants were temporarily prohibited from vesting in less than two years from the grant date and retirement-based acceleration was not allowed. These temporary restrictions lengthened the requisite service period and, therefore, the amortization period for retirement eligible grantees. Upon redemption of the preferred stock in the first quarter 2010, the temporary restrictions lapsed. The maturity of each option is determined at the date of grant; however, no options may be exercised later than ten years and one month from the date of grant. The options may have restrictions regarding exercisability. The plans originally provided for a grant of up to 15.7 million common shares, plus shares under certain plans that are forfeited, expire or are cancelled. At December 31, 2010, 7.5 million shares were available for grant.

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In the first quarter 2010, the Corporation began providing phantom stock units (PSUs) as a component of compensation for certain executives. The number of PSUs awarded for each pay period is determined by dividing the amount of base salary payable in PSUs for that pay period by the reported closing price on the New York Stock Exchange (NYSE) for a share of the Corporation's common stock on the pay date for the pay period. PSUs do not include any shareholder rights such as the right to vote or receive dividends, are fully vested when awarded, and will be settled in cash in the first quarter 2011. The amount payable upon settlement will be equal to the number of PSUs being settled multiplied by the reported closing price on the NYSE for a share of the Corporation common stock on the date of settlement and is included in "accrued expenses and other liabilities" on the consolidated balance sheets. Share-based compensation expense included \$7 million related to PSUs for the year ended December 31, 2010.

The Corporation used a binomial model to value stock options granted in the periods presented. Option valuation models require several inputs, including the expected stock price volatility, and changes in input assumptions can materially affect the fair value estimates. The model used may not necessarily provide a reliable single measure of the fair value of employee and director stock options. The risk-free interest rate assumption used in the binomial option-pricing model as outlined in the table below was based on the federal ten-year treasury interest rate. The expected dividend yield was based on the historical and projected dividend yield patterns of the Corporation's common shares. Expected volatility assumptions considered both the historical volatility of the Corporation's common stock over a ten-year period and implied volatility based on actively traded options on the Corporation's common stock with pricing terms and trade dates similar to the stock options granted.

The estimated weighted-average grant-date fair value per option share and the underlying binomial option-pricing model assumptions are summarized in the following table:

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Weighted-average grant-date fair value per option share	\$ <b>11.07</b>	\$ 6.55	\$ 9.54
Weighted-average assumptions:			
Risk-free interest rates	<b>3.73%</b>	3.08%	3.73%
Expected dividend yield	<b>3.00</b>	4.62	4.62
Expected volatility factors of the market price of Comerica common stock	<b>40</b>	58	34
Expected option life (in years)	<b>6.1</b>	6.4	6.6

A summary of the Corporation's stock option activity and related information for the year ended December 31, 2010 follows:

	Number of Options (in thousands)	Weighted-Average		
		Exercise Price per Share	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding-January 1, 2010	18,422	\$ 49.52		
Granted	2,374	35.45		
Forfeited or expired	(1,566)	44.27		
Exercised	(200)	25.99		
<b>Outstanding-December 31, 2010</b>	<b>19,030</b>	<b>48.44</b>	<b>4.8</b>	<b>\$ 60</b>
Outstanding, net of expected forfeitures - December 31, 2010	18,785	48.65	4.7	57
<b>Exercisable-December 31, 2010</b>	<b>14,245</b>	<b>53.21</b>	<b>3.6</b>	<b>13</b>

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The aggregate intrinsic value of outstanding options shown in the table above represents the total pretax intrinsic value at December 31, 2010, based on the Corporation's closing stock price of \$42.24 at December 31, 2010.

The total intrinsic value of stock options exercised was \$3 million and an insignificant amount for the years ended December 31, 2010 and 2008, respectively. There were no stock options exercised during 2009. Cash received from the exercise of stock options during 2010 and 2008 totaled \$5 million and \$1 million, respectively. The net excess income tax benefit realized for the tax deductions from the exercise of these options totaled \$1 million and was insignificant for the years ended December 31, 2010 and 2008, respectively.

A summary of the Corporation's restricted stock activity and related information for 2010 follows:

	<b>Number of Shares (in thousands)</b>	<b>Weighted-Average Grant-Date Fair Value per Share</b>
Outstanding-January 1, 2010	2,089	\$ 36.82
Granted	177	39.24
Forfeited	(83)	33.72
Vested	(367)	52.35
Outstanding-December 31, 2010	<b>1,816</b>	<b>\$ 34.06</b>

The total fair value of restricted stock awards that fully vested during the years ended December 31, 2010, 2009 and 2008 was \$19 million, \$16 million and \$7 million, respectively.

The Corporation expects to satisfy the exercise of stock options and future grants of restricted stock by issuing shares of common stock out of treasury. At December 31, 2010, the Corporation held 27.3 million shares in treasury.

For further information on the Corporation's share-based compensation plans, refer to Note 1.

**NOTE 18 - EMPLOYEE BENEFIT PLANS**

**DEFINED BENEFIT PENSION AND POSTRETIREMENT BENEFIT PLANS**

The Corporation has a qualified and a non-qualified defined benefit pension plan, which together provide benefits for substantially all full-time employees hired before January 1, 2007. Employee benefits expense included defined benefit pension expense of \$30 million, \$57 million and \$20 million in the years ended December 31, 2010, 2009 and 2008, respectively, for the plans. Benefits under the defined benefit plans are based primarily on years of service, age and compensation during the five highest paid consecutive calendar years occurring during the last ten years before retirement.

The Corporation's postretirement benefit plan continues to provide postretirement health care and life insurance benefits for retirees as of December 31, 1992. The plan also provides certain postretirement health care and life insurance benefits for a limited number of retirees who retired prior to January 1, 2000. For all other employees hired prior to January 1, 2000, a nominal benefit is provided. Employees hired on or after January 1, 2000 are not eligible to participate in the plan. The Corporation funds the pre-1992 retiree plan benefits with bank-owned life insurance.

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The following table sets forth reconciliations of plan assets and the projected benefit obligation, the weighted-average assumptions used to determine year-end benefit obligations, and the amounts recognized in accumulated other comprehensive income (loss) for the Corporation's defined benefit pension plans and postretirement benefit plan at December 31, 2010 and 2009. The Corporation used a measurement date of December 31, 2010 for these plans.

	<b>Defined Benefit Pension Plans</b>				<b>Postretirement Benefit Plan</b>	
	<b>Qualified</b>		<b>Non-Qualified</b>			
<i>(dollar amounts in millions)</i>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Change in fair value of plan assets:						
Fair value of plan assets at January 1	\$ 1,338	\$ 1,080	\$ -	\$ -	\$ 73	\$ 74
Actual return on plan assets	172	200	-	-	4	7
Employer contributions	-	100	-	-	3	(1)
Benefits paid	(46)	(42)	-	-	(7)	(7)
<b>Fair value of plan assets at December 31</b>	<b>\$ 1,464</b>	<b>\$ 1,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>\$ 73</b>
Change in projected benefit obligation:						
Projected benefit obligation at January 1	\$ 1,213	\$ 1,165	\$ 156	\$ 156	\$ 84	\$ 80
Service cost	28	28	3	4	-	-
Interest cost	73	69	9	9	4	5
Actuarial (gain) loss	141	(7)	16	(11)	1	6
Benefits paid	(46)	(42)	(7)	(6)	(7)	(7)
Plan change	-	-	-	4	-	-
<b>Projected benefit obligation at December 31</b>	<b>\$ 1,409</b>	<b>\$ 1,213</b>	<b>\$ 177</b>	<b>\$ 156</b>	<b>\$ 82</b>	<b>\$ 84</b>
<b>Accumulated benefit obligation</b>	<b>\$ 1,281</b>	<b>\$ 1,096</b>	<b>\$ 164</b>	<b>\$ 142</b>	<b>\$ 82</b>	<b>\$ 84</b>
<b>Funded status at December 31 (a) (b)</b>	<b>\$ 55</b>	<b>\$ 125</b>	<b>\$ (177)</b>	<b>\$ (156)</b>	<b>\$ (9)</b>	<b>\$ (11)</b>
Weighted-average assumptions used:						
Discount rate	5.51%	5.92%	5.51%	5.92%	4.95%	5.41%
Rate of compensation increase	4.00	3.50	4.00	3.50	n/a	n/a
Healthcare cost trend rate:						
Cost trend rate assumed for next year	n/a	n/a	n/a	n/a	8.00	8.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	n/a	n/a	n/a	n/a	5.00	5.00
Year when rate reaches the ultimate trend rate	n/a	n/a	n/a	n/a	2031	2030
Amounts recognized in accumulated other comprehensive income (loss) before income taxes:						
Net actuarial gain (loss)	\$ (522)	\$ (461)	\$ (61)	\$ (49)	\$ (29)	\$ (30)
Prior service (cost) credit	(13)	(20)	6	7	(5)	(5)
Net transition obligation	-	-	-	-	(8)	(13)
<b>Balance at December 31</b>	<b>\$ (535)</b>	<b>\$ (481)</b>	<b>\$ (55)</b>	<b>\$ (42)</b>	<b>\$ (42)</b>	<b>\$ (48)</b>

(a) Based on projected benefit obligation for defined benefit pension plans and accumulated benefit obligation for postretirement benefit plan.

(b) The Corporation recognizes the overfunded and underfunded status of the plans in "accrued income and other assets" and "accrued expenses and other liabilities," respectively, on the consolidated balance sheets.

n/a-not applicable

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The 2009 non-qualified defined benefit pension plan change of \$4 million reflected the recognition of special agreement benefits not previously included in plan valuations. The accumulated benefit obligation exceeded the fair value of plan assets for the non-qualified defined benefit pension plan and the postretirement benefit plan at December 31, 2010 and 2009.

The following table details the changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended December 31, 2010.

