COMERICA INC /NEW/
Form 10-Q
August 01, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

or

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

For the transition period from __________ to __________

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

Comerica Tower at Detroit Center
Detroit, Michigan
48226
(Address of principal executive offices)
(Zip Code)
(313) 222-2840
(Registrant s telephone number, including area code)

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 þ No o

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 þ Accelerated filer o Non-accelerated filer o

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

Yes o No þ

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

$5 par value common stock:

Outstanding as of July 13, 2007: 153,019,255 shares

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Certification of Periodic Report Pursuant to Section 302

Section 1350 Certification of Periodic Report

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 communication 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, t

achievable, potential, strategy, goal, aspiration, outcome, continue, remain, maintain, trend, obj
of such words and similar expressions, or future or conditional verbs such as will, would, should, could, might,
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.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CONSOLIDATED BALANCE SHEETS
Comerica Incorporated and Subsidiaries

(in millions, except share data)	**June 30, 2007** (unaudited)	**December 31, 2006**	**June 30, 2006** (unaudited)
ASSETS			
Cash and due from banks	$ 1,372	$ 1,434	$ 1,664
Federal funds sold and securities purchased under agreements to resell	1,217	2,632	2,105
Other short-term investments	251	327	276
Investment securities available-for-sale	4,368	3,662	3,980
Commercial loans	27,146	26,265	25,928
Real estate construction loans	4,513	4,203	3,958
Commercial mortgage loans	9,728	9,659	9,363
Residential mortgage loans	1,839	1,677	1,568
Consumer loans	2,321	2,423	2,493
Lease financing	1,314	1,353	1,325
International loans	1,904	1,851	1,764
Total loans	48,765	47,431	46,399
Less allowance for loan losses	(507)	(493)	(481)
Net loans	48,258	46,938	45,918
Premises and equipment	616	568	522
Customers liability on acceptances outstanding	40	56	74
Accrued income and other assets	2,448	2,384	2,541
Total assets	$58,570	$ 58,001	$57,080
LIABILITIES AND SHAREHOLDERS EQUITY			
Noninterest-bearing deposits	$12,763	$ 13,901	$15,199
Money market and NOW deposits	15,212	15,250	15,342
Savings deposits	1,397	1,365	1,470
Customer certificates of deposit	7,567	7,223	6,322
Institutional certificates of deposit	5,479	5,783	4,629
Foreign office time deposits	789	1,405	1,164
Total interest-bearing deposits	30,444	31,026	28,927
Total deposits	43,207	44,927	44,126

Short-term borrowings	297	635	442
Acceptances outstanding	40	56	74
Accrued expenses and other liabilities	1,260	1,281	1,162
Medium- and long-term debt	8,748	5,949	6,087
Total liabilities	53,552	52,848	51,891
Common stock $5 par value:			
Authorized - 325,000,000 shares			
Issued - 178,735,252 shares at 6/30/07, 12/31/06 and 6/30/06	894	894	894
Capital surplus	539	520	494
Accumulated other comprehensive loss	(308)	(324)	(226)
Retained earnings	5,400	5,282	4,978
Less cost of common stock in treasury - 25,725,671 shares at 6/30/07, 21,161,161 shares at 12/31/06 and 16,534,470 shares at 6/30/06	(1,507)	(1,219)	(951)
Total shareholders equity	5,018	5,153	5,189
Total liabilities and shareholders equity	$58,570	$58,001	$57,080

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (unaudited)
Comerica Incorporated and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share data)	**2007**	**2006**	**2007**	**2006**
INTEREST INCOME				
Interest and fees on loans	$ 882	$ 792	$1,733	$1,515
Interest on investment securities	46	45	88	89
Interest on short-term investments	5	8	13	13
Total interest income	933	845	1,834	1,617
INTEREST EXPENSE				
Interest on deposits	284	236	570	435
Interest on short-term borrowings	24	45	46	87
Interest on medium- and long-term debt	116	64	207	116
Total interest expense	424	345	823	638
Net interest income	509	500	1,011	979
Provision for loan losses	36	27	59	
Net interest income after provision for loan losses	473	473	952	979
NONINTEREST INCOME				
Service charges on deposit accounts	55	54	109	108
Fiduciary income	49	44	98	88
Commercial lending fees	17	15	33	30
Letter of credit fees	15	15	31	31
Foreign exchange income	10	9	19	19
Brokerage fees	10	10	21	20
Card fees	14	12	26	23
Bank-owned life insurance	9	10	19	23
Net income from principal investing and warrants	6	4	2	7
Net securities gains (losses)		1		(1)
Net gain (loss) on sales of businesses	2		3	(5)
Other noninterest income	38	29	67	55
Total noninterest income	225	203	428	398
NONINTEREST EXPENSES				
Salaries	215	197	421	390
Employee benefits	50	44	96	94
Total salaries and employee benefits	265	241	517	484
Net occupancy expense	33	30	68	60
Equipment expense	15	15	30	28

Outside processing fee expense	24	22	44	43
Software expense	15	14	30	28
Customer services	11	9	25	22
Litigation and operational losses (recoveries)	(9)	3	(6)	4
Provision for credit losses on lending-related commitments	(2)	1	(4)	14
Other noninterest expenses	59	54	114	135
Total noninterest expenses	411	389	818	818
Income from continuing operations before income taxes	287	287	562	559
Provision for income taxes	91	92	177	157
Income from continuing operations	196	195	385	402
Income (loss) from discontinued operations, net of tax		5	1	(8)
NET INCOME	$ 196	$ 200	$ 386	$ 394
Basic earnings per common share:				
Income from continuing operations	$1.28	$1.21	$ 2.49	$ 2.49
Net income	1.28	1.24	2.49	2.44
Diluted earnings per common share:				
Income from continuing operations	1.25	1.19	2.44	2.45
Net income	1.25	1.22	2.45	2.40
Cash dividends declared on common stock	98	96	199	192
Dividends per common share	0.64	0.59	1.28	1.18

