

COMERICA INC /NEW/  
Form 10-K  
February 27, 2007

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**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, 2006.  
Commission file number 1-10706  
COMERICA INCORPORATED**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

38-1998421

(State or Other Jurisdiction of Incorporation)

(IRS Employer Identification Number)

Comerica Tower at Detroit Center  
500 Woodward Avenue, MC 3391  
Detroit, Michigan 48226

(Address of Principal Executive Offices) (Zip Code)  
(313) 222-6317

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act:  
Common Stock, \$5 par value

Rights to acquire Series D Preferred Stock, no par value  
These securities are registered on the New York Stock Exchange.  
Securities registered pursuant to Section 12(g) of the Exchange Act:

7 1/4% Subordinated Notes due in 2007  
9.98% Series B Capital Securities of Imperial Capital Trust I due 2026\*  
7.60% Trust Preferred of Comerica Capital Trust I due 2050  
6.576% Capital Securities of Comerica Capital Trust II due 2082

\* The registrant has reporting obligations for these securities, which were acquired in connection with the merger of Imperial Bancorp with and into Comerica Holdings Incorporated, a wholly-owned subsidiary of the registrant. As a result of the merger, Imperial Capital Trust I became a wholly-owned indirect subsidiary of the registrant. In December 2006, registrant gave irrevocable notice of its intent to call these securities on June 30, 2007.

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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.

☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

At June 30, 2006 (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 \$8,105,712,497 based on the closing price on the New York Stock Exchange on that date of \$51.99 per share and 155,909,069 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 held by affiliates.

At February 21, 2007, the registrant had outstanding 157,654,399 shares of its common stock, \$5 par value.

**Documents Incorporated by Reference:**

1. Parts I and II:

Items 1, 6-8 and 9A Annual Report to Shareholders for the year ended December 31, 2006.

2. Part III:

Items 10-14 Proxy Statement for the Annual Meeting of Shareholders to be held May 15, 2007.

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- Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan
  - Form of Standard Comerica Incorporated Non-Qualified Stock Option Agreement
  - Form of Standard Comerica Incorporated Restricted Stock Award Agreement (non-cliff vesting)
  - Settlement Agreement dated as of November 3, 2006 and enforceable on November 10, 2006
  - Incorporated Sections of Registrant's 2006 Annual Report to Shareholders
  - Subsidiaries of the Registrant
  - Consent of Ernst & Young LLP
  - Chairman, President and CEO Certification Pursuant to Section 302
  - Executive Vice President and CFO Certification Pursuant to Section 302
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-

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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 Detroit, Michigan. As of December 31, 2006, it was among the 20 largest commercial banking companies in the United States. Comerica was formed in 1973 to acquire the outstanding common stock of Comerica Bank (formerly Comerica Bank-Detroit), one of Michigan's oldest banks ( Comerica Bank ). As of December 31, 2006, Comerica owned directly or indirectly all the outstanding common stock of 2 active banking and 63 non-banking subsidiaries. At December 31, 2006, Comerica had total assets of approximately \$58.0 billion, total deposits of approximately \$44.9 billion, total loans (net of unearned income) of approximately \$47.4 billion and common shareholders' equity of approximately \$5.2 billion.

During 2006 Comerica sold its stake in Munder Capital Management ( Munder ). Munder provides investment advisory services to institutions, municipalities, unions, charitable organizations and private investors, and also serves as investment advisor for Munder Funds.

**BUSINESS STRATEGY**

Comerica has strategically aligned its operations into 3 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, global finance, large 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 (entities with annual sales under \$10 million) 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 personal trust, which is designed to meet the personal financial needs of affluent individuals (as defined by individual net income or wealth), private banking, institutional trust, 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.

In addition, Comerica has positioned itself to deliver financial services in its four primary geographic markets: Midwest & Other Markets, Western, Texas, and Florida. Midwest & Other Markets includes all markets in which Comerica has operations, except for the Western, Texas and Florida markets. Substantially all of Comerica's international operations are included in the Midwest & Other Markets segment. Currently, Michigan operations represent the significant majority of the Midwest & Other Markets 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.