<i>(in millions)</i>	<b>Defined Benefit Pension Plans</b>		<b>Postretirement</b>	<b>Total</b>
	<b>Qualified</b>	<b>Non-Qualified</b>	<b>Benefit Plan</b>	
Actuarial gain (loss) arising during the period	\$ (85)	\$ (15)	- \$	(100)
Amortization of net actuarial gain (loss)	25	4	1	30
Amortization of prior service (cost) credit	6	(2)	1	5
Amortization of transition obligation	-	-	4	4
<b>Total recognized in other comprehensive income (loss)</b>	<b>\$ (54)</b>	<b>\$ (13)</b>	<b>6 \$</b>	<b>(61)</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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Components of net periodic defined benefit cost and postretirement benefit cost, the actual return (loss) on plan assets and the weighted-average assumptions used were as follows:

<i>(dollar amounts in millions)</i>	<b>Defined Benefit Pension Plans</b>					
	<b>Qualified</b>			<b>Non-Qualified</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Years Ended December 31</b>						
Service cost	\$ 28	\$ 28	\$ 28	\$ 3	\$ 4	\$ 4
Interest cost	73	69	66	9	9	9
Expected return on plan assets	(116)	(104)	(100)	-	-	-
Amortization of prior service cost (credit)	6	6	7	(2)	(2)	(2)
Amortization of net loss	25	38	4	4	5	4
Recognition of special agreement benefits	-	-	-	-	4	-
Net periodic defined benefit cost	<b>\$ 16</b>	<b>\$ 37</b>	<b>\$ 5</b>	<b>\$ 14</b>	<b>\$ 20</b>	<b>\$ 15</b>
Actual return (loss) on plan assets	<b>\$ 172</b>	<b>\$ 200</b>	<b>\$ (293)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Actual rate of return (loss) on plan assets	<b>13.10 %</b>	<b>17.35 %</b>	<b>(24.09) %</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Weighted-average assumptions used:						
Discount rate	<b>5.92 %</b>	<b>6.03 %</b>	<b>6.47 %</b>	<b>5.92 %</b>	<b>6.03 %</b>	<b>6.47 %</b>
Expected long-term return on plan assets	<b>8.00</b>	<b>8.25</b>	<b>8.25</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Rate of compensation increase	<b>3.50</b>	<b>4.00</b>	<b>4.00</b>	<b>3.50</b>	<b>4.00</b>	<b>4.00</b>

n/a - not applicable

<i>(dollar amounts in millions)</i>	<b>Postretirement Benefit Plan</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Years Ended December 31</b>			
Interest cost	\$ 4	\$ 5	\$ 5
Expected return on plan assets	(3)	(4)	(4)
Amortization of transition obligation	4	4	4
Amortization of prior service cost	1	1	-
Amortization of net loss	1	1	1
Net periodic postretirement benefit cost	<b>\$ 7</b>	<b>\$ 7</b>	<b>\$ 6</b>
Actual return (loss) on plan assets	<b>\$ 4</b>	<b>\$ 7</b>	<b>\$ (10)</b>
Actual rate of return (loss) on plan assets	<b>5.65 %</b>	<b>10.74 %</b>	<b>(11.36) %</b>
Weighted-average assumptions used:			
Discount rate	<b>5.41 %</b>	<b>6.20 %</b>	<b>6.15 %</b>
Expected long-term return on plan assets	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Healthcare cost trend rate:			
Cost trend rate assumed for next year	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Year that the rate reaches the ultimate trend rate	<b>2030</b>	<b>2028</b>	<b>2013</b>

The expected long-term rate of return of plan assets is the average rate of return expected to be realized on funds invested or expected to be invested over the life of the plan, which has an estimated average life of approximately 15 years as of December 31, 2010. The expected long-term rate of return on plan assets is set after considering both long-term returns in the general market and long-term returns experienced by the assets in the plan. The returns on the various asset categories are blended to derive one long-term rate of return. The Corporation reviews its pension plan assumptions on an annual basis with its actuarial consultants to determine if assumptions are reasonable and adjusts the assumptions to reflect changes in future expectations.

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The estimated portion of balances remaining in accumulated other comprehensive income (loss) that are expected to be recognized as a component of net periodic benefit cost in the year ended December 31, 2011 are as follows.

<i>(in millions)</i>	<b>Defined Benefit Pension Plans</b>		<b>Postretirement</b>	<b>Total</b>
	<b>Qualified</b>	<b>Non-Qualified</b>	<b>Benefit Plan</b>	
Net loss	\$ 35	\$ 5	\$ 1	\$ 41
Transition obligation	-	-	4	4
Prior service cost (credit)	4	(2)	1	3

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement benefit plan. A one-percentage-point change in 2010 assumed healthcare and prescription drug cost trend rates would have the following effects:

<i>(in millions)</i>	<b>One-Percentage-Point</b>	
	<b>Increase</b>	<b>Decrease</b>
Effect on postretirement benefit obligation	\$ 5	\$ (5)
Effect on total service and interest cost	-	-

**Plan Assets**

The Corporation's overall investment goals for the qualified defined benefit pension plan are to maintain a portfolio of assets of appropriate liquidity and diversification; to generate investment returns (net of operating costs) that are reasonably anticipated to maintain the plan's fully funded status or to reduce a funding deficit, after taking into account various factors, including reasonably anticipated future contributions and expense and the interest rate sensitivity of the plan's assets relative to that of the plan's liabilities; and to generate investment returns (net of operating costs) that meet or exceed a customized benchmark as defined in the plan investment policy. Derivative instruments, are permissible for hedging and transactional efficiency, but only to the extent that the derivative use enhances the efficient execution of the plan's investment policy. The plan does not directly invest in securities issued by the Corporation and its subsidiaries. The Corporation's target allocations for plan investments are 55 percent to 65 percent equity securities and 35 percent to 45 percent fixed income, including cash. Equity securities include collective investment and mutual funds and common stock. Fixed income securities include U.S. Treasury and other U.S. government agency securities, mortgage-backed securities, corporate bonds and notes, municipal bonds, collateralized mortgage obligations and money market funds.

**Fair Value Measurements**

The Corporation's qualified defined benefit pension plan utilizes fair value measurements to record fair value adjustments and to determine fair value disclosures. The Corporation's qualified benefit pension plan categorizes investments recorded at fair value into a three-level hierarchy, based on the markets in which the investment are traded and the reliability of the assumptions used to determine fair value. Refer to Note 3 for a description of the three-level hierarchy.

Following is a description of the valuation methodologies and key inputs used to measure the fair value of the Corporation's qualified defined benefit pension plan investments, including an indication of the level of the fair value hierarchy in which the investments are classified.

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### Comerica Incorporated and Subsidiaries

#### ***Collective investment and mutual funds***

Fair value measurement is based upon the NAV provided by the administrator of the fund. Mutual fund NAVs are quoted in an active market exchange, such as the New York Stock Exchange, and are included in Level 1 of the fair value hierarchy. Collective investment funds NAVs are based primarily on observable inputs, generally the quoted prices for underlying assets owned by the fund, and are included in Level 2 of the fair value hierarchy.

#### ***Common stock***

Fair value measurement is based upon the closing price reported on the New York Stock Exchange. Level 1 common stock includes domestic and foreign stock and real estate investment trusts. Level 2 common stock includes American Depositary Receipts.

#### ***U.S. Treasury and other U.S. government agency securities***

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 securities include pooled Small Business Administration loans.

#### ***Mortgage-backed securities***

Fair value measurement is based upon quoted prices of securities with similar characteristics or pricing models based on observable market data inputs, primarily interest rates, spreads and prepayment information and are included in Level 2 of the fair value hierarchy.

#### ***Corporate and municipal bonds and notes***

Fair value measurement is based upon quoted prices of securities with similar characteristics or pricing models based on observable market data inputs, primarily interest rates, spreads and prepayment information. Level 2 securities include corporate bonds, municipal bonds, other asset-backed securities and foreign bonds and notes.

#### ***Collateralized mortgage obligations***

Fair value measurement is based upon independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors, such as credit loss and liquidity assumptions, and is included in Level 2 of the fair value hierarchy.

#### ***Private placements***

Fair value is measured using the NAV provided by fund management as quoted prices in active markets are not available. Management considers additional discounts to the provided NAV for market and credit risk. Private placements are included in Level 3 of the fair value hierarchy.

#### ***Securities purchased under agreements to resell***

Fair value measurement is based upon independent pricing models or other model-based valuation techniques such as the present value of future cash flows, and is included in Level 2 of the fair value hierarchy.

#### ***Derivative instruments***

The fair value of the Plan's derivative instruments, which could include futures, forwards and/or swaps, was determined using pricing models that use primarily market observable inputs, such as yield curves and option volatilities, and include adjustments to reflect credit quality of the counterparty. Derivative instruments are categorized as Level 2 in the fair value hierarchy.

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**Fair Values**

The fair values of the Corporation's qualified defined benefit pension plan investments measured at fair value on a recurring basis at December 31, 2010 and 2009, by asset category and level within the fair value hierarchy, are detailed in the table below.

<i>(in millions)</i>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2010</b>				
Equity securities:				
Collective investment and mutual funds	\$ 538	\$ 181	\$ 357	\$ -
Common stock	371	370	1	-
Fixed income securities:				
U.S. Treasury and other U.S. government agency bonds	198	198	-	-
Corporate and municipal bonds and notes	311	-	311	-
Collective investments and mutual funds	24	24	-	-
Private placements	28	-	-	28
Other assets:				
Derivatives	1	-	1	-
<b>Total investments at fair value</b>	<b>\$ 1,471</b>	<b>\$ 773</b>	<b>\$ 670</b>	<b>\$ 28</b>
<b>December 31, 2009</b>				
Equity securities:				
Collective investment and mutual funds	\$ 495	\$ 163	\$ 332	\$ -
Common stock	320	318	2	-
Fixed income securities:				
U.S. Treasury and other U.S. government agency bonds	168	168	-	-
Corporate and municipal bonds and notes	288	-	288	-
Collateralized mortgage obligations	6	-	6	-
Collective investments and mutual funds	20	20	-	-
Private placements	28	-	-	28
Other assets:				
Securities purchased under agreement to resell	5	-	5	-
Derivatives	1	-	1	-
<b>Total investments at fair value</b>	<b>\$ 1,331</b>	<b>\$ 669</b>	<b>\$ 634</b>	<b>\$ 28</b>

The table below provides a summary of changes in the Corporation's qualified defined benefit pension plan's Level 3 investments measured at fair value on a recurring basis for the years ended December 31, 2010 and 2009.

<i>(in millions)</i>	<b>Balance at Beginning of Period</b>	<b>Gains (Losses)</b>		<b>Purchases</b>	<b>Sales</b>	<b>Balance at End of Period</b>
		<b>Realized</b>	<b>Unrealized</b>			
<b>Year ended December 31, 2010</b>						
Private placements	\$ 28	\$ -	\$ 1	\$ 10	\$ (11)	\$ 28
<b>Year ended December 31, 2009</b>						
Private placements	\$ -	\$ -	\$ 1	\$ 33	\$ (6)	\$ 28

There were no assets in the non-qualified defined benefit pension plan at December 31, 2010, and 2009. The postretirement benefit plan is fully invested in bank-owned life insurance policies. The fair value of bank-owned life insurance policies is based on the cash surrender values of the policies as reported by the insurance companies and are classified in Level 2 of the fair value hierarchy.

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**Cash Flows**

Estimated future employer contributions were zero for the qualified and non-qualified defined benefit pension plans and postretirement benefit plan for the year ended December 31, 2011.

<i>(in millions)</i> Years Ended December 31	Estimated Future Benefit Payments		
	Qualified Defined Benefit Pension Plan	Non-Qualified Defined Benefit Pension Plan	Postretirement Benefit Plan (a)
2011	\$ 51	\$ 9	\$ 7
2012	54	9	7
2013	58	10	7
2014	62	11	7
2015	66	11	7
2016 - 2020	407	63	32

(a) Estimated benefit payments in the postretirement benefit plan are net of estimated Medicare subsidies.

**DEFINED CONTRIBUTION PLAN**

Substantially all of the Corporation's employees are eligible to participate in the Corporation's principal defined contribution plan (a 401(k) plan). Under this plan, the Corporation makes core matching cash contributions of 100 percent of the first four percent of qualified earnings contributed by employees (up to the current IRS compensation limit), invested based on employee investment elections. Employee benefits expense included expense for the plan of \$19 million, \$20 million and \$22 million in the years ended December 31, 2010, 2009 and 2008, respectively.