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (unaudited)
Comerica Incorporated and Subsidiaries

(in millions, except per share data)	**Common Stock In Shares**	**Amount**	**Capital Surplus**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Treasury Stock**	**Total Shareholders Equity**
BALANCE AT JANUARY 1, 2006	162.9	$ 894	$ 461	$ (170)	$ 4,796	$ (913)	$ 5,068
Net income					394		394
Other comprehensive loss, net of tax				(56)			(56)
Total comprehensive income							338
Cash dividends declared on common stock ($1.18 per share)					(192)		(192)
Purchase of common stock	(1.5)					(88)	(88)
Net issuance of common stock under employee stock plans	1.1		(17)		(20)	67	30
Recognition of share-based compensation expense			33				33
Employee deferred compensation obligations	(0.3)		17			(17)	
BALANCE AT JUNE 30, 2006	162.2	$ 894	$ 494	$ (226)	$ 4,978	$ (951)	$ 5,189
BALANCE AT DECEMBER 31, 2006	157.6	$ 894	$ 520	$ (324)	$ 5,282	$ (1,219)	$ 5,153
FSP 13-2 transition adjustment, net of tax					(46)		(46)
FIN 48 transition adjustment, net of tax					3		3
BALANCE AT JANUARY 1, 2007	157.6	894	520	(324)	5,239	(1,219)	5,110
Net income					386		386
Other comprehensive income, net of tax				16			16
Total comprehensive income							402
Cash dividends declared on common stock ($1.28 per share)					(199)		(199)
Purchase of common stock	(6.9)					(425)	(425)
Net issuance of common stock under employee stock plans	2.3		(17)		(26)	138	95
Recognition of share-based compensation expense			35				35
Employee deferred compensation obligations			1			(1)	
BALANCE AT JUNE 30, 2007	153.0	$ 894	$ 539	$ (308)	$ 5,400	$ (1,507)	$ 5,018

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Comerica Incorporated and Subsidiaries

(in millions)	Six Months Ended June 30, 2007	2006
OPERATING ACTIVITIES		
Net income	$ 386	$ 394
Income (loss) from discontinued operations, net of tax	1	(8)
Income from continuing operations	385	402
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	59	
Provision for credit losses on lending-related commitments	(4)	14
Depreciation and software amortization	45	42
Share-based compensation expense	35	33
Excess tax benefits from share-based compensation arrangements	(8)	(7)
Net amortization of securities	(1)	
Net loss on sale/settlement of investment securities available-for-sale		1
Net (gain) loss on sales of businesses	(3)	5
Net decrease in trading securities	60	23
Net decrease in loans held-for-sale	46	4
Net increase in accrued income receivable	(9)	(30)
Net decrease in accrued expenses	(68)	(40)
Other, net	(49)	44
Discontinued operations, net		
Total adjustments	103	89
Net cash provided by operating activities	488	491
INVESTING ACTIVITIES		
Net decrease (increase) in other short-term investments	1,385	(1,167)
Proceeds from sales of investment securities available-for-sale		1
Proceeds from maturities of investment securities available-for-sale	435	635
Purchases of investment securities available-for-sale	(1,177)	(457)
Net increase in loans	(1,385)	(3,186)
Net increase in fixed assets	(87)	(69)
Net decrease (increase) in customers liability on acceptances outstanding	16	(15)
Proceeds from sales of businesses	3	
Discontinued operations, net	1	
Net cash used in investing activities	(809)	(4,258)
FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(1,720)	1,695
Net (decrease) increase in short-term borrowings	(338)	140
Net (decrease) increase in acceptances outstanding	(16)	15

Proceeds from issuance of medium- and long-term debt	3,585	2,316
Repayments of medium- and long-term debt	(729)	(100)
Proceeds from issuance of common stock under employee stock plans	88	23
Excess tax benefits from share-based compensation arrangements	8	7
Purchase of common stock for treasury	(425)	(88)
Dividends paid	(194)	(186)
Discontinued operations, net		
Net cash provided by financing activities	259	3,822
Net (decrease) increase in cash and due from banks	(62)	55
Cash and due from banks at beginning of period	1,434	1,609
Cash and due from banks at end of period	$ 1,372	$ 1,664
Interest paid	$ 810	$ 599
Income taxes paid	$ 220	$ 133
Noncash investing and financing activities:		
Loans transferred to other real estate	$ 6	$ 5

See notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 1 Basis of Presentation and Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the six months ended June 30, 2007, are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. Certain items in prior periods have been reclassified to conform to the current presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report of Comerica Incorporated and Subsidiaries (the Corporation) on Form 10-K for the year ended December 31, 2006.

Income Taxes

On January 1, 2007, the Corporation adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109, (FIN 48). FIN 48 permits the Corporation to elect to change its accounting policy as to where interest and penalties on tax liabilities is classified in the consolidated statements of income. Effective January 1, 2007, the Corporation prospectively changed its accounting policy to classify interest and penalties on tax liabilities in the provision for income taxes on the consolidated statements of income. The provision for income taxes included interest on tax liabilities of $3 million and $4 million for the three and six month periods ended June 30, 2007, respectively. For all prior periods presented, interest and penalties on tax liabilities remained classified in other noninterest expenses on the consolidated statements of income. Additional information regarding FIN 48 can be found in Note 6.