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

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 33 through 36 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which pages are hereby incorporated by reference; and (2) in Note 24 of the Notes to Consolidated Financial Statements located on pages 114 through 118 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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, Table 2: Analysis of Net Interest Income Fully Taxable Equivalent (FTE) on page 24 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which page is hereby incorporated by reference; and (2) under the caption Noninterest Income on pages 28 through 29 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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 page 27 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which pages are hereby incorporated by reference; (2) under the caption, Table 7: International Cross-Border Outstandings on page 41 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which pages are hereby incorporated by reference; and (3) under the caption Allowance for Credit Losses on pages 46 through 48 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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 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.

## **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.

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Comerica Bank is chartered by the State of Michigan and at this level is primarily supervised and regulated by the Division of Financial Institutions, Office of Financial and Insurance Services of the Michigan Department of Labor and Economic Growth. Comerica Bank & Trust, National Association is chartered under federal law and subject to supervision and regulation by the Office of the Comptroller of the Currency ( OCC ). Comerica Bank and Comerica Bank & Trust, National Association, are members of the Federal Reserve System ( FRS ). The deposits of both the foregoing banks 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 Incorporated. 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 National Association of Securities Dealers, Inc. (in the case of Comerica Securities, Inc. and Comerica Capital Markets Corporation), the Department of Insurance of the State of Michigan (in the case of Comerica Insurance Services, Inc.), and the Securities and Exchange Commission (in the case of Comerica Securities, Inc. and Comerica Capital Markets Corporation).

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 Regulation W of the FRB, 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. 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.

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*

Pursuant to the Interstate Banking and Branching Efficiency Act (the Interstate Act ), a bank holding company may acquire banks in states other than its home state, without regard to the permissibility of such acquisition 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%).



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The Interstate Act also authorizes banks to acquire branch offices outside their home states by merging with out-of-state banks, purchasing branches in other states and establishing de novo branches in other states, thereby creating interstate branching, provided that, in the case of purchasing branches and establishing new branches in a state in which it does not already have banking operations, such state must have opted-in to the Interstate Act by enacting a law permitting such branch purchases or de novo branching and, in the case of mergers, such state must not have opted-out of that portion of the Interstate Act.

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

At January 1, 2007, Comerica's subsidiary banks, without obtaining prior governmental approvals, could declare aggregate dividends of approximately \$261 million from retained net profits of the preceding two years, plus an amount approximately equal to the retained net profits (as measured under current regulations), if any, earned for the period from January 1, 2007 through the date of declaration. Comerica's subsidiary banks declared dividends of \$746 million in 2006, \$793 million in 2005 and \$691 million in 2004 without the need for prior governmental approvals.

### *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



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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, 2006, Comerica and its U.S. 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 depository 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.

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, 2006, Comerica met both requirements, with Tier 1 and total capital equal to 8.02% and 11.63% 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 9.76% at December 31, 2006 reflects the nature of Comerica's balance sheet and demonstrates a commitment to capital adequacy.



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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). As of December 31, 2006, Comerica's banking subsidiaries held approximately \$42.6 billion of DIF-assessable deposits. Comerica's banking subsidiaries in recent years have not paid nor been assessed deposit insurance assessments on the DIF-assessable deposits under the FDIC's risk related assessment system. The FDIC's risk related system has been revised effective in 2007, however, and Comerica's banking subsidiaries will be expected to begin paying annual deposit insurance assessments annually, although Comerica's banking subsidiaries have approximately \$34 million of credits to use before assessments will be expensed and paid.

### ***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.

### ***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. Comerica cannot accurately predict whether such changes will occur or, if they occur, the ultimate effect they would have upon the financial condition or results of operations of Comerica.

## **EMPLOYEES**

As of December 31, 2006, Comerica and its subsidiaries had 10,129 full-time and 1,141 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 Tower at Detroit Center, 500 Woodward Avenue, MC 3381, Detroit, Michigan 48226.