The principal defined contribution plan includes a defined contribution feature for the benefit of substantially all full-time employees hired on or after January 1, 2007. Under the defined contribution feature, the Corporation makes an annual contribution to the individual account of each eligible employee ranging from three percent to eight percent of annual compensation, determined based on combined age and years of service. The contributions are invested based on employee investment elections. The employee fully vests in the defined contribution account after three years of service. Before an employee is eligible to participate, the plan feature requires the equivalent of six months of service. The Corporation recognized \$3 million, \$3 million and \$2 million in employee benefits expense for this plan feature for the years ended December 31, 2010, 2009 and 2008, respectively.

**DEFERRED COMPENSATION PLAN**

The Corporation offers an optional deferred compensation plan under which certain employees may make an irrevocable election to defer incentive compensation and/or a portion of base salary until retirement or separation from the Corporation. The employee may direct deferred compensation into one or more deemed investment options. Although not required to do so, the Corporation invests actual funds into the deemed investments as directed by employees, resulting in a deferred compensation asset, recorded in "other short-term investments" on the consolidated balance sheets that offsets the liability to employees under the plan, recorded in "accrued expenses and other liabilities." The earnings from the deferred compensation asset are recorded in "interest on short-term investments" and "other noninterest income" and the related change in the liability to employees under the plan is recorded in "salaries" expense on the consolidated statements of income.

**NOTE 19 - INCOME TAXES AND TAX-RELATED ITEMS**

The provision (benefit) for federal income taxes is computed by applying the statutory federal income tax rate to income (loss) before income taxes as reported in the consolidated financial statements after deducting

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non-taxable items, principally income on bank-owned life insurance, and deducting tax credits related to investments in low income housing partnerships. Tax interest, state and foreign taxes are then added to the federal tax provision.

In the ordinary course of business, the Corporation enters into certain transactions that have tax consequences. From time to time, the Internal Revenue Service (IRS) questions and/or challenges the tax position taken by the Corporation with respect to those transactions. The Corporation believes that its tax returns were filed based upon applicable statutes, regulations and case law in effect at the time of the transactions. The IRS, an administrative authority or a court, if presented with the transactions, could disagree with the Corporation's interpretation of the tax law. After evaluating the risks and opportunities, the best outcome may result in a settlement. The ultimate outcome for each position is not known.

At December 31, 2010, net unrecognized tax benefits were \$10 million, compared to net unrecognized tax benefits of an insignificant amount at December 31, 2009. After consideration of the effect of the federal tax benefit available on unrecognized state tax benefits, the total amount of unrecognized tax benefits that, if recognized, would affect the Corporation's effective tax rate was approximately \$35 million at December 31, 2010 and \$32 million at December 31, 2009.

Accrued interest and penalties, included in "accrued expenses and other liabilities" on the consolidated balance sheets, were \$5 million and \$19 million at December 31, 2010 and 2009, respectively.

The Corporation recognized an expense of approximately \$5 million in 2010 in interest and penalties on income tax liabilities included in the "provision (benefit) for income taxes" on the consolidated statements of income, compared with a benefit of approximately \$19 million in 2009 and an expense of \$8 million in 2008.

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

<i>(in millions)</i>	<b>Unrecognized Tax Benefits</b>
Balance at January 1, 2010	\$ -
Increases as a result of tax positions taken during a prior period	9
Increase related to settlements with tax authorities	1
<b>Balance at December 31, 2010</b>	<b>\$ 10</b>

The Corporation anticipates that it is reasonably possible that settlements of federal and state tax issues will result in a decrease in unrecognized tax benefits of approximately \$2 million within the next twelve months.

During 2010, the IRS proposed an adjustment to taxable income for the years 2001-2006 which could result in the repatriation of foreign earnings of a certain structured investment transaction. Repatriation of these earnings could require the Corporation to pay income taxes of \$53 million on foreign earnings of approximately \$146 million. The Corporation continues to believe that these foreign earnings were properly excluded from U.S. taxation and has filed a protest to that effect with the IRS Appeals Office. The Corporation intends to reinvest these earnings indefinitely and believes it is more likely than not that this tax position will be sustained. The Corporation has reserved for this tax position accordingly.

Based on current knowledge and probability assessment of various potential outcomes, the Corporation believes that current tax reserves are adequate to cover the matters outlined above, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on the Corporation's consolidated financial condition or results of operations. Probabilities and outcomes are reviewed as events unfold, and adjustments to the reserves are made when necessary.

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The following tax years for significant jurisdictions remain subject to examination as of December 31, 2010:

<u>Jurisdiction</u>	<u>Tax Years</u>
Federal	2008-2009
California	2001-2009

In 2008, the Corporation reassessed the size and timing of the tax deductions related to the structured leasing transactions discussed above which resulted in a \$38 million (\$24 million after-tax) charge to lease income in the year ended December 31, 2008. The charges, unless the leases are terminated, will fully reverse over the next 17 years.

The current and deferred components of the provision for income taxes for continuing operations were as follows:

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Current			
Federal	\$ 239	\$ (28)	\$ 126
Foreign	6	6	10
State and local	12	3	22
Total current	257	(19)	158
Deferred			
Federal	(202)	(102)	(86)
State and local	-	(10)	(13)
Total deferred	(202)	(112)	(99)
Total	\$ 55	\$ (131)	\$ 59

Income from continuing operations before income taxes of \$315 million for the year ended December 31, 2010, included \$14 million of foreign-source income.

Income from discontinued operations, net of tax, included a provision for income taxes on discontinued operations of \$10 million, \$1 million and \$1 million for the years ended December 31, 2010, 2009 and 2008, respectively. The income tax provision on securities transactions was \$1 million, \$85 million and \$23 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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The principal components of deferred tax assets and liabilities were as follows:

<i>(in millions)</i> <b>December 31</b>	<b>2010</b>	<b>2009</b>
Deferred tax assets:		
Allowance for loan losses	\$ 315	\$ 344
Deferred loan origination fees and costs	30	27
Other comprehensive income	221	192
Foreign tax credit	14	13
Tax interest	-	7
Auction-rate securities	12	24
Other tax credits	51	-
Other temporary differences, net	65	72
Total deferred tax assets before valuation allowance	708	679
Valuation allowance	-	(1)
Total deferred tax assets, net of valuation allowance	708	678
Deferred tax liabilities:		
Tax interest	(1)	-
Lease financing transactions	(287)	(458)
Allowance for depreciation	(32)	(42)
Employee benefits	(5)	(20)
Total deferred tax liabilities	(325)	(520)
Net deferred tax asset	\$ 383	\$ 158

Included in deferred tax assets at December 31, 2010 were \$53 million of federal tax credits, the majority of which expire in 2029. Deferred tax assets at December 31, 2010 also included net state tax credit carry-forwards of \$5 million which expire in 2027. At December 31, 2010, the Corporation determined that a valuation allowance was not needed against the federal or state deferred tax assets. This determination was based on sufficient taxable income in the carry-back period, and anticipated future events to absorb a significant portion of the deferred tax assets. The remaining deferred tax assets will be absorbed by future reversals of existing taxable temporary differences. At December 31, 2009, a valuation allowance of \$1 million was recorded for certain state deferred tax assets. For further information on the Corporation's valuation policy for deferred tax assets, refer to Note 1.

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A reconciliation of expected income tax expense at the federal statutory rate of 35 percent to the Corporation's provision for income taxes for continuing operations and effective tax rate follows:

*(dollar amounts in millions)*  
**Years Ended December 31**

	2010		2009		2008	
	Amount	Rate	Amount	Rate	Amount	Rate
Tax based on federal statutory rate	\$ 110	35.0 %	\$ (40)	35.0 %	\$ 95	35.0 %
State income taxes	7	2.4	(5)	3.9	5	2.0
Affordable housing and historic credits	(49)	(15.6)	(46)	40.2	(45)	(16.5)
Bank-owned life insurance	(15)	(4.9)	(14)	12.0	(15)	(5.5)
Disallowance of foreign tax credit	-	-	-	-	9	3.2
Termination of structured leasing transactions	-	-	(11)	9.8	-	-
Other changes in unrecognized tax benefits	2	0.6	1	(1.1)	10	3.7
Interest on income tax liabilities	3	1.0	(13)	10.9	6	2.0
Other	(3)	(1.0)	(3)	3.0	(6)	(2.2)
<b>Provision (benefit) for income taxes</b>	<b>\$ 55</b>	<b>17.5 %</b>	<b>\$ (131)</b>	<b>113.7 %</b>	<b>\$ 59</b>	<b>21.7 %</b>

**NOTE 20 - TRANSACTIONS WITH RELATED PARTIES**

The Corporation's banking subsidiaries had, and expect to have in the future, transactions with the Corporation's directors and executive officers, companies with which these individuals are associated, and certain related individuals. Such transactions were made in the ordinary course of business and included extensions of credit, leases and professional services. With respect to extensions of credit, all were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers and did not, in management's opinion, involve more than normal risk of collectibility or present other unfavorable features. The aggregate amount of loans attributable to persons who were related parties at December 31, 2010, totaled \$342 million at the beginning of 2010 and \$288 million at the end of 2010. During 2010, new loans to related parties aggregated \$569 million and repayments totaled \$623 million.

**NOTE 21 - REGULATORY CAPITAL AND RESERVE REQUIREMENTS**

Reserves required to be maintained and/or deposited with the FRB are classified in interest-bearing deposits with banks. These reserve balances vary, depending on the level of customer deposits in the Corporation's banking subsidiaries. The average required reserve balances were \$311 million and \$290 million for the years ended December 31, 2010 and 2009, respectively.

Banking regulations limit the transfer of assets in the form of dividends, loans or advances from the bank subsidiaries to the parent company. Under the most restrictive of these regulations, the aggregate amount of dividends which can be paid to the parent company without obtaining prior approval from bank regulatory agencies approximated \$364 million at January 1, 2011, plus 2011 net profits. Substantially all the assets of the Corporation's banking subsidiaries are restricted from transfer to the parent company of the Corporation in the form of loans or advances.

The Corporation's subsidiary banks declared dividends of \$28 million, \$49 million and \$264 million in 2010, 2009 and 2008, respectively, without the need for prior regulatory approvals.

The Corporation and its U.S. banking subsidiaries are subject to various regulatory capital requirements administered by federal and state banking agencies. Quantitative measures established by regulation to ensure capital adequacy require the maintenance of minimum amounts and ratios of Tier 1 and total capital (as defined

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in the regulations) to average and risk-weighted assets. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's financial statements. At December 31, 2010 and 2009, the Corporation and its U.S. banking subsidiaries exceeded the ratios required for an institution to be considered "well capitalized" (total risk-based capital, Tier 1 risk-based capital and leverage ratios greater than 10 percent, six percent and five percent, respectively). There have been no conditions or events since December 31, 2010 that management believes have changed the capital adequacy classification of the Corporation or its U.S. banking subsidiaries.

The following is a summary of the capital position of the Corporation and Comerica Bank, its principal banking subsidiary.