Note 2 Pending Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and therefore, does not expand the use of fair value in any new circumstances. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the Corporation transacts. SFAS 157 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the Corporation s own data. SFAS 157 requires fair value measurements to be separately disclosed by level within the fair value hierarchy. While not expanding the use of fair value, SFAS 157 may change the measurement of fair value. Any change in the measurement of fair value would be considered a change in estimate and included in the results of operations in the period of adoption. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Accordingly, the Corporation will adopt the provisions of SFAS 157 in the first quarter of 2008. The Corporation is currently evaluating the guidance contained in SFAS 157 to determine the effect adoption of the guidance will have on the Corporation s financial condition and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115, (SFAS 159). SFAS 159 provides entities with the irrevocable option to account for selected financial assets and liabilities at fair value on a contract-by-contract basis. The Corporation can elect to apply the standard prospectively and measure certain financial instruments at fair value beginning January 1, 2008. The Corporation is currently evaluating the guidance contained in SFAS 159, and has yet to determine which assets or liabilities (if any) will be selected. At adoption, the difference between the carrying amount and the fair value of existing eligible assets and liabilities selected (if any) would be recognized via a cumulative adjustment to beginning retained earnings on January 1, 2008. After adoption, all changes in fair value would be included in the results of operations.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 3 Investment Securities

A summary of the Corporation s temporarily impaired investment securities available-for-sale as of June 30, 2007 follows:

	Impaired					
	Less than 12 months		Over 12 months		Total	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and other Government agency securities	$ 20	$ *	$ 9	$ *	$ 29	$ *
Government-sponsored enterprise securities	1,641	23	2,488	97	4,129	120
State and municipal securities						
Other securities						
Total temporarily impaired securities	$1,661	$ 23	$2,497	$ 97	$4,158	$120

* Unrealized losses less than $0.5 million.

At June 30, 2007, the Corporation had 160 securities in an unrealized loss position, including 158 Government-sponsored enterprise securities (i.e., FMNA, FHLMC). The unrealized losses resulted from changes in market interest rates, not credit quality. The Corporation has the ability and intent to hold these available-for-sale investment securities until maturity or market price recovery, and full collection of the amounts due according to the contractual terms of the debt is expected; therefore, the Corporation does not consider these investments to be other-than-temporarily impaired at June 30, 2007.

At June 30, 2007, investment securities having a carrying value of $1.8 billion were pledged where permitted or required by law to secure $791 million of liabilities, including public and other deposits, and derivative instruments. This included securities of $922 million pledged with the Federal Reserve Bank to secure actual treasury tax and loan borrowings of $50 million at June 30, 2007, and potential borrowings of up to an additional $800 million. The remaining pledged securities of $829 million are primarily with state and local government agencies to secure $740 million of deposits and other liabilities, including deposits of the State of Michigan of $192 million at June 30, 2007.

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 4 Allowance for Credit Losses

The following summarizes the changes in the allowance for loan losses:

	Six Months Ended June 30,	
(in millions)	2007	2006
Balance at beginning of period	$493	$516
Loan charge-offs:		
Domestic		
Commercial	32	28
Real estate construction		
Commercial Real Estate business line	7	
Other business lines	2	
Total real estate construction	9	
Commercial mortgage		
Commercial Real Estate business line	6	
Other business lines	24	5
Total commercial mortgage	30	5
Residential mortgage		
Consumer	6	7
Lease financing		7
International		3
Total loan charge-offs	77	50
Recoveries:		
Domestic		
Commercial	15	9
Real estate construction		
Commercial mortgage	2	2
Residential mortgage		
Consumer	2	2
Lease financing	4	
International	8	2
Total recoveries	31	15
Net loan charge-offs	46	35
Provision for loan losses	59	
Foreign currency translation adjustment	1	
Balance at end of period	$507	$481

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 4 Allowance for Credit Losses (continued)

Changes in the allowance for credit losses on lending-related commitments, included in accrued expenses and other liabilities on the consolidated balance sheets, are summarized in the following table.

(in millions)	Six Months Ended June 30, 2007	2006
Balance at beginning of period	$26	$33
Less: Charge-offs on lending-related commitments*	3	6
Add: Provision for credit losses on lending-related commitments	(4)	14
Balance at end of period	$19	$41

* Charge-offs result from the sale of unfunded lending-related commitments.

A loan is impaired when it is probable that interest and principal payments will not be made in accordance with the contractual terms of the loan agreement. Consistent with this definition, all nonaccrual and reduced-rate loans (with the exception of residential mortgage and consumer loans) are impaired. Impaired loans that are restructured and meet the requirements to be on accrual status are included with total impaired loans for the remainder of the calendar year of the restructuring. There were two loans totaling $8 million included in the $248 million of impaired loans at June 30, 2007 that were restructured and met the requirements to be on accrual status. Impaired loans averaged $225 million and $220 million for the three and six month periods ended June 30, 2007, respectively, and $135 million and $133 million for the three and six month periods ended June 30, 2006, respectively. The following presents information regarding the period-end balances of impaired loans:

(in millions)	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Total period-end nonaccrual business loans	$ 240	$ 209
Plus: Impaired loans restructured during the period on accrual status at period-end	8	
Total period-end impaired loans	$ 248	$ 209
Period-end impaired loans requiring an allowance	$ 204	$ 195
Allowance allocated to impaired loans	$ 44	$ 34

Those impaired loans not requiring an allowance represent loans for which the fair value of expected repayments or collateral exceeded the recorded investments in such loans.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 5 Medium- and Long-term Debt