### **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, assume, achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, tr variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could, might, can, may or

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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, and governmental monetary and fiscal policies affect the financial services industry, directly and indirectly. Conditions such as inflation, recession, unemployment, volatile interest rates, tight money supply, real estate values, international conflicts and other factors outside of Comerica's control may adversely affect Comerica. Economic downturns could result in the delinquency of outstanding loans, which could have a material adverse impact on Comerica's earnings.

**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.

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

Comerica's business customer base consists, in part, of lending concentrations in volatile industries such as automotive production and the commercial real estate industry. In the event of a downturn in the economy or general or further decline in any one of those industries, Comerica could experience increased credit losses, and its business could be materially adversely affected.

**The introductions, withdrawal, success and timing of business initiatives and strategies, including, but not limited to, the opening of new banking centers, and plans to grow personal financial services and wealth management, may be less successful or may be different than anticipated. Such a result 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 earnings.

**Fluctuations in interest rates 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 fiscal and monetary policies of the federal government and the policies of various regulatory agencies all affect market rates of interest, which in turn

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significantly affect financial institutions' net interest income. Fluctuations in interest rates affect Comerica's balance sheet, as they do for all financial institutions. 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. Fluctuations in interest rates could materially adversely affect Comerica's net interest income and balance sheet.

### **Customer borrowing, repayment, investment and deposit practices generally may be different than anticipated.**

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 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.

### **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.

### **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.

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

Comerica's future operating results depend substantially upon the continued service of Comerica's executive officers and key personnel. Comerica's future operating results also depend in significant part upon Comerica's 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. 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, by the failure of any key employee to perform in his or her current position, or by Comerica's inability to attract and retain skilled employees.

### **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

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regulators that could materially adversely affect Comerica's business, financial condition or results of operations.

**Changes in regulation or oversight may have a material adverse impact on Comerica's operations.**

Comerica is subject to extensive regulation, supervision and examination by the Michigan Office of Financial and Insurance Services, the Federal Deposit Insurance Corporation, 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.

**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.

**There could be terrorist activities or other hostilities, which 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 its customers and Comerica. 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.

**There could be natural disasters, including, but not limited to, hurricanes, tornadoes, earthquakes, fires and floods, which 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 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 disasters at times have disrupted the local economy, Comerica's business and customers and have posed physical risks to Comerica's property. A significant natural disaster 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 Tower at Detroit Center, 500 Woodward Avenue, Detroit, Michigan 48226. Comerica and its subsidiaries currently occupy 11 floors of the building, which is leased

through Comerica Bank from an unaffiliated third party. The leases at this building extend through January 2012. As of December 31, 2006, Comerica, through its banking affiliates, operated a total of 461 banking centers, trust

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services locations, and loan production or other financial services offices, primarily in the States of Michigan, California, Texas and Florida. Of these offices, 225 were owned and 236 were leased. As of December 31, 2006, affiliates also operated from leased spaces in Mesa and Phoenix, Arizona; Denver, Colorado; Wilmington, Delaware; Barrington, Chicago and Oakbrook Terrace, Illinois; Boston and Waltham, Massachusetts; Minneapolis, Minnesota; Princeton and Sea Girt, New Jersey; Las Vegas, Nevada; New York, New York; Rocky Mount, North Carolina; Cleveland and West Chester, Ohio; Memphis, Tennessee; Reston, Virginia; Bellevue and Seattle, Washington; Monterey, Mexico; Wanchai, Hong Kong; 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 and threatened legal proceedings arising out of the normal course of business or operations. In view of the inherent difficulty of predicting the outcome of such matters, Comerica cannot state what the eventual outcome of any such matters will be. However, based on current knowledge and after consultation with legal counsel, management believes that current reserves, determined in accordance with SFAS No. 5, Accounting for Contingencies, 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 or results of operations.