<i>(dollar amounts in millions)</i>	<b>Comerica Incorporated (Consolidated)</b>	<b>Comerica Bank</b>
<b>December 31, 2010</b>		
Tier 1 capital (minimum-\$2.4 billion (Consolidated))	\$ 6,027	\$ 6,073
Total capital (minimum-\$4.8 billion (Consolidated))	8,651	8,455
Risk-weighted assets	59,506	59,278
Average assets (fourth quarter)	53,541	53,306
Tier 1 capital to risk-weighted assets (minimum-4.0%)	10.13 %	10.24 %
Total capital to risk-weighted assets (minimum-8.0%)	14.54	14.26
Tier 1 capital to average assets (minimum-3.0%)	11.26	11.39
<b>December 31, 2009</b>		
Tier 1 capital (minimum-\$2.5 billion (Consolidated))	\$ 7,704	\$ 5,763
Total capital (minimum-\$4.9 billion (Consolidated))	10,468	8,226
Risk-weighted assets	61,815	61,566
Average assets (fourth quarter)	58,153	57,837
Tier 1 capital to risk-weighted assets (minimum-4.0%)	12.46 %	9.36 %
Total capital to risk-weighted assets (minimum-8.0%)	16.93	13.36
Tier 1 capital to average assets (minimum-3.0%)	13.25	9.96

**NOTE 22 - CONTINGENT LIABILITIES**

**LEGAL PROCEEDINGS**

The Corporation and certain of its subsidiaries are subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. The Corporation believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and, with respect to such legal proceedings, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interests of the Corporation and its shareholders. On at least a quarterly basis, the Corporation assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. On a case-by-case basis, reserves are established for those legal claims for which it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The actual costs of resolving these claims may be substantially higher or lower than the amounts reserved. Litigation-related expense of \$2 million and an insignificant amount was included in "litigation and operational losses" on the consolidated statements of income in 2010 and 2009, respectively. Based on current knowledge, and after consultation with legal counsel, management believes that current reserves are adequate, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on the Corporation's consolidated financial condition.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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The damages alleged by plaintiffs or claimants may be overstated, unsubstantiated by legal theory, unsupported by the facts, and/or bear no relation to the ultimate award that a court, jury or agency might impose. In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state with confidence a range of reasonably possible losses, nor what the eventual outcome of these matters will be. However, based on current knowledge and after consultation with legal counsel, management believes the maximum amount of reasonably possible losses would not have a material adverse effect on the Corporation's consolidated financial condition.

For information regarding income tax contingencies, refer to Note 19.

#### **NOTE 23 - BUSINESS SEGMENT INFORMATION**

The Corporation has strategically aligned its operations into three major business segments: the Business Bank, the Retail Bank, and Wealth & Institutional Management. These business segments are differentiated based on the type of customer and the related products and services provided. In addition to the three major business segments, the Finance Division is also reported as a segment. Business segment results are produced by the Corporation's internal management accounting system. This system measures financial results based on the internal business unit structure of the Corporation. Information presented is not necessarily comparable with similar information for any other financial institution. The management accounting system assigns balance sheet and income statement items to each business segment using certain methodologies, which are regularly reviewed and refined. For comparability purposes, amounts in all periods are based on business segments and methodologies in effect at December 31, 2010. These methodologies, which are briefly summarized in the following paragraph, may be modified as management accounting systems are enhanced and changes occur in the organizational structure or product lines.

The Corporation's internal funds transfer pricing system records cost of funds or credit for funds using a combination of matched maturity funding for certain assets and liabilities and a blended rate based on various maturities for the remaining assets and liabilities. The allowance for loan losses is allocated to the business segments based on the methodology used to estimate the consolidated allowance for loan losses described in Note 1. The related provision for loan losses is assigned based on the amount necessary to maintain an allowance for loan losses adequate for each business segment. Noninterest income and expenses directly attributable to a line of business are assigned to that business segment. Direct expenses incurred by areas whose services support the overall Corporation are allocated to the business segments as follows: product processing expenditures are allocated based on standard unit costs applied to actual volume measurements; administrative expenses are allocated based on estimated time expended; and corporate overhead is assigned 50 percent based on the ratio of the business segment's noninterest expenses to total noninterest expenses incurred by all business segments and 50 percent based on the ratio of the business segment's attributed equity to total attributed equity of all business segments. Equity is attributed based on credit, operational and interest rate risks. Most of the equity attributed relates to credit risk, which is determined based on the credit score and expected remaining life of each loan, letter of credit and unused commitment recorded in the business segments. Operational risk is allocated based on loans and letters of credit, deposit balances, non-earning assets, trust assets under management, certain noninterest income items, and the nature and extent of expenses incurred by business units. Virtually all interest rate risk is assigned to Finance, as are the Corporation's hedging activities.

The following discussion provides information about the activities of each business segment. A discussion of the financial results and the factors impacting 2010 performance can be found in the section entitled "Business Segments" in the financial review.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Comerica Incorporated and Subsidiaries**

The Business Bank is primarily composed of the following businesses: Middle Market, Commercial Real Estate, National Dealer Services, International Finance, Global Corporate, Leasing, Financial Services, and Technology and Life Sciences. This business segment meets the needs of medium-size businesses, multinational corporations and governmental entities by offering various products and services, including commercial loans and lines of credit, deposits, cash management, capital market products, international trade finance, letters of credit, foreign exchange management services and loan syndication services.

The Retail Bank includes small business banking and personal financial services, consisting of consumer lending, consumer deposit gathering and mortgage loan origination. In addition to a full range of financial services provided to small business customers, this business segment offers a variety of consumer products, including deposit accounts, installment loans, credit cards, student loans, home equity lines of credit and residential mortgage loans.

Wealth & Institutional Management offers products and services consisting of fiduciary services, private banking, retirement services, investment management and advisory services, investment banking and discount securities brokerage services. This business segment also offers the sale of annuity products, as well as life, disability and long-term care insurance products.

The Finance segment includes the Corporation's securities portfolio and asset and liability management activities. This segment is responsible for managing the Corporation's funding, liquidity and capital needs, performing interest sensitivity analysis and executing various strategies to manage the Corporation's exposure to liquidity, interest rate risk and foreign exchange risk.

The Other category includes discontinued operations, the income and expense impact of equity and cash, tax benefits not assigned to specific business segments and miscellaneous other expenses of a corporate nature.

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Business segment financial results are as follows:

<i>(dollar amounts in millions)</i> Year Ended December 31, 2010	Business Bank	Retail Bank	Wealth & Institutional Management	Finance	Other	Total
<b>Earnings summary:</b>						
Net interest income (expense) (FTE)	\$ 1,370	\$ 531	\$ 170	\$ (424)	\$ 4	\$ 1,651
Provision for loan losses	286	105	90	-	(1)	480
Noninterest income	303	174	240	60	12	789
Noninterest expenses	632	648	324	18	18	1,640
Provision (benefit) for income taxes (FTE)	226	(17)	(1)	(148)	-	60
Income from discontinued operations, net of tax	-	-	-	-	17	17
Net income (loss)	\$ 529	\$ (31)	\$ (3)	\$ (234)	\$ 16	\$ 277
Net credit-related charge-offs	\$ 424	\$ 88	\$ 52	\$ -	\$ -	\$ 564
<b>Selected average balances:</b>						
Assets	\$ 30,673	\$ 5,865	\$ 4,863	\$ 9,256	\$ 4,896	\$ 55,553
Loans	30,286	5,386	4,819	26	-	40,517
Deposits	19,001	16,974	2,762	638	111	39,486
Liabilities	18,979	16,937	2,744	9,917	908	49,485
Attributed equity	3,047	620	399	1,010	992	6,068
<b>Statistical data:</b>						
Return on average assets (a)	1.73 %	(0.18) %	(0.06) %	n/m	n/m	0.50 %
Return on average attributed equity	17.38	(5.02)	(0.77)	n/m	n/m	2.74
Net interest margin (b)	4.52	3.13	3.53	n/m	n/m	3.24
Efficiency ratio	37.77	91.26	80.52	n/m	n/m	67.30

Year Ended December 31, 2009	Business Bank	Retail Bank	Wealth & Institutional Management	Finance	Other	Total
<b>Earnings summary:</b>						
Net interest income (expense) (FTE)	\$ 1,328	\$ 510	\$ 161	\$ (461)	\$ 37	\$ 1,575
Provision for loan losses	860	143	62	-	17	1,082
Noninterest income	291	190	269	292	8	1,050
Noninterest expenses	638	642	302	17	51	1,650
Provision (benefit) for income taxes (FTE)	(26)	(37)	23	(76)	(7)	(123)
Income from discontinued operations, net of tax	-	-	-	-	1	1
Net income (loss)	\$ 147	\$ (48)	\$ 43	\$ (110)	\$ (15)	\$ 17
Net credit-related charge-offs	\$ 712	\$ 119	\$ 38	\$ -	\$ -	\$ 869
<b>Selected average balances:</b>						
Assets	\$ 36,102	\$ 6,566	\$ 4,883	\$ 11,777	\$ 3,481	\$ 62,809
Loans	35,402	6,007	4,758	1	(6)	46,162
Deposits	15,395	17,409	2,654	4,564	69	40,091
Liabilities	15,605	17,378	2,645	19,586	496	55,710
Attributed equity	3,385	635	365	1,043	1,671	7,099
<b>Statistical data:</b>						
Return on average assets (a)	0.41 %	(0.27) %	0.87 %	n/m	n/m	0.03 %
Return on average attributed equity	4.35	(7.63)	11.71	n/m	n/m	(2.37)
Net interest margin (b)	3.75	2.93	3.35	n/m	n/m	2.72
Efficiency ratio	39.40	91.69	72.60	n/m	n/m	69.25

(Table continues on following page)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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<i>(dollar amounts in millions)</i> Year Ended December 31, 2008	Business Bank	Retail Bank	Wealth & Institutional Management (c)	Finance	Other	Total
<b>Earnings summary:</b>						
Net interest income (expense) (FTE)	\$ 1,277	\$ 566	\$ 148	\$ (147)	\$ (23)	\$ 1,821
Provision for loan losses	543	123	25	-	(5)	686
Noninterest income	302	258	292	68	(27)	893
Noninterest expenses	709	645	422	11	(36)	1,751
Provision (benefit) for income taxes (FTE)	90	22	(3)	(42)	(2)	65
Income from discontinued operations, net of tax	-	-	-	-	1	1
Net income (loss)	\$ 237	\$ 34	\$ (4)	\$ (48)	\$ (6)	\$ 213
Net credit-related charge-offs	\$ 392	\$ 64	\$ 16	\$ -	\$ -	\$ 472
<b>Selected average balances:</b>						
Assets	\$ 41,786	\$ 7,074	\$ 4,689	\$ 10,011	\$ 1,625	\$ 65,185
Loans	40,867	6,342	4,542	1	13	51,765
Deposits	14,993	16,965	2,433	7,252	360	42,003
Liabilities	15,706	16,961	2,451	23,893	732	59,743
Attributed equity	3,276	676	336	927	227	5,442
<b>Statistical data:</b>						
Return on average assets (a)	0.57 %	0.19 %	(0.09) %	n/m	n/m	0.33 %
Return on average attributed equity	7.24	4.98	(1.31)	n/m	n/m	3.79
Net interest margin (b)	3.12	3.34	3.23	n/m	n/m	3.02
Efficiency ratio	45.29	83.21	96.97	n/m	n/m	66.17

- (a) Return on average assets is calculated based on the greater of average assets or average liabilities and attributed equity.  
(b) Net interest margin is calculated based on the greater of average earning assets or average deposits and purchased funds.  
(c) 2008 included an \$88 million net charge (\$56 million, after-tax) related to the repurchase of auction-rate securities from customers.