Medium- and long-term debt are summarized as follows:

(in millions)	June 30, 2007	December 31, 2006
Parent company		
7.25% subordinated note due 2007	$ 150	$ 151
4.80% subordinated note due 2015	286	294
6.576% subordinated notes due 2037	510	
7.60% subordinated note due 2050		361
Total parent company	946	806
Subsidiaries		
Subordinated notes:		
7.25% subordinated note due 2007		201
9.98% subordinated note due 2007		58
6.00% subordinated note due 2008	252	253
6.875% subordinated note due 2008	101	102
8.50% subordinated note due 2009	101	101
7.125% subordinated note due 2013	155	157
5.70% subordinated note due 2014	245	251
5.75% subordinated notes due 2016	648	397
5.20% subordinated notes due 2017	474	489
8.375% subordinated note due 2024	176	182
7.875% subordinated note due 2026	182	192
Total subordinated notes	2,334	2,383
Medium-term notes:		
Floating rate based on LIBOR indices due 2007 to 2011	4,618	2,299
Floating rate based on PRIME indices due 2007 to 2008	850	350
2.85% fixed rate note due 2007		100
Variable rate note payable due 2009		11
Total subsidiaries	7,802	5,143
Total medium- and long-term debt	$ 8,748	$ 5,949

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.

In February 2007, the Corporation issued $515 million of 6.576% subordinated notes that relate to trust preferred securities issued by an unconsolidated subsidiary. The notes pay interest on February 20 and August 20 of each year, beginning August 20, 2007 through February 20, 2032. Beginning February 20, 2032, the notes will bear interest at an annual rate based on LIBOR, payable monthly on the 20th day of each calendar month until the scheduled maturity

date of February 20, 2037. The subordinated notes qualify as Tier 1 capital. The Corporation used the proceeds for the March 2007 redemption of a $350 million, 7.60% subordinated note due 2050 and to repurchase additional shares.

In March 2007, Comerica Bank (the Bank), a subsidiary of the Corporation, issued an additional $250 million of 5.75% subordinated notes under a series initiated in November 2006. The notes pay interest on May 21 and November 21 of each year, beginning with May 21, 2007, and mature November 21, 2016. The Bank used the net proceeds for general corporate purposes.

The Bank issued a total of $2.8 billion of floating rate notes during the first and second quarters of 2007 under an existing $15 billion medium-term senior note program. The Bank used the proceeds for general corporate purposes.

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries

Note 6 Income Taxes and Tax-Related Items

The provision for income taxes is computed by applying statutory federal income tax rates to income before income taxes as reported in the consolidated financial statements after deducting non-taxable items, principally income on bank-owned life insurance, and deducting tax credits related to investments in low income housing partnerships. State and foreign taxes are then added to the federal tax provision. In addition, beginning January 1, 2007, interest on tax liabilities is classified in the provision for income taxes.

The Corporation adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109, (FIN 48) on January 1, 2007. As a result, the Corporation recognized an increase in the liability for unrecognized tax benefits of approximately $5 million at January 1, 2007, accounted for as a change in accounting principle via a decrease to the opening balance of retained earnings. At January 1, 2007, the Corporation had unrecognized tax benefits of approximately $72 million. 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 $66 million at January 1, 2007.

The Corporation recognized approximately $3 million and $4 million in interest on tax liabilities included in the provision for income taxes on the consolidated statements of income for the three and six month periods ended June 30, 2007, respectively, compared to a negative $5 million for the three months ended June 30, 2006 and $21 million for the six months ended June 30, 2006, included in other noninterest expenses on the consolidated statements of income. For further information regarding the change in classification of interest and penalties on tax liabilities as a result of applying the provisions of FIN 48, refer to footnote 1 to these consolidated financial statements. The Corporation had approximately $74 million and $70 million accrued for the payment of interest at June 30, 2007 and January 1, 2007, respectively. Upon adoption of FIN 48, the Corporation recorded an $8 million decrease to interest on tax liabilities as an increase to the opening balance of retained earnings.

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 engaged in certain types of structured leasing transactions that the IRS disallowed in its examination of the Corporation s federal tax returns for the years 1996 through 2000. The IRS also disallowed foreign tax credits associated with the interest on a series of loans to foreign borrowers. The Corporation has had ongoing discussions with the IRS Appeals Office related to the disallowance of the foreign tax credits associated with the loans and adjusted tax and related interest reserves based on settlements discussed. The Corporation believes it is reasonably possible that a final settlement amount with the IRS will be agreed upon within the next twelve months. The FIN 48 unrecognized tax benefit related to the foreign tax credits was approximately $38 million at June 30, 2007, and reflects the Corporation s current settlement expectations.

Based on current knowledge and probability assessment of various potential outcomes, the Corporation believes that current tax reserves, determined in accordance with FIN 48, 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.

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 Corporation intends to vigorously defend its positions taken in those returns in accordance with its view of the law controlling these activities. However, as noted above, the IRS examination team, 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.

The following tax years for significant jurisdictions remain subject to examination as of June 30, 2007:

Jurisdiction	Tax Years

Federal	2001-2006
California	2002-2006

Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 6 Income Taxes and Tax-Related Items (continued)

On January 1, 2007, the Corporation adopted the provisions of FASB Staff Position No. FAS 13-2, Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction, (FSP 13-2). FSP 13-2 requires a recalculation of the lease income from the inception of a leveraged lease if, during the lease term, the expected timing of the income tax cash flows generated from a leveraged lease is revised. The Corporation recorded a one-time non-cash after-tax charge to beginning retained earnings of $46 million to reflect changes in expected timing of the income tax cash flows generated from affected leveraged leases, which is expected to be recognized as income over periods ranging from 4 years to 20 years.