**Item 4. Submission of Matters to a Vote of Security Holders.**

Comerica did not submit any matters for a shareholders' vote in the fourth quarter of 2006.

**Table of Contents****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 21, 2007, there were approximately 14,093 record holders of Comerica's common stock.

**Sales Prices and Dividends**

Quarterly cash dividends were declared during 2006 and 2005 totaling \$2.36 and \$2.20 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 2006 and 2005, as well as dividend information.

<b>Quarter</b>	<b>High</b>	<b>Low</b>	<b>Dividends Per Share</b>	<b>Dividend* Yield</b>
<b>2006</b>				
Fourth	\$59.72	\$55.82	\$0.59	4.1%
Third	58.95	51.45	0.59	4.3
Second	60.10	50.12	0.59	4.3
First	58.62	54.23	0.59	4.2
<b>2005</b>				
Fourth	\$60.25	\$53.60	\$0.55	3.9%
Third	63.38	56.80	0.55	3.7
Second	59.29	53.17	0.55	3.9
First	61.40	53.70	0.55	3.8

\* 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.

**Table of Contents****Securities Authorized for Issuance Under Equity Compensation Plans**  
As of December 31, 2006

<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 <sup>(1)</sup>	18,926,236	\$ 55.05	13,375,910 <sub>(2)(3)</sub>
Equity compensation plans not approved by security holders <sup>(4)</sup>	264,500	55.50	0
Total	19,190,736	\$ 55.06	13,375,910

- <sup>(1)</sup> Consists of options to acquire shares of common stock, par value \$5.00 per share, issued under the Comerica's 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 24,916  
restricted stock  
units equivalent  
to shares of  
common stock  
issued under the  
Comerica

Incorporated  
Incentive Plan  
for  
Non-Employee  
Directors and  
outstanding as  
of December 31,  
2006, or  
1,114,222

shares of  
restricted stock  
issued under  
Comerica's  
Amended and  
Restated 2006

Long-Term  
Incentive Plan  
and outstanding  
as of December  
31, 2006. 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 Amended  
and Restated  
2006  
Long-Term  
Incentive Plan  
was approved  
on May 16,  
2006.

- (2) Does not  
include shares  
of common  
stock purchased  
by employees  
under the  
Amended and  
Restated  
Employee Stock  
Purchase Plan,  
or contributed  
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, 2006, 1,272,624 shares had been purchased by or contributed on behalf of employees, leaving 3,727,376 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 17,103,286.

- (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 Long-Term  
Incentive Plan,  
not more than a  
total of  
2.2 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 2006 were granted under the Amended and Restated 1997 Long-Term Incentive Plan which was incorporated into shareholder-approved Amended and Restated 2006 Long-Term Incentive Plan on May 16, 2006. Plans not approved by Comerica's shareholders include:

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### **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 Director Fee 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 Director Fee 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 Director Fee 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 Director Fee 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 underlying then-outstanding stock units in the directors' accounts. Similarly, the directors' accounts under the Director Fee 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 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 Director Fee 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 Deferral 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 underlying then-outstanding stock units

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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 Deferral 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 funds offered under the Employee Deferral Plan. Beginning in 1999, no such funds are Comerica stock funds. The employees' accounts under the Employee Deferral 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 underlying then-outstanding stock units in the employees' accounts. The deferred compensation under the Employee Deferral 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 15 on pages 92 through 94 of the Consolidated Financial Statements contained in Comerica's Annual Report to Shareholders for the year ended December 31, 2006.

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

The Board of Directors of the Corporation (the Board) authorized the purchase of up to 10 million shares of Comerica Incorporated outstanding common stock on July 26, 2005 and an additional 10 million shares on November 14, 2006. Substantially all shares purchased as part of Comerica's publicly announced repurchase program were transacted in the open market and were within the scope of Rule 10b-18, which provides a safe harbor for purchases in a given day if an issuer of equity securities satisfies the manner, timing, price and volume conditions of the rule when purchasing its own common shares in the open market. There is no expiration date for Comerica's share repurchase program. The following table summarizes Comerica's share repurchase activity for the quarter ended December 31, 2006.