FTE - Fully Taxable Equivalent  
n/m – not meaningful

The Corporation's management accounting system also produces market segment results for the Corporation's four primary geographic markets: Midwest, Western, Texas, and Florida. In addition to the four primary geographic markets, Other Markets and International are also reported as market segments. Market segment results are provided as supplemental information to the business segment results and may not meet all operating segment criteria as set forth in ASC Topic 280, Segment Reporting. The following discussion provides information about the activities of each market segment. A discussion of the financial results and the factors impacting 2010 performance can be found in the section entitled "Geographic Market Segments" in the financial review.

The Midwest market consists of operations located in the states of Michigan, Ohio and Illinois. Currently, Michigan operations represent the significant majority of this geographic market.

The Western market consists of the states of California, Arizona, Nevada, Colorado and Washington. Currently, California operations represent the significant majority of the Western market.

The Texas and Florida markets consist of operations located in the states of Texas and Florida, respectively.

Other Markets include businesses with a national perspective, the Corporation's investment management and trust alliance businesses as well as activities in all other markets in which the Corporation has operations, except for the International market, as described below.

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The International market represents the activity of the Corporation's International Finance division, which provides banking services primarily to foreign-owned, North American-based companies and secondarily to international operations of North American-based companies.

The Finance & Other Businesses segment includes the Corporation's securities portfolio, asset and liability management activities, discontinued operations, the income and expense impact of equity and cash not assigned to specific business/market segments, tax benefits not assigned to specific business/market segments and miscellaneous other expenses of a corporate nature. This segment includes responsibility for managing the Corporation's funding, liquidity and capital needs, performing interest sensitivity analysis and executing various strategies to manage the Corporation's exposure to liquidity, interest rate risk and foreign exchange risk.

The Corporation's total revenues from customers and long-lived assets (excluding certain intangible assets) located in foreign countries in which the Corporation holds assets were less than five percent of the Corporation's consolidated revenues and long-lived assets (excluding certain intangible assets) in each of the years ended December 31, 2010, 2009 and 2008.

Market segment financial results are as follows:

*(dollar amounts  
in millions)*

<b>Year Ended December 31, 2010</b>	<b>Midwest</b>	<b>Western</b>	<b>Texas</b>	<b>Florida</b>	<b>Other Markets</b>	<b>International</b>	<b>Finance &amp; Other Businesses</b>	<b>Total</b>
<b>Earnings summary:</b>								
Net interest income								
(expense) (FTE)	\$ 816	\$ 639	\$ 318	\$ 43	\$ 182	\$ 73	\$(420)	\$ 1,651
Provision for loan losses	199	148	48	33	60	(7)	(1)	480
Noninterest income	397	135	91	14	45	35	72	789
Noninterest expenses	751	432	253	44	90	34	36	1,640
Provision (benefit) for income taxes (FTE)	92	80	38	(7)	(23)	28	(148)	60
Income from discontinued operations, net of tax	-	-	-	-	-	-	17	17
Net income (loss)	\$ 171	\$ 114	\$ 70	\$ (13)	\$ 100	\$ 53	\$(218)	\$ 277
Net credit-related charge-offs	\$ 211	\$ 212	\$ 47	\$ 30	\$ 59	\$ 5	\$ -	\$ 564
<b>Selected average balances:</b>								
Assets	\$ 14,694	\$ 12,904	\$ 6,687	\$ 1,567	\$ 3,922	\$ 1,627	\$ 14,152	\$ 55,553
Loans	14,510	12,705	6,480	1,578	3,653	1,565	26	40,517
Deposits	17,697	12,031	5,320	376	2,160	1,153	749	39,486
Liabilities	17,681	11,958	5,309	363	2,193	1,156	10,825	49,485
Attributed equity	1,427	1,320	667	164	340	148	2,002	6,068
<b>Statistical data:</b>								
Return on average assets (a)	0.90 %	0.86 %	1.04 %	(0.86) %	2.56 %	3.23 %	n/m	0.50 %
Return on average attributed equity	12.03	8.68	10.43	(8.20)	29.54	35.50	n/m	2.74
Net interest margin (b)	4.59	5.03	4.90	2.68	5.02	4.54	n/m	3.24
Efficiency ratio	61.69	55.75	61.88	77.99	40.84	31.55	n/m	67.30

(Table continues on following page)

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(dollar amounts in millions)

Year Ended December 31, 2009	Midwest	Western	Texas	Florida	Other Markets	International	Finance & Other Businesses	Total
<b>Earnings summary:</b>								
Net interest income								
(expense) (FTE)	\$ 801	\$ 623	\$ 298	\$ 44	\$ 164	\$ 69	\$ (424)	\$ 1,575
Provision for loan losses	437	358	85	59	93	33	17	1,082
Noninterest income	434	133	86	12	52	33	300	1,050
Noninterest expenses	758	434	238	37	84	31	68	1,650
Provision (benefit) for income taxes (FTE)	-	(20)	21	(17)	(38)	14	(83)	(123)
Income from discontinued operations, net of tax	-	-	-	-	-	-	1	1
Net income (loss)	\$ 40	\$ (16)	\$ 40	\$ (23)	\$ 77	\$ 24	\$ (125)	\$ 17
Net credit-related charge-offs	\$ 345	\$ 327	\$ 53	\$ 48	\$ 78	\$ 18	\$ -	\$ 869
<b>Selected average balances:</b>								
Assets	\$ 17,203	\$ 14,479	\$ 7,604	\$ 1,741	\$ 4,570	\$ 1,954	\$ 15,258	\$ 62,809
Loans	16,592	14,281	7,384	1,745	4,256	1,909	(5)	46,162
Deposits	17,105	11,104	4,512	311	1,598	828	4,633	40,091
Liabilities	17,323	11,022	4,516	300	1,650	817	20,082	55,710
Attributed equity	1,557	1,378	697	173	416	164	2,714	7,099
<b>Statistical data:</b>								
Return on average assets (a)	0.21 %	(0.11) %	0.52 %	(1.34) %	1.67 %	1.25 %	n/m	0.03 %
Return on average attributed equity	2.60	(1.17)	5.65	(13.54)	18.41	14.93	n/m	(2.37)
Net interest margin (b)	4.68	4.36	4.03	2.50	3.85	3.53	n/m	2.72
Efficiency ratio	61.33	57.46	61.93	66.96	41.82	30.31	n/m	69.25

Year Ended December 31, 2008	Midwest	Western	Texas	Florida	Other Markets (c)	International	Finance & Other Businesses	Total
<b>Earnings summary:</b>								
Net interest income								
(expense) (FTE)	\$ 771	\$ 668	\$ 292	\$ 47	\$ 152	\$ 61	\$ (170)	\$ 1,821
Provision for loan losses	155	379	51	40	62	4	(5)	686
Noninterest income	523	139	94	16	49	31	41	893
Noninterest expenses	809	450	246	42	188	41	(25)	1,751
Provision (benefit) for income taxes (FTE)	126	(2)	36	(6)	(63)	18	(44)	65
Income from discontinued operations, net of tax	-	-	-	-	-	-	1	1
Net income (loss)	\$ 204	\$ (20)	\$ 53	\$ (13)	\$ 14	\$ 29	\$ (54)	\$ 213
Net credit-related charge-offs	\$ 152	\$ 241	\$ 25	\$ 27	\$ 26	\$ 1	\$ -	\$ 472
<b>Selected average balances:</b>								
Assets	\$ 19,438	\$ 16,855	\$ 8,039	\$ 1,896	\$ 4,972	\$ 2,349	\$ 11,636	\$ 65,185
Loans	18,719	16,565	7,776	1,892	4,560	2,239	14	51,765
Deposits	16,026	11,918	4,023	288	1,387	749	7,612	42,003
Liabilities	16,658	11,894	4,040	283	1,493	750	24,625	59,743
Attributed equity	1,634	1,339	627	130	401	157	1,154	5,442
<b>Statistical data:</b>								
Return on average assets (a)	1.05 %	(0.12) %	0.66 %	(0.70) %	0.29 %	1.25 %	n/m	0.33 %
Return on average attributed equity	12.46	(1.52)	8.45	(10.26)	3.58	18.69	n/m	3.79
Net interest margin (b)	4.10	4.03	3.74	2.46	3.30	2.66	n/m	3.02
Efficiency ratio	65.32	55.97	64.60	67.78	95.59	43.80	n/m	66.17

(a) Return on average assets is calculated based on the greater of average assets or average liabilities and attributed equity.

(b) Net interest margin is calculated based on the greater of average earning assets or average deposits and purchased funds.

(c) 2008 included an \$88 million net charge (\$56 million, after-tax) related to the repurchase of auction-rate securities from customers.

FTE—Fully Taxable Equivalent

n/m – not meaningful

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**NOTE 24 - PARENT COMPANY FINANCIAL STATEMENTS**

**BALANCE SHEETS - COMERICA INCORPORATED**

*(in millions, except share data)*

<b>December 31</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and due from subsidiary bank	\$ -	\$ 5
Short-term investments with subsidiary bank	327	2,150
Other short-term investments	86	86
Investment in subsidiaries, principally banks	5,957	5,710
Premises and equipment	4	4
Other assets	181	186
Total assets	\$ 6,555	\$ 8,141
<b>Liabilities and Shareholders' Equity</b>		
Medium- and long-term debt	\$ 635	\$ 986
Other liabilities	127	126
Total liabilities	762	1,112
Fixed rate cumulative perpetual preferred stock, series F, no par value, \$1,000 liquidation value per share:		
Authorized—2,250,000 shares		
Issued—2,250,000 shares at 12/31/09	-	2,151
Common stock—\$5 par value:		
Authorized—325,000,000 shares		
Issued—203,878,110 shares at 12/31/10 and 178,735,252 shares at 12/31/09	1,019	894
Capital surplus	1,481	740
Accumulated other comprehensive loss	(389)	(336)
Retained earnings	5,247	5,161
Less cost of common stock in treasury—27,342,518 shares at 12/31/10 and 27,555,623 shares at 12/31/09	(1,565)	(1,581)
Total shareholders' equity	5,793	7,029
Total liabilities and shareholders' equity	\$ 6,555	\$ 8,141

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**STATEMENTS OF INCOME - COMERICA INCORPORATED**

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Income</b>			
Income from subsidiaries			
Dividends from subsidiaries	\$ 34	\$ 59	\$ 267
Other interest income	1	4	4
Intercompany management fees	104	44	156
Other noninterest income	5	6	(32)
Total income	<b>144</b>	113	395
<b>Expenses</b>			
Interest on medium- and long-term debt	30	42	50
Salaries and employee benefits	105	88	74
Net occupancy expense	8	9	8
Equipment expense	1	1	1
Other noninterest expenses	56	47	55
Total expenses	<b>200</b>	187	188
Income (loss) before provision (benefit) for income taxes and equity in undistributed earnings of subsidiaries	(56)	(74)	207
Provision (benefit) for income taxes	(31)	(47)	(25)
Income (loss) before equity in undistributed earnings of subsidiaries	(25)	(27)	232
Equity in undistributed earnings (losses) of subsidiaries, principally banks	302	44	(19)
<b>Net income</b>	<b>277</b>	17	213
Less:			
Preferred stock dividends	123	134	17
Income allocated to participating securities	1	1	4
<b>Net income (loss) attributable to common shares</b>	<b>\$ 153</b>	<b>\$ (118)</b>	<b>\$ 192</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**STATEMENTS OF CASH FLOWS - COMERICA INCORPORATED**