Note 7 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, the change in the accumulated foreign currency translation adjustment and the change in the accumulated defined benefit and other postretirement plans adjustment. The Consolidated Statements of Changes in Shareholders Equity on page 5 include only combined other comprehensive income (loss), net of tax. The following table presents reconciliations of the components of the accumulated other comprehensive income (loss) for the six months ended June 30, 2007 and 2006. Total comprehensive income totaled $402 million and $338 million for the six months ended June 30, 2007 and 2006, respectively. The $64 million increase in total comprehensive income in the six months ended June 30, 2007, when compared to the same period in the prior year, resulted principally from a decrease in net unrealized losses on investment securities available-for-sale ($30 million) due to changes in the interest rate environment, and an increase in net gains on cash flow hedges ($33 million).

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Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 7 Accumulated Other Comprehensive Income (Loss) (continued)

(in millions)	Six Months Ended June 30, 2007	2006
Accumulated net unrealized gains (losses) on investment securities available-for-sale:		
Balance at beginning of period, net of tax	$ (61)	$ (69)
Net unrealized holding gains (losses) arising during the period	(24)	(71)
Less: Reclassification adjustment for gains (losses) included in net income		(1)
Change in net unrealized gains (losses) before income taxes	(24)	(70)
Less: Provision for income taxes	(9)	(25)
Change in net unrealized gains (losses) on investment securities available-for-sale, net of tax	(15)	(45)
Balance at end of period, net of tax	$ (76)	$(114)
Accumulated net gains (losses) on cash flow hedges:		
Balance at beginning of period, net of tax	$ (48)	$ (91)
Net cash flow hedges gains (losses) arising during the period	(12)	(76)
Less: Reclassification adjustment for gains (losses) included in net income	(45)	(58)
Change in cash flow hedges before income taxes	33	(18)
Less: Provision for income taxes	12	(6)
Change in cash flow hedges, net of tax	21	(12)
Balance at end of period, net of tax	$ (27)	$(103)
Accumulated foreign currency translation adjustment:		
Balance at beginning of period	$	$ (7)
Net translation gains (losses) arising during the period		1
Change in foreign currency translation adjustment		1
Balance at end of period	$	$ (6)
Accumulated defined benefit pension and other postretirement plans adjustment:		
Balance at beginning of period, net of tax	$(215)	$ (3)

Minimum pension liability adjustment arising during the period before income taxes	N/A	1
Less: Provision for income taxes	N/A	1
Change in minimum pension liability, net of tax	N/A	
Net defined benefit pension and other postretirement adjustment arising during the period	16	N/A
Less: Provision for income taxes	6	N/A
Change in defined benefit and other postretirement plans adjustment, net of tax	10	N/A
Balance at end of period, net of tax	$(205)	$ (3)
Total accumulated other comprehensive loss at end of period, net of tax	$(308)	$(226)

N/A Not Applicable

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 8 Net Income per Common Share

Basic and diluted net income per common share for the three and six month periods ended June 30, 2007 and 2006 were computed as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share data)	2007	2006	2007	2006
Basic				
Income from continuing operations applicable to common stock	$ 196	$ 195	$ 385	$ 402
Net income applicable to common stock	196	200	386	394
Average common shares outstanding	154	161	155	162
Basic income from continuing operations per common share	$1.28	$1.21	$2.49	$2.49
Basic net income per common share	1.28	1.24	2.49	2.44
Diluted				
Income from continuing operations applicable to common stock	$ 196	$ 195	$ 385	$ 402
Net income applicable to common stock	196	200	386	394
Average common shares outstanding	154	161	155	162
Nonvested stock	2	1	2	1
Common stock equivalents:				
Net effect of the assumed exercise of stock options	1	1	1	1
Diluted average common shares	157	163	158	164
Diluted income from continuing operations per common share	$1.25	$1.19	$2.44	$2.45
Diluted net income per common share	1.25	1.22	2.45	2.40

The following average outstanding options to purchase shares of common stock were not included in the computation of diluted net income per common share because the options exercise prices were greater than the average market price of common shares for the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
(options in millions)	2007	2006	2007	2006

Average outstanding options	5.7	8.6	5.7	7.5
Range of exercise prices	$ 61.94 - $71.58	$ 55.47 - $71.58	$ 61.25 - $71.58	$ 56.19 - $71.58

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Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 9 Employee Benefit Plans

Net periodic benefit costs are charged to employee benefits expense on the consolidated statements of income. The components of net periodic benefit cost for the Corporation s qualified pension plan, non-qualified pension plan and postretirement benefit plan are as follows:

Qualified Defined Benefit Pension Plan	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2007	2006	2007	2006
Service cost	$ 7	$ 6	$ 15	$ 15
Interest cost	16	12	31	29
Expected return on plan assets	(23)	(19)	(47)	(45)
Amortization of unrecognized prior service cost	1	1	3	3
Amortization of unrecognized net loss	5	4	8	11
Net periodic benefit cost	$ 6	$ 4	$ 10	$ 13

Non-Qualified Defined Benefit Pension Plan	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2007	2006	2007	2006
Service cost	$ 1	$ 1	$ 2	$ 2
Interest cost	3	2	4	3
Amortization of unrecognized prior service cost	(1)	(1)	(1)	(1)
Amortization of unrecognized net loss	2	2	3	3
Net periodic benefit cost	$ 5	$ 4	$ 8	$ 7

Postretirement Benefit Plan	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2007	2006	2007	2006
Interest cost	$ 1	$ 1	$ 3	$ 2
Expected return on plan assets	(1)	(1)	(2)	(2)
Amortization of unrecognized transition obligation	1	1	2	2
Net periodic benefit cost	$ 1	$ 1	$ 3	$ 2

For further information on the Corporation s employee benefit plans, refer to Note 16 to the consolidated financial statements in the Corporation s 2006 Annual Report.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 10 Derivative Instruments

The following table presents the composition of derivative instruments, excluding commitments, held or issued for risk management purposes, and in connection with customer-initiated and other activities.