<b>Month Ended</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</b>
October 31, 2006	3,340	\$ 56.48		4,018,477
November 30, 2006	549,600	58.46	549,600	13,468,877
December 31, 2006	915,100	58.89	915,100	12,553,777
Total	1,468,040	\$ 58.72	1,464,700	12,553,777

For additional information regarding Comerica's share repurchase program, please refer to Note 12 on pages 88 through 89 of the Consolidated Financial Statements contained in Comerica's Annual Report to Shareholders for the year ended December 31, 2006.

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**Item 6. Selected Financial Data.**

The response to this item is included on page 19 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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 20 through 65 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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 59 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which pages are hereby incorporated by reference.

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

The response to this item is included on pages 66 through 131 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, and in the Statistical Disclosure by Bank Holding Companies on pages 24 through 55 and 80 through 85 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, 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 126 through 127 of Comerica's Annual Report to Shareholders for the year ended December 31, 2006, which pages are hereby incorporated by reference.

As required by Rule 13a-15(d), 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.**

None.

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**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 Senior Vice President Finance, and the Treasurer of Comerica. The Senior Financial Officer Code of Ethics is available on Comerica's website at [www.comerica.com](http://www.comerica.com).

On January 23, 2007, the Board of Directors of Comerica amended Article III, Section 12 of the Comerica bylaws to require a nominee for election or reelection as a director of Comerica to complete a written questionnaire prepared by Comerica with respect to the background and qualification of the person and, if applicable, the background of any other person or entity on whose behalf the nomination is being made.

A nominee must also make certain representations and agree that he or she (A) will abide by the requirements of Article III, Section 13 of the bylaws (concerning, among other things, the required tendering of a resignation by a director who does not receive a majority of votes cast in an uncontested election), (B) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how, if elected as a director of Comerica, he or she will act or vote on any issue or question (a Voting Commitment) that has not been disclosed to Comerica or (2) any Voting Commitment that could limit or interfere with his or her ability to comply, if elected as a director of Comerica, with his or her fiduciary duties under applicable law, (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than Comerica with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed, and (D) in his or her individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of Comerica, and would comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of Comerica.

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 May 15, 2007, 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, Officer Stock Ownership Guidelines, Compensation Committee Report, Summary Compensation Table,

Summary Compensation Table for Retired Vice Chairman, Grants Of Plan-Based Awards, Outstanding Equity Awards At Fiscal Year-End, Option Exercises and Stock Vested, Pension Benefits, Nonqualified Deferred Compensation, Employee Deferred Compensation Plans, and Potential Payments Upon Termination or Change in Control of Comerica's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 15, 2007, 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 May 15, 2007, which sections are hereby incorporated by reference.



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**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 May 15, 2007, 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 May 15, 2007, which section is hereby incorporated by reference.

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

Certain information required to be included in this Form 10-K is included in the 2006 Annual Report to Shareholders or in the 2007 Proxy Statement used in connection with the 2007 Annual Meeting of Shareholders to be held on May 15, 2007.

The following cross-reference index shows the page location in the 2006 Annual Report to Shareholders or the section of the 2007 Proxy Statement of only that information which is to be incorporated by reference into this Form 10-K.

All other sections of the 2006 Annual Report to Shareholders or the 2007 Proxy Statement are not required in this Form 10-K and are not to be considered a part of this Form 10-K.