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Operating Activities</b>			
Net income	\$ 277	\$ 17	\$ 213
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed (earnings) losses of subsidiaries, principally banks	(302)	(44)	19
Depreciation and software amortization	1	1	1
Share-based compensation expense	12	12	18
Provision (benefit) for deferred income taxes	3	1	(10)
Excess tax benefits from share-based compensation arrangements	(1)	-	-
Other, net	18	14	19
Net cash provided by operating activities	8	1	260
<b>Investing Activities</b>			
Net proceeds from private equity and venture capital investments	3	-	2
Net increase in fixed assets	-	-	(2)
Net cash provided by investing activities	3	-	-
<b>Financing Activities</b>			
Proceeds from issuance of medium- and long-term debt	298	-	-
Repayment of medium- and long-term debt	(666)	-	-
Proceeds from issuance of common stock	849	-	-
Redemption of preferred stock	(2,250)	-	-
Proceeds from issuance of preferred stock and related warrant	-	-	2,250
Proceeds from issuance of common stock under employee stock plans	5	-	1
Excess tax benefits from share-based compensation arrangements	1	-	-
Purchase of common stock for treasury	(4)	(1)	(1)
Dividends paid on common stock	(34)	(72)	(395)
Dividends paid on preferred stock	(38)	(113)	-
Net cash (used in) provided by financing activities	(1,839)	(186)	1,855
Net (decrease) increase in cash and cash equivalents	(1,828)	(185)	2,115
Cash and cash equivalents at beginning of year	2,155	2,340	225
Cash and cash equivalents at end of year	\$ 327	\$ 2,155	\$ 2,340
Interest paid	\$ 40	\$ 44	\$ 51
Income taxes recovered	\$ (35)	\$ (45)	\$ (3)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

**NOTE 25 - SALE OF BUSINESS/DISCONTINUED OPERATIONS**

In December 2006, the Corporation sold its ownership interest in Munder Capital Management (Munder) to an investor group. The sale agreement included an interest-bearing contingent note.

In the first quarter 2010, the Corporation and the investor group that acquired Munder negotiated a cash settlement of the note receivable for \$35 million, which resulted in a \$27 million gain (\$17 million, after tax), recorded in "income from discontinued operations, net of tax" on the consolidated statements of income. The settlement paid the note in full and concluded the Corporation's financial arrangements with Munder.

The components of net income from discontinued operations for year ended December 31, 2010, 2009 and 2008 are shown in the following table.

<i>(in millions, except per share data)</i>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Income from discontinued operations before income taxes	\$ 27	\$ 2	\$ 2
Provision for income taxes	10	1	1
<b>Net income from discontinued operations</b>	<b>\$ 17</b>	<b>\$ 1</b>	<b>\$ 1</b>
Earnings per common share from discontinued operations:			
Basic	\$ 0.11	\$ 0.01	\$ 0.01
Diluted	0.10	0.01	-

**NOTE 26 - SUMMARY OF QUARTERLY FINANCIAL STATEMENTS (UNAUDITED)**

The following quarterly information is unaudited. However, in the opinion of management, the information reflects all adjustments, which are necessary for the fair presentation of the results of operations, for the periods presented.

<i>(in millions, except per share data)</i>	<b>2010</b>			
	<b>Fourth Quarter</b>	<b>Third Quarter</b>	<b>Second Quarter</b>	<b>First Quarter</b>
Interest income	\$ 445	\$ 456	\$ 476	\$ 476
Interest expense	40	52	54	61
Net interest income	405	404	422	415
Provision for loan losses	57	122	126	175
Net securities gains	-	-	1	2
Noninterest income (excluding net securities gains)	215	186	193	192
Noninterest expenses	437	402	397	404
Provision (benefit) for income taxes	30	7	23	(5)
Income from continuing operations	96	59	70	35
Income from discontinued operations, net of tax	-	-	-	17
<b>Net income</b>	<b>96</b>	<b>59</b>	<b>70</b>	<b>52</b>
Less:				
Preferred stock dividends	-	-	-	123
Income allocated to participating securities	1	-	1	-
<b>Net income (loss) attributable to common shares</b>	<b>\$ 95</b>	<b>\$ 59</b>	<b>\$ 69</b>	<b>\$ (71)</b>
Basic earnings per common share:				
Income (loss) from continuing operations	\$ 0.54	\$ 0.34	\$ 0.40	\$ (0.57)
Net income (loss)	0.54	0.34	0.40	(0.46)
Diluted earnings per common share:				
Income (loss) from continuing operations	0.53	0.33	0.39	(0.57)
Net income (loss)	0.53	0.33	0.39	(0.46)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Comerica Incorporated and Subsidiaries**

*(in millions, except per share data)*

	<b>2009</b>			
	<b>Fourth Quarter</b>	<b>Third Quarter</b>	<b>Second Quarter</b>	<b>First Quarter</b>
Interest income	\$ 479	\$ 511	\$ 552	\$ 563
Interest expense	83	126	150	179
Net interest income	396	385	402	384
Provision for loan losses	256	311	312	203
Net securities gains	10	107	113	13
Noninterest income (excluding net securities gains)	204	208	185	210
Noninterest expenses	425	399	429	397
Provision (benefit) for income taxes	(42)	(29)	(59)	(1)
Income (loss) from continuing operations	(29)	19	18	8
Income from discontinued operations, net of tax	-	-	-	1
Net income (loss)	(29)	19	18	9
Less:				
Preferred stock dividends	33	34	34	33
Income allocated to participating securities	-	1	-	-
<b>Net loss attributable to common shares</b>	<b>\$ (62)</b>	<b>\$ (16)</b>	<b>\$ (16)</b>	<b>\$ (24)</b>
Basic earnings per common share:				
Loss from continuing operations	\$ (0.42)	\$ (0.10)	\$ (0.11)	\$ (0.17)
Net loss	(0.42)	(0.10)	(0.11)	(0.16)
Diluted earnings per common share:				
Loss from continuing operations	(0.42)	(0.10)	(0.11)	(0.17)
Net loss	(0.42)	(0.10)	(0.11)	(0.16)

## REPORT OF MANAGEMENT

The management of Comerica Incorporated (the Corporation) is responsible for the accompanying consolidated financial statements and all other financial information in this Annual Report. The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles and include amounts which of necessity are based on management's best estimates and judgments and give due consideration to materiality. The other financial information herein is consistent with that in the consolidated financial statements.

In meeting its responsibility for the reliability of the consolidated financial statements, management develops and maintains effective internal controls, including those over financial reporting, as defined in the Securities and Exchange Act of 1934, as amended. The Corporation's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles, and that receipts and expenditures of the Corporation are made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the consolidated financial statements.

Management assessed, with participation of the Corporation's Chief Executive Officer and Chief Financial Officer, internal control over financial reporting as it relates to the Corporation's consolidated financial statements presented in conformity with U.S. generally accepted accounting principles as of December 31, 2010. The assessment was based on criteria for effective internal control over financial reporting described in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that internal control over financial reporting is effective as it relates to the Corporation's consolidated financial statements presented in conformity with U.S. generally accepted accounting principles as of December 31, 2010.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The consolidated financial statements as of December 31, 2010 were audited by Ernst & Young LLP, an independent registered public accounting firm. The audit was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), which required the independent public accountants to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting is maintained in all material respects.

The Corporation's Board of Directors oversees management's internal control over financial reporting and financial reporting responsibilities through its Audit Committee as well as various other committees. The Audit Committee, which consists of directors who are not officers or employees of the Corporation, meets regularly with management, internal audit and the independent public accountants to assure that the Audit Committee, management, internal auditors and the independent public accountants are carrying out their responsibilities, and to review auditing, internal control and financial reporting matters.

Ralph W. Babb Jr.  
Chairman, President and  
Chief Executive Officer

Elizabeth S. Acton  
Executive Vice President and  
Chief Financial Officer

Muneera S. Carr  
Senior Vice President and  
Chief Accounting Officer

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
Comerica Incorporated

We have audited Comerica Incorporated's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Comerica Incorporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Comerica Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2010 consolidated financial statements of Comerica Incorporated and subsidiaries and our report dated February 28, 2011 expressed an unqualified opinion thereon.

*Ernst & Young LLP*

Dallas, Texas  
February 28, 2011

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
Comerica Incorporated

We have audited the accompanying consolidated balance sheets of Comerica Incorporated and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Comerica Incorporated and subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Comerica Incorporated's internal control over financial reporting as of December 31, 2010, based on criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2011, expressed an unqualified opinion thereon.

*Ernst & Young LLP*

Dallas, Texas  
February 28, 2011

**HISTORICAL REVIEW – AVERAGE BALANCE SHEETS**  
**Comerica Incorporated and Subsidiaries**

**CONSOLIDATED FINANCIAL INFORMATION**

*(in millions)*

<b>Years Ended December 31</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>					
Cash and due from banks	\$ 825	\$ 883	\$ 1,185	\$ 1,352	\$ 1,557
Federal funds sold and securities purchased under agreements to resell	6	18	93	164	283
Interest-bearing deposits with banks	3,191	2,440	219	15	110
Other short-term investments	126	154	244	241	156
Investment securities available-for-sale	7,164	9,388	8,101	4,447	3,992
Commercial loans	21,090	24,534	28,870	28,132	27,341
Real estate construction loans	2,839	4,140	4,715	4,552	3,905
Commercial mortgage loans	10,244	10,415	10,411	9,771	9,278
Residential mortgage loans	1,607	1,756	1,886	1,814	1,570
Consumer loans	2,429	2,553	2,559	2,367	2,533
Lease financing	1,086	1,231	1,356	1,302	1,314
International loans	1,222	1,533	1,968	1,883	1,809
Total loans	40,517	46,162	51,765	49,821	47,750
Less allowance for loan losses	(1,019)	(947)	(691)	(520)	(499)
Net loans	39,498	45,215	51,074	49,301	47,251
Accrued income and other assets	4,743	4,711	4,269	3,054	3,230
Total assets	\$ 55,553	\$ 62,809	\$ 65,185	\$ 58,574	\$ 56,579
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>EQUITY</b>					
Noninterest-bearing deposits	\$ 15,094	\$ 12,900	\$ 10,623	\$ 11,287	\$ 13,135
Money market and NOW deposits	16,355	12,965	14,245	14,937	15,373
Savings deposits	1,394	1,339	1,344	1,389	1,441
Customer certificates of deposit	5,875	8,131	8,150	7,687	6,505
Total interest-bearing core deposits	23,624	22,435	23,739	24,013	23,319
Other time deposits	306	4,103	6,715	5,563	4,489
Foreign office time deposits	462	653	926	1,071	1,131
Total interest-bearing deposits	24,392	27,191	31,380	30,647	28,939
Total deposits	39,486	40,091	42,003	41,934	42,074
Short-term borrowings	216	1,000	3,763	2,080	2,654
Accrued expenses and other liabilities	1,099	1,285	1,520	1,293	1,268
Medium- and long-term debt	8,684	13,334	12,457	8,197	5,407
Total liabilities	49,485	55,710	59,743	53,504	51,403
Total shareholders' equity	6,068	7,099	5,442	5,070	5,176
Total liabilities and shareholders' equity	\$ 55,553	\$ 62,809	\$ 65,185	\$ 58,574	\$ 56,579