	June 30, 2007				December 31 ,2006			
(in millions)	Notional/ Contract Amount (1)	Unrealized Gains (2)	Unrealized Losses	Fair Value (3)	Notional/ Contract Amount (1)	Unrealized Gains (2)	Unrealized Losses	Fair Value (3)
Risk management								
Interest rate contracts:								
Swaps cash flow	$ 4,800	$	$ 50	$(50)	$ 6,200	$	$ 87	$(87)
Swaps fair value	2,352	51	33	18	2,253	75	7	68
Total interest rate contracts	7,152	51	83	(32)	8,453	75	94	(19)
Foreign exchange contracts:								
Spot and forwards	707	5	1	4	518	6	2	4
Swaps	27				33			
Total foreign exchange contracts	734	5	1	4	551	6	2	4
Total risk management	7,886	56	84	(28)	9,004	81	96	(15)
Customer-initiated and other								
Interest rate contracts:								
Caps and floors written	644		1	(1)	551		3	(3)
Caps and floors purchased	630	1		1	536	3		3
Swaps	4,907	43	29	14	4,480	37	26	11
Total interest rate contracts	6,181	44	30	14	5,567	40	29	11
Energy derivative contracts:								
Caps and floors written	358		29	(29)	310		23	(23)
Caps and floors purchased	358	29		29	310	23		23
Swaps	690	29	29		485	22	21	1
Total energy derivative contracts	1,406	58	58		1,105	45	44	1
Foreign exchange contracts:								
Spot, forwards, futures and options	2,366	26	25	1	2,889	24	21	3
Swaps	7				4			
Total foreign exchange contracts	2,373	26	25	1	2,893	24	21	3
Total customer-initiated and other	9,960	128	113	15	9,565	109	94	15
Total derivative instruments	$17,846	$ 184	$ 197	$(13)	$18,569	$190	$190	$

(1) 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.

(2) Unrealized gains represent receivables from derivative counterparties, and therefore expose the Corporation to credit risk. Credit risk, which excludes the effects of any collateral or netting arrangements, is measured as the cost to replace, at current market rates, contracts in a profitable position.

(3)

The fair values of derivative instruments represent the estimated amounts the Corporation would receive or pay to terminate or otherwise settle the contracts at the balance sheet date. The fair values of all derivative instruments are reflected in the consolidated balance sheets.

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 10 - Derivative Instruments (continued)
Risk Management

Fluctuations in net interest income due to interest rate risk result from the composition of assets and liabilities and the mismatches in the timing of the repricing of these assets and liabilities. In addition, external factors such as interest rates, and the dynamics of yield curve and spread relationships can affect net interest income. The Corporation utilizes simulation analyses to project the sensitivity of net interest income to changes in interest rates. Cash instruments, such as investment securities, as well as derivative instruments, are employed to manage exposure to these and other risks, including liquidity risk.

The following table presents net hedge ineffectiveness gains (losses) by risk management hedge type:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2007	2006	2007	2006
Cash Flow Hedges	$2	$	$2	$(2)
Fair Value Hedges				
Foreign Currency Hedges				
Total	$2	$	$2	$(2)

As an end-user, the Corporation employs a variety of financial instruments for risk management purposes. As part of a fair value hedging strategy, the Corporation has entered into interest rate swap agreements for interest rate risk management purposes. These interest rate swap agreements effectively modify exposure to interest rate risk by converting fixed-rate deposits and 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.

As part of a cash flow hedging strategy, the Corporation entered into predominantly 3 year interest rate swap agreements (weighted-average original maturity of 3.0 years) that effectively convert a portion of its existing and forecasted floating-rate loans to a fixed-rate basis, which will reduce the impact of interest rate changes on future interest income over the next 16 months. Approximately 10 percent ($4.8 billion) of outstanding loans were designated as hedged items to interest rate swap agreements at June 30, 2007. During the three and six month periods ended June 30, 2007, interest rate swap agreements designated as cash flow hedges decreased interest and fees on loans by $21 million and $45 million, respectively, compared to a decrease of $33 million and $58 million, respectively, for the comparable periods last year. If interest rates, interest yield curves and notional amounts remain at current levels, the Corporation expects to reclassify $24 million of net losses on derivative instruments from accumulated other comprehensive income to earnings during the next twelve months due to receipt of variable interest associated with existing and forecasted floating-rate loans.

Foreign exchange rate risk arises from changes in the value of certain assets and liabilities denominated in foreign currencies. The Corporation employs cash instruments, such as investment securities, as well as derivative instruments, to manage exposure to these and other risks. In addition, the Corporation uses foreign exchange forward and option contracts to protect the value of its foreign currency investment in foreign subsidiaries. Realized and unrealized gains and losses from foreign exchange forward and option contracts used to protect the value of investments in foreign

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 10 Derivative Instruments (continued)
subsidiaries are not included in the statement of income, but are shown in the accumulated foreign currency translation adjustment account included in other comprehensive income, with the related amounts due to or from counterparties included in other liabilities or other assets. During the three and six month periods ended June 30, 2006, in accordance with SFAS No. 52, Foreign Currency Translation, the Corporation recognized net gains of $1 million and $2 million, respectively, in accumulated foreign currency translation adjustment, related to the forward foreign exchange contracts. The Corporation did not hold any forward foreign exchange contracts recognized in accumulated foreign currency translation adjustment during the three and six month periods ended June 30, 2007.