Page Number of 2006 Annual  
Report to Shareholders or  
Section of 2007 Proxy Statement

**PART I**

<b>ITEM 1.</b>	Business	24; 27-29; 114-118
<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	Included herein
<b>ITEM 4.</b>	Submission of Matters to a Vote of Security Holders	Included herein

**PART II**

<b>ITEM 5.</b>	Market for Registrant's Common Equity, Related Stockholder Matters, Issuer Purchases of Equity Securities, and Performance Graph	Included herein
<b>ITEM 6.</b>	Selected Financial Data	19
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<b>ITEM 9.</b>	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Included herein

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	Other information called for by this item	Included herein
<b>ITEM 9B.</b>	Other Information	Included herein

**PART III**

<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	Information About Nominees and Incumbent Directors, Committees and Meetings of Directors, Committee Assignments, Executive Officers and Section 16(a) Beneficial Ownership Reporting Compliance
<b>ITEM 11.</b>	Executive Compensation	Compensation Committee Interlocks and Insider Participation, Compensation of Executive Officers, Compensation Discussion and Analysis, Compensation of Directors, Retirement Plans for Directors, Officer Stock Ownership Guidelines, Compensation Committee Report, Summary Compensation Table, Summary Compensation Table for Retired Vice Chairman, Grants Of Plan-Based Awards, Outstanding Equity Awards At Fiscal Year-End, Option Exercises and Stock Vested, Pension Benefits, Nonqualified Deferred Compensation, Potential Payments Upon Termination or Change in Control, and Director Compensation
<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	Included herein
	Other information called for by this item	Security Ownership of Certain Beneficial Owners and Security Ownership of Management

<b>ITEM 13.</b>	Certain Relationships and Related Transactions, and Director Independence	Director Independence and Transactions of Directors with Comerica, Transactions of Executive Officers with Comerica and Information about Nominees and Incumbent Directors
<b>ITEM 14.</b>	Principal Accountant Fees and Services	Independent Auditors
	20	

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**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 19-20.
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 (not applicable)
  - 3.1(a) Restated Certificate of Incorporation of Comerica Incorporated (as amended) (filed as Exhibit 3.1 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
  - 3.1(b) Certificate of Amendment to Restated Certificate of Incorporation of Comerica Incorporated (filed as Exhibit 3.2 to Registrant's Registration Statement on Form S-4, filed December 1, 2000, File No. 333-51042, and incorporated herein by reference).
  - 3.2 Amended and Restated Bylaws of Comerica Incorporated (amended and restated January 23, 2007) (filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K dated January 25, 2007, regarding the Registrant's Bylaws, and incorporated herein by reference).
  - 4 (not applicable) [Note: 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 consolidated assets of the registrant and its consolidated subsidiaries. The Registrant hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.]
  - 9 (not applicable)
  - 10.1 Comerica Incorporated 2006 Amended and Restated Long-Term Incentive Plan (amended and restated November 14, 2006).
  - 10.2 Comerica Incorporated 2006 Management Incentive Plan (filed as Appendix IV to Registrant's Proxy Statement dated April 10, 2006, and incorporated herein by reference).
  - 10.3 Benefit Equalization Plan for Employees of Comerica Incorporated (filed as Exhibit 10.4 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
  - 10.4 Comerica Incorporated Amended and Restated Employee Stock Purchase Plan (amended and restated effective June 30, 2003) (filed as Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and incorporated herein by reference).
  - 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).



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- 10.6 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).
- 10.7 Form of Standard Comerica Incorporated Non-Qualified Stock Option Agreement under the Comerica Incorporated Amended and Restated 2006 Long-Term Incentive Plan.
- 10.8 Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Amended and Restated Comerica Incorporated 1997 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).
- 10.9 Form of Standard Comerica Incorporated Restricted Stock Award Agreement (cliff vesting) under the Amended and Restated Comerica Incorporated 2006 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).
- 10.10 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).
- 10.11 Form of Standard Comerica Incorporated Restricted Stock Award Agreement (non-cliff vesting) under the Amended and Restated Comerica Incorporated 2006 Long-Term Incentive Plan.
- 10.12 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).
- 10.13 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).
- 10.14 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).
- 10.15 Employment Agreement with Ralph W. Babb, Jr. (filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, 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 1999 Comerica Incorporated Deferred Compensation Plan (effective January 1, 1999) (filed as Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999, and incorporated herein by reference).
- 10.18



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1999 Comerica Incorporated Amended and Restated Deferred Compensation Plan (amended and restated January 25, 2005) (filed as Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2005, and incorporated herein by reference).