## HISTORICAL REVIEW – STATEMENTS OF INCOME Comerica Incorporated and Subsidiaries

### CONSOLIDATED FINANCIAL INFORMATION *(in millions, except per share data)*

Years Ended December 31	2010	2009	2008	2007	2006
<b>INTEREST INCOME</b>					
Interest and fees on loans	\$ 1,617	\$ 1,767	\$ 2,649	\$ 3,501	\$ 3,216
Interest on investment securities	226	329	389	206	174
Interest on short-term investments	10	9	13	23	32
Total interest income	1,853	2,105	3,051	3,730	3,422
<b>INTEREST EXPENSE</b>					
Interest on deposits	115	372	734	1,167	1,005
Interest on short-term borrowings	1	2	87	105	130
Interest on medium- and long-term debt	91	164	415	455	304
Total interest expense	207	538	1,236	1,727	1,439
Net interest income	1,646	1,567	1,815	2,003	1,983
Provision for loan losses	480	1,082	686	212	37
Net interest income after provision for loan losses	1,166	485	1,129	1,791	1,946
<b>NONINTEREST INCOME</b>					
Service charges on deposit accounts	208	228	229	221	218
Fiduciary income	154	161	199	199	180
Commercial lending fees	95	79	69	75	65
Letter of credit fees	76	69	69	63	64
Card fees	58	51	58	54	46
Foreign exchange income	39	41	40	40	38
Bank-owned life insurance	40	35	38	36	40
Brokerage fees	25	31	42	43	40
Net securities gains	3	243	67	7	-
Income from lawsuit settlement	-	-	-	-	47
Other noninterest income	91	112	82	150	117
Total noninterest income	789	1,050	893	888	855
<b>NONINTEREST EXPENSES</b>					
Salaries	740	687	781	844	823
Employee benefits	179	210	194	193	184
Total salaries and employee benefits	919	897	975	1,037	1,007
Net occupancy expense	162	162	156	138	125
Equipment expense	63	62	62	60	55
Outside processing fee expense	96	97	104	91	85
Software expense	89	84	76	63	56
FDIC insurance expense	62	90	16	5	5
Legal fees	35	37	29	24	28
Advertising expense	30	29	30	34	32
Other real estate expense	29	48	10	7	4
Litigation and operational losses	11	10	103	18	11
Customer services	3	4	13	43	47
Provision for credit losses on lending-related commitments	(2)	-	18	(1)	5
Other noninterest expenses	143	130	159	172	214
Total noninterest expenses	1,640	1,650	1,751	1,691	1,674
Income (loss) from continuing operations before income taxes	315	(115)	271	988	1,127
Provision (benefit) for income taxes	55	(131)	59	306	345
Income from continuing operations	260	16	212	682	782
Income from discontinued operations, net of tax	17	1	1	4	111
<b>NET INCOME</b>	<b>\$ 277</b>	<b>\$ 17</b>	<b>\$ 213</b>	<b>\$ 686</b>	<b>\$ 893</b>
Less:					
Preferred stock dividends	123	134	17	-	-
Income allocated to participating securities	1	1	4	6	7
<b>Net income (loss) attributable to common shares</b>	<b>\$ 153</b>	<b>\$ (118)</b>	<b>\$ 192</b>	<b>\$ 680</b>	<b>\$ 886</b>
Basic earnings per common share:					
Income (loss) from continuing operations	\$ 0.79	\$ (0.80)	\$ 1.28	\$ 4.43	\$ 4.85
Net income (loss)	0.90	(0.79)	1.29	4.45	5.53
Diluted earnings per common share:					
Income (loss) from continuing operations	0.78	(0.80)	1.28	4.40	4.81
Net income (loss)	0.88	(0.79)	1.28	4.43	5.49
Cash dividends declared on common stock	44	30	348	393	380
Cash dividends declared per common share	0.25	0.20	2.31	2.56	2.36

## HISTORICAL REVIEW – STATISTICAL DATA Comerica Incorporated and Subsidiaries

### CONSOLIDATED FINANCIAL INFORMATION

Years Ended December 31	2010	2009	2008	2007	2006
<b>Average Rates (Fully Taxable Equivalent Basis)</b>					
Federal funds sold and securities purchased under agreements to resell	0.36 %	0.32 %	2.08 %	5.28 %	5.15 %
Interest-bearing deposits with banks	0.25	0.25	0.61	4.00	5.86
Other short-term investments	1.58	1.74	3.98	5.75	7.26
Investment securities available-for-sale	3.24	3.61	4.83	4.56	4.22
Commercial loans	3.89	3.63	5.08	7.25	6.87
Real estate construction loans	3.17	2.92	4.89	8.21	8.61
Commercial mortgage loans	4.10	4.20	5.57	7.26	7.27
Residential mortgage loans	5.30	5.53	5.94	6.13	6.02
Consumer loans	3.54	3.68	5.08	7.00	7.13
Lease financing	3.88	3.25	0.59	3.04	4.00
International loans	3.94	3.79	5.13	7.06	7.01
<b>Total loans</b>	<b>4.00</b>	<b>3.84</b>	<b>5.13</b>	<b>7.03</b>	<b>6.74</b>
Interest income as a percentage of earning assets	3.65	3.64	5.06	6.82	6.53
Domestic deposits	0.48	1.39	2.33	3.77	3.42
Deposits in foreign offices	0.31	0.29	2.77	4.85	4.82
Total interest-bearing deposits	0.47	1.37	2.34	3.81	3.47
Short-term borrowings	0.25	0.24	2.30	5.06	4.89
Medium- and long-term debt	1.05	1.23	3.33	5.55	5.63
Interest expense as a percentage of interest-bearing sources	0.62	1.29	2.59	4.22	3.89
Interest rate spread	3.03	2.35	2.47	2.60	2.64
Impact of net noninterest-bearing sources of funds	0.21	0.37	0.55	1.06	1.15
Net interest margin as a percentage of earning assets	3.24 %	2.72 %	3.02 %	3.66 %	3.79 %
<b>Ratios</b>					
Return on average common shareholders' equity	2.74 %	(2.37) %	3.79 %	13.52 %	17.24 %
Return on average assets	0.50	0.03	0.33	1.17	1.58
Efficiency ratio	67.30	69.25	66.17	58.58	58.92
Tier 1 common capital as a percentage of risk-weighted assets (a)	10.13	8.18	7.08	6.85	7.54
Tier 1 capital as a percentage of risk-weighted assets	10.13	12.46	10.66	7.51	8.03
Total capital as a percentage of risk-weighted assets	14.54	16.93	14.72	11.20	11.64
Tangible common equity as a percentage of tangible assets (a)	10.54	7.99	7.21	7.97	8.62
<b>Per Common Share Data</b>					
Book value at year-end	\$ 32.82	\$ 32.27	\$ 33.38	\$ 34.12	\$ 32.70
Market value at year-end	42.24	29.57	19.85	43.53	58.68
Market value for the year					
High	45.85	32.30	45.19	63.89	60.10
Low	29.68	11.72	15.05	39.62	50.12
<b>Other Data (share data in millions)</b>					
Average common shares outstanding - basic	170	149	149	153	160
Average common shares outstanding - diluted	173	149	149	154	161
Number of banking centers	444	447	439	417	393
Number of employees (full-time equivalent)	9,001	9,330	10,186	10,782	10,700

(a) See Supplemental Financial Data section for reconciliations of non-GAAP financial measures.

**Subsidiaries of Registrant****As of December 31, 2010**

Name	State or Jurisdiction of Incorporation or Organization
Cass & Co.	Cayman Islands
CDV I Incorporated	Delaware
Comerica AHOC, LLC	Delaware
Comerica Assurance Ltd.	Bermuda
Comerica Bank	Texas
Comerica Bank & Trust, National Association	United States
Comerica Capital Advisors Incorporated	Delaware
Comerica Capital Markets Corporation	Michigan
Comerica Coastal Incorporated	Delaware
Comerica do Brasil Participacoes e Servicos Ltda.	Brazil
Comerica Equities Incorporated	Delaware
Comerica Financial Incorporated (f/k/a/ Comerica AutoLease, Inc.)	Michigan
Comerica Holdings Incorporated	Delaware
Comerica Insurance Group, Inc.	Michigan
Comerica Insurance Services, Inc.	Michigan
Comerica Insurance Services of Texas Incorporated (f/k/a CMA Insurance Services, Inc.)	Texas
Comerica International Corporation	USA
Comerica Investments, LLC	Delaware
Comerica Investment Services, Inc.	Michigan
Comerica Leasing Corporation (f/k/a CMCA Lease, Inc.)	Michigan
Comerica Management Company	Michigan
Comerica Merchant Services, Inc.	Delaware
Comerica Properties Corporation	Michigan
Comerica Securities, Inc.	Michigan
Comerica Ventures Incorporated (f/k/a Imperial Ventures, Inc.)	California

Comerica West Enterprises Incorporated	Delaware
Comerica West Financial Incorporated	Delaware
DFP Luxembourg S.A.	Luxembourg
Imperial Capital Trust I	Delaware
Interstate Select Insurance Services, Inc.	California
ROC Technologies Inc.	Delaware
SCFS Reverse Exchange, LLC (f/k/a NBF Reverse Exchange, LLC)	Delaware
Project Royalty, LLC	Delaware
FR Huntington Square, LLC	Delaware
Greenbrier Endeavor, LLC	Delaware
Royal Palm Holding, L.L.C.	Delaware
Hyatt Bethesda Hotel, LLC	Delaware
VRB Corp.	Michigan
VRB Catron Ranch Owner, LLC	Delaware
VRB Croftwood, LLC	Delaware
VRB Mesa Ranch Plaza, LLC	Delaware
VRB Rancho Encantado, LLC	Delaware
VRB Santa Paula Development, LLC	Delaware
VRB Sundance Village, LLC	Delaware
VRB Spanish Oaks, LLC	Delaware
VRB Wasco, LLC	Delaware
WAM Holdings, Inc.	Delaware
Munder UK, L.L.C.	Delaware
Wilson, Kemp & Associates, Inc.	Michigan
World Asset Management, Inc.	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Comerica Incorporated of our reports dated February 28, 2011, with respect to the consolidated financial statements of Comerica Incorporated and the effectiveness of internal control over financial reporting of Comerica Incorporated included in the 2010 Annual Report to Shareholders of Comerica Incorporated.

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement No. 33-42485 on Form S-8  
Registration Statement No. 33-45500 on Form S-8  
Registration Statement No. 33-49964 on Form S-8  
Registration Statement No. 33-49966 on Form S-8  
Registration Statement No. 33-53220 on Form S-8  
Registration Statement No. 33-53222 on Form S-8  
Registration Statement No. 33-58823 on Form S-8  
Registration Statement No. 33-58837 on Form S-8  
Registration Statement No. 33-58841 on Form S-8  
Registration Statement No. 33-65457 on Form S-8  
Registration Statement No. 33-65459 on Form S-8  
Registration Statement No. 333-00839 on Form S-8  
Registration Statement No. 333-04297 on Form S-3  
Registration Statement No. 333-24569 on Form S-8  
Registration Statement No. 333-24567 on Form S-8  
Registration Statement No. 333-24565 on Form S-8  
Registration Statement No. 333-24555 on Form S-8  
Registration Statement No. 333-37061 on Form S-8  
Registration Statement No. 333-48118 on Form S-8  
Registration Statement No. 333-48120 on Form S-8  
Registration Statement No. 333-48122 on Form S-8  
Registration Statement No. 333-48124 on Form S-8  
Registration Statement No. 333-48126 on Form S-8  
Registration Statement No. 333-50966 on Form S-8  
Registration Statement No. 333-51042 on Form S-8 (Post-Effective Amendment No. 1 to Form S-4)  
Registration Statement No. 333-104163 on Form S-8  
Registration Statement No. 333-104164 on Form S-8  
Registration Statement No. 333-107962 on Form S-8  
Registration Statement No. 333-110791 on Form S-8  
Registration Statement No. 333-110792 on Form S-8  
Registration Statement No. 333-117788 on Form S-8  
Registration Statement No. 333-136053 on Form S-8  
Registration Statement No. 333-163220 on Form S-3  
Registration Statement No. 333-167261 on Form S-8  
Registration Statement No. 333-172211 on Form S-4

of our reports dated February 28, 2011, with respect to the consolidated financial statements of Comerica Incorporated and the effectiveness of internal control over financial reporting of Comerica Incorporated, incorporated herein by reference for the year ended December 31, 2010.

/s/ Ernst & Young LLP

February 28, 2011  
Dallas, Texas

**Chairman, President and CEO Rule 13a-14(a)/15d-14(a) Certification of Periodic Report (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)**

**CERTIFICATION OF PERIODIC REPORT**

**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ralph W. Babb, Jr., Chairman, President and Chief Executive Officer of Comerica Incorporated (the "Registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of the Registrant for the year ended December 31, 2010;
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 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 15(d)-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 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: February 28, 2011

/s/ Ralph W. Babb, Jr.

Ralph W. Babb, Jr.  
Chairman, President and  
Chief Executive Officer

**Executive Vice President and CFO Rule 13a-14(a)/15d-14(a) Certification of Periodic Report (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)**

**CERTIFICATION OF PERIODIC REPORT**

**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Elizabeth S. Acton, Executive Vice President and Chief Financial Officer of Comerica Incorporated (the "Registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of the Registrant for the year ended December 31, 2010;
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 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 15(d)-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 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: February 28, 2011

/s/ Elizabeth S. Acton

Elizabeth S. Acton  
Executive Vice President and  
Chief Financial Officer

**Section 1350 Certification of Periodic Report (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

**CERTIFICATION OF PERIODIC REPORT**

**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Ralph W. Babb, Jr., Chairman, President and Chief Executive Officer, and Elizabeth S. Acton, Executive Vice President and Chief Financial Officer, of Comerica Incorporated (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2011

/s/ Ralph W. Babb, Jr.

Ralph W. Babb, Jr.  
Chairman, President and  
Chief Executive Officer

/s/ Elizabeth S. Acton

Elizabeth S. Acton  
Executive Vice President and  
Chief Financial Officer

**Certification Pursuant to 31 C.F.R. § 30.15**

I, Ralph W. Babb, Jr., certify, based on my knowledge, that:

- (i) The Governance, Compensation and Nominating Committee (the compensation committee) of Comerica Incorporated discussed, reviewed, and evaluated with senior risk officers (on January 26, 2010) at least every six months during any part of the most recently completed fiscal year that was a TARP period (January 1, 2010 to March 17, 2010; the applicable period), the senior executive officer (SEO) compensation plans and the employee compensation plans and the risks these plans pose to Comerica Incorporated;
- (ii) The compensation committee of Comerica Incorporated identified and limited during the applicable period any features of the SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of Comerica Incorporated, and during the applicable period identified any features of the employee compensation plans that pose risks to Comerica Incorporated and limited those features to ensure that Comerica Incorporated is not unnecessarily exposed to risks;
- (iii) The compensation committee reviewed, at least every six months during the applicable period, the terms of each employee compensation plan and identified any features of the plan that could encourage the manipulation of reported earnings of Comerica Incorporated to enhance the compensation of an employee, and limited any such features;
- (iv) The compensation committee of Comerica Incorporated will certify to the reviews of the SEO compensation plans and employee compensation plans required under (i) and (iii) above;
- (v) The compensation committee of Comerica Incorporated will provide a narrative description of how it limited during the applicable period the features in (A) SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of Comerica Incorporated; (B) Employee compensation plans that unnecessarily expose Comerica Incorporated to risks; and (C) Employee compensation plans that could encourage the manipulation of reported earnings of Comerica Incorporated to enhance the compensation of an employee;
- (vi) Comerica Incorporated required that bonus payments to SEOs or any of the next twenty most highly compensated employees, as defined in the regulations and guidance established under section 111 of EESA (bonus payments), be subject to a recovery or “clawback” provision during the applicable period if the bonus payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;
- (vii) Comerica Incorporated prohibited any golden parachute payment, as defined in the regulations and guidance established under section 111 of EESA, to an SEO or any of the next five most highly compensated employees during the applicable period;
- (viii) Comerica Incorporated limited bonus payments to its applicable employees in accordance with section 111 of EESA and the regulations and guidance established thereunder during the applicable period;
- (ix) Comerica Incorporated and its employees complied with the excessive or luxury expenditures policy, as defined in the regulations and guidance established under section 111 of EESA, during the applicable period; and any expenses that, pursuant to this policy, required approval of the board of directors, a committee of the board of directors, an SEO, or an executive officer with a similar level of responsibility were properly approved;

- (x) Comerica Incorporated will permit a non-binding shareholder resolution in compliance with any applicable Federal securities rules and regulations related to executive compensation;
- (xi) Comerica Incorporated will disclose the amount, nature, and justification for the offering during the applicable period of any perquisites, as defined in the regulations and guidance established under section 111 of EESA, whose total value exceeds \$25,000 for any employee who is subject to the bonus payment limitations identified in paragraph (viii);
- (xii) Comerica Incorporated will disclose whether Comerica Incorporated, the board of directors of Comerica Incorporated, or the compensation committee of Comerica Incorporated has engaged during the applicable period a compensation consultant; and the services the compensation consultant or any affiliate of the compensation consultant provided during this period;
- (xiii) Comerica Incorporated prohibited the payment of any gross ups, as defined in the regulations and guidance established under section 111 of EESA, to the CEOs and the next twenty most highly compensated employees during the applicable period;
- (xiv) Comerica Incorporated substantially complied with all other requirements related to employee compensation that were provided in the agreement between Comerica Incorporated and Treasury, including any amendments;
- (xv) Comerica Incorporated repaid its TARP obligation on March 17, 2010, and, thus, is not required to submit to Treasury a complete and accurate list of the CEOs and the twenty next most highly compensated employees for the most recently completed fiscal year, with the non-CEOs ranked in descending order of level of annual compensation, and with the name, title, and employer of each CEO and most highly compensated employee identified; and
- (xvi) I understand that a knowing and willful false or fraudulent statement made in connection with this certification may be punished by fine, imprisonment, or both. (See, for example, 18 U.S.C. 1001.)

Date: February 28, 2011

/s/ Ralph W. Babb, Jr.  
Ralph W. Babb, Jr.  
Chairman, President and  
Chief Executive Officer

## Certification Pursuant to 31 C.F.R. § 30.15

I, Elizabeth S. Acton, certify, based on my knowledge, that:

- (i) The Governance, Compensation and Nominating Committee (the compensation committee) of Comerica Incorporated discussed, reviewed, and evaluated with senior risk officers (on January 26, 2010) at least every six months during any part of the most recently completed fiscal year that was a TARP period (January 1, 2010 to March 17, 2010; the applicable period), the senior executive officer (SEO) compensation plans and the employee compensation plans and the risks these plans pose to Comerica Incorporated;
- (ii) The compensation committee of Comerica Incorporated identified and limited during the applicable period any features of the SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of Comerica Incorporated, and during the applicable period identified any features of the employee compensation plans that pose risks to Comerica Incorporated and limited those features to ensure that Comerica Incorporated is not unnecessarily exposed to risks;
- (iii) The compensation committee reviewed, at least every six months during the applicable period, the terms of each employee compensation plan and identified any features of the plan that could encourage the manipulation of reported earnings of Comerica Incorporated to enhance the compensation of an employee, and limited any such features;
- (iv) The compensation committee of Comerica Incorporated will certify to the reviews of the SEO compensation plans and employee compensation plans required under (i) and (iii) above;
- (v) The compensation committee of Comerica Incorporated will provide a narrative description of how it limited during the applicable period the features in (A) SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of Comerica Incorporated; (B) Employee compensation plans that unnecessarily expose Comerica Incorporated to risks; and (C) Employee compensation plans that could encourage the manipulation of reported earnings of Comerica Incorporated to enhance the compensation of an employee;
- (vi) Comerica Incorporated required that bonus payments to SEOs or any of the next twenty most highly compensated employees, as defined in the regulations and guidance established under section 111 of EESA (bonus payments), be subject to a recovery or “clawback” provision during the applicable period if the bonus payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;
- (vii) Comerica Incorporated prohibited any golden parachute payment, as defined in the regulations and guidance established under section 111 of EESA, to an SEO or any of the next five most highly compensated employees during the applicable period;
- (viii) Comerica Incorporated limited bonus payments to its applicable employees in accordance with section 111 of EESA and the regulations and guidance established thereunder during the applicable period;
- (ix) Comerica Incorporated and its employees complied with the excessive or luxury expenditures policy, as defined in the regulations and guidance established under section 111 of EESA, during the applicable period; and any expenses that, pursuant to this policy, required approval of the board of directors, a committee of the board of directors, an SEO, or an executive officer with a similar level of responsibility were properly approved;

- (x) Comerica Incorporated will permit a non-binding shareholder resolution in compliance with any applicable Federal securities rules and regulations related to executive compensation;
- (xi) Comerica Incorporated will disclose the amount, nature, and justification for the offering during the applicable period of any perquisites, as defined in the regulations and guidance established under section 111 of EESA, whose total value exceeds \$25,000 for any employee who is subject to the bonus payment limitations identified in paragraph (viii);
- (xii) Comerica Incorporated will disclose whether Comerica Incorporated, the board of directors of Comerica Incorporated, or the compensation committee of Comerica Incorporated has engaged during the applicable period a compensation consultant; and the services the compensation consultant or any affiliate of the compensation consultant provided during this period;
- (xiii) Comerica Incorporated prohibited the payment of any gross ups, as defined in the regulations and guidance established under section 111 of EESA, to the CEOs and the next twenty most highly compensated employees during the applicable period;
- (xiv) Comerica Incorporated substantially complied with all other requirements related to employee compensation that were provided in the agreement between Comerica Incorporated and Treasury, including any amendments;
- (xv) Comerica Incorporated repaid its TARP obligation on March 17, 2010, and, thus, is not required to submit to Treasury a complete and accurate list of the CEOs and the twenty next most highly compensated employees for the most recently completed fiscal year, with the non-CEOs ranked in descending order of level of annual compensation, and with the name, title, and employer of each CEO and most highly compensated employee identified; and
- (xvi) I understand that a knowing and willful false or fraudulent statement made in connection with this certification may be punished by fine, imprisonment, or both. (See, for example, 18 U.S.C. 1001.)

Date: February 28, 2011

/s/ Elizabeth S. Acton  
Elizabeth S. Acton  
Executive Vice President and  
Chief Financial Officer