Management believes these strategies achieve the desired relationship between the rate maturities of assets and funding sources which, in turn, reduces the overall exposure of net interest income to interest rate risk, although there can be no assurance that such strategies will be successful. The Corporation also uses various other types of derivative instruments to mitigate interest rate and foreign currency risks associated with specific assets or liabilities, which are reflected in the table on page 17. Such instruments may include interest rate caps and floors, foreign exchange forward contracts, foreign exchange option contracts and foreign exchange cross-currency swaps.

The following table summarizes the expected maturity distribution of the notional amount of risk management interest rate swaps and provides the weighted-average interest rates associated with amounts to be received or paid on interest rate swap agreements as of June 30, 2007. Swaps have been grouped by asset and liability designation.
Remaining Expected Maturity of Risk Management Interest Rate Swaps:

(dollar amounts in millions)	2007	2008	2009	2010	2011	2012-2026	June 30, 2007 Total	Dec. 31, 2006 Total
Variable rate asset designation:								
Generic receive fixed swaps	$1,600	$3,200	$	$	$	$	$4,800	$6,200
Weighted average: (1)								
Receive rate	5.85%	7.02%	%	%	%	%	6.63%	6.03%
Pay rate	7.89	8.25					8.13	7.69
Fixed rate asset designation:								
Pay fixed swaps								
Amortizing	$ *	$ 2	$	$	$	$	$ 2	$ 3
Weighted average: (2)								
Receive rate	4.38%	4.38%	%	%	%	%	4.38%	4.34%
Pay rate	3.52	3.52					3.52	3.52
Medium- and long-term debt designation:								
Generic receive fixed swaps	$ 150	$ 350	$ 100	$	$	$1,750	$2,350	$2,250
Weighted average: (1)								
Receive rate	6.30%	6.17%	6.06%	%	%	5.84%	5.93%	5.95%
Pay rate	5.40	5.34	5.35			5.39	5.38	5.44
Total notional amount	$1,750	$3,552	$ 100	$	$	$1,750	$7,152	$8,453

* Less than $1 million

(1) Variable rates paid on receive fixed swaps are based on prime and LIBOR (with various maturities) rates in effect at June 30, 2007

(2) Variable rates received are based on one-month Canadian Dollar Offered Rates in effect at June 30, 2007

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 10 Derivative Instruments (continued)

The Corporation had commitments to purchase investment securities for its trading account portfolio totaling $8 million at June 30, 2007 and $20 million at December 31, 2006. Commitments to sell investment securities related to the trading account portfolio totaled $10 million at June 30, 2007 and $16 million at December 31, 2006. Outstanding commitments expose the Corporation to both credit and market risk.

Customer-Initiated and Other

Fee income is earned from entering into various transactions, principally foreign exchange contracts, interest rate contracts, and energy derivative contracts at the request of customers. The Corporation mitigates market risk inherent in customer-initiated interest rate and energy contracts by taking offsetting positions, except in those circumstances when the amount, tenor and/or contracted rate level results in negligible economic risk, whereby the cost of purchasing an offsetting contract is not economically justifiable. 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 less than $0.5 million of net gains in both the three month periods ended June 30, 2007 and 2006, less than $0.5 million of net gains in the six month period ended June 30, 2007, and $1 million of net gains in the six month period ended June 30, 2006, which were included in other noninterest income in the consolidated statements of income. The fair value of derivative instruments held or issued in connection with customer-initiated activities, including those customer-initiated derivative contracts where the Corporation does not enter into an offsetting derivative contract position, is included in the table on page 17.

Fair values for 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 income statements. The following table provides the average unrealized gains and losses, and noninterest income generated on customer-initiated and other interest rate contracts, energy derivative contracts and foreign exchange contracts.

(in millions)	Six Months Ended June 30, 2007	Year Ended December 31, 2006	Six Months Ended June 30, 2006
Average unrealized gains	$ 106	$ 103	$ 102
Average unrealized losses	91	92	93
Noninterest income	22	42	20

Additional information regarding the nature, terms and associated risks of derivative instruments can be found in the Corporation s 2006 Annual Report on page 54 and in Notes 1 and 20 to the consolidated financial statements.

Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 11 Standby and Commercial Letters of Credit and Financial Guarantees

The total contractual amounts of standby letters of credit and financial guarantees and commercial letters of credit at June 30, 2007 and December 31, 2006, which represents the Corporation s credit risk associated with these instruments, are shown in the table below.

(in millions)	June 30, 2007	December 31, 2006
Standby letters of credit and financial guarantees	$ 6,775	$ 6,584
Commercial letters of credit	204	249

Standby and commercial letters of credit and financial guarantees represent conditional obligations of the Corporation, which guarantee the performance of a customer to a third party. Standby letters of credit and financial guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. These contracts expire in decreasing amounts through the year 2016. Commercial letters of credit are issued to finance foreign or domestic trade transactions and are short-term in nature. The Corporation may enter into participation arrangements with third parties, which effectively reduce the maximum amount of future payments which may be required under standby letters of credit. These risk participations covered $638 million of the $6,775 million of standby letters of credit and financial guarantees outstanding at June 30, 2007. The carrying value of the Corporation s standby and commercial letters of credit and financial guarantees, which is included in accrued expenses and other liabilities on the consolidated balance sheet, totaled $76 million and $78 million at June 30, 2007 and December 31, 2006, respectively.

Note 12 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. In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of these 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 (SFAS 5), 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 or results of operations.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 13 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. 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. 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 June 30, 2007. These methodologies may be modified as the management accounting system is enhanced and changes occur in the organizational structure and/or product lines.

For a description of the business activities of each business segment and further information on the methodologies, which form the basis for these results, refer to Note 24 to the consolidated financial statements in the Corporation s 2006 Annual Report.

Beginning in the first quarter 2007, the Corporation assigned to the business segments the portion of the allowance for loan losses maintained to capture probable losses due to the inherent imprecision in the risk rating system and new business migration risk. This portion of the allowance was previously included in the Other category. In addition, the Corporation changed its method of allocating corporate overhead. 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. Formerly, corporate overhead was allocated based entirely on noninterest expenses. Prior periods have been restated to reflect these changes.

Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
Note 13 Business Segment Information (continued)

Business segment financial results for the six months ended June 30, 2007 and 2006 are shown in the table below.

(dollar amounts in millions) Six Months Ended June 30, 2007	Business Bank	Retail Bank	Wealth & Institutional Management	Finance	Other	Total
Earnings summary:						
Net interest income (expense) (FTE)	$ 667	$ 317	$ 72	$ (35)	$ (8)	$ 1,013
Provision for loan losses	46	9	1		3	59
Noninterest income	130	109	141	32	16	428
Noninterest expenses	346	313	155	5	(1)	818
Provision (benefit) for income taxes (FTE)	127	36	20	(9)	5	179
Income from discontinued operations, net of tax					1	1
Net income (loss)	$ 278	$ 68	$ 37	$ 1	$ 2	$ 386
Net credit-related charge-offs	$ 38	$ 11	$	$	$	$ 49
Selected average balances:						
Assets	$40,455	$ 6,834	$3,954	$ 5,157	$1,206	$57,606
Loans	39,421	6,098	3,804	10	14	49,347
Deposits	16,571	17,113	2,306	6,163	(24)	42,129
Liabilities	17,413	17,125	2,310	15,320	339	52,507
Attributed equity	2,882	840	319	585	473	5,099
Statistical data:						
Return on average assets (1)	1.37%	0.76%	1.87%	N/M	N/M	1.34%
Return on average attributed equity	19.24	16.27	23.25	N/M	N/M	15.14
Net interest margin (2)	3.41	3.74	3.80	N/M	N/M	3.79
Efficiency ratio	43.52	73.36	72.72	N/M	N/M	56.79

Six Months Ended June 30, 2006	Business Bank	Retail Bank	Wealth & Institutional Management	Finance	Other	Total
Earnings summary:						
Net interest income (expense) (FTE)	$ 648	$ 317	$ 74	$ (51)	$ (7)	$ 981
Provision for loan losses	(8)	14	(1)		(5)	
Noninterest income	133	104	128	32	1	398
Noninterest expenses	375	292	151	5	(5)	818
Provision (benefit) for income taxes (FTE)	126	38	18	(15)	(8)	159
Loss from discontinued operations, net of tax					(8)	(8)
Net income (loss)	$ 288	$ 77	$ 34	$ (9)	$ 4	$ 394
Net credit-related charge-offs	$ 28	$ 13	$	$	$	$ 41

Selected average balances:						
Assets	$38,737	$ 6,784	$3,615	$ 5,250	$1,561	$55,947
Loans	37,533	6,085	3,471	15	40	47,144
Deposits	18,411	16,753	2,456	4,106	(115)	41,611
Liabilities	19,312	16,752	2,453	12,036	285	50,838
Attributed equity	2,583	831	298	467	930	5,109
Statistical data:						
Return on average assets (1)	1.49%	0.88%	1.89%	N/M	N/M	1.41%
Return on average attributed equity	22.31	18.55	22.90	N/M	N/M	15.42
Net interest margin (2)	3.47	3.82	4.29	N/M	N/M	3.81
Efficiency ratio	48.14	69.39	74.67	N/M	N/M	59.32

(1) Return on average assets is calculated based on the greater of average assets or average liabilities and attributed equity.

(2) Net interest margin is calculated based on the greater of average earning assets or average deposits and purchased funds.

FTE Fully Taxable Equivalent

N/M Not Meaningful

Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 13 Business Segment Information (continued)

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 Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, (SFAS 131).

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

The Western market consists of operations located in 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 includes the Corporation s investment management and trust alliance businesses, as well as all other markets in which the Corporation has operations, except for the International market, as described below.

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.

Beginning in the first quarter 2007, the Corporation assigned to the market segments the portion of the allowance for loan losses maintained to capture probable losses due to the inherent imprecision in the risk rating system and new business migration risk. This portion of the allowance was previously included in the Other category. In addition, the Corporation changed its method of allocating corporate overhead. Corporate overhead is assigned 50 percent based on the ratio of the market segment s noninterest expenses to total noninterest expenses incurred by all market segments and 50 percent based on the ratio of the market segment s attributed equity to total attributed equity of all market segments. Prior periods have been restated to reflect these changes.

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Notes to Consolidated Financial Statements (unaudited)

Comerica Incorporated and Subsidiaries

Note 13 Business Segment Information (continued)

Market segment financial results for the six months ended June 30, 2007 and 2006 are shown in the table below.

dollar amounts in millions) ix Months Ended June 30, 2007	Midwest	