10.19 1999 Comerica Incorporated Amended and Restated Common Stock Deferred Incentive Award Plan (amended and restated January 25, 2005) (filed as Exhibit 10.19 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2005, 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).

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- 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 January 27, 2004) (filed as Exhibit 10.14 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2003, and incorporated herein by reference).
- 10.23 Amended and Restated Comerica Incorporated Common Stock Non-Employee Director Fee Deferral Plan (amended and restated January 27, 2004) (filed as Exhibit 10.15 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2003, and incorporated herein by reference).
- 10.24 Amended and Restated Comerica Incorporated Incentive Plan for Non-Employee Directors (amended and restated July 26, 2005) (filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
- 10.25 Form of Standard Comerica Incorporated Non-Employee Director Restricted Stock Unit Agreement under the Comerica Incorporated 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 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 Restrictive Covenants and General Release Agreement by and between John D. Lewis and Comerica Incorporated dated March 13, 2006 (filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and incorporated herein by reference).
- 10.28 Form of Employment Agreement (Executive Vice President) (filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
- 10.29 Form of Employment Agreement (Executive Vice President - Version 2) (filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, and incorporated herein by reference).
- 10.30 Schedule of Employees Party to Employment Agreement (Executive Vice President - Version 2) (filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, and incorporated herein by reference).
- 10.31 Form of Employment Agreement (Senior Vice President) (filed as Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
- 10.32 Form of Employment Agreement (Senior Vice President - Version 2) (filed as Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and incorporated herein by reference).

reference).

- 10.33 Schedule of Employees Party to Employment Agreement (Senior Vice President Version 2) (filed as Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and incorporated herein by reference).
- 10.34 Settlement Agreement dated as of November 3, 2006 and enforceable as of November 10, 2006.
- 10.35 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 June 30, 2005, and incorporated herein by reference).

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10.36	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).
10.37	Cash Offer dated July 27, 2005 by AXA Investment Managers S.A. (filed as Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, and incorporated herein by reference).
10.38	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).
11	Statement regarding Computation of Net Income Per Common Share (incorporated by reference from Note 14 on page 91 of Registrant's 2006 Annual Report to Shareholders attached hereto as Exhibit 13).
12	(not applicable)
13	Incorporated Sections of Registrant's 2006 Annual Report to Shareholders
14	(not applicable)
16	(not applicable)
18	(not applicable)
21	Subsidiaries of Registrant
22	(not applicable)
23	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 (not applicable)

100 (not applicable)

Management  
compensation  
plan.

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

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**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 27, 2007.

**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 27, 2007.

/s/ Ralph W. Babb, Jr.

Ralph W. Babb, Jr.

Chairman, President and Chief Executive  
Officer and Director (Principal Executive  
Officer)

/s/ Elizabeth S. Acton

Elizabeth S. Acton

Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/s/ Marvin J. Elenbaas

Marvin J. Elenbaas

Senior Vice President and Chief Accounting  
Officer  
(Principal Accounting Officer)

/s/ Lillian Bauder

Lillian Bauder

Director

/s/ Joseph J. Buttigieg, III

Joseph J. Buttigieg, III

Director

/s/ James F. Cordes

James F. Cordes

Director

/s/ Roger A. Cregg

Roger A. Cregg  
Director

/s/ Peter D. Cummings

Peter D. Cummings  
Director

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/s/ T. Kevin DeNicola

T. Kevin DeNicola  
Director

/s/ Anthony F. Earley, Jr.

Anthony F. Earley, Jr.  
Director

/s/ Alfred A. Piergallini

Alfred A. Piergallini  
Director

/s/ Robert S. Taubman

Robert S. Taubman  
Director

/s/ Reginald M. Turner, Jr.

Reginald M. Turner, Jr.  
Director

/s/ William P. Vititoe

William P. Vititoe  
Director

/s/ Kenneth L. Way

Kenneth L. Way  
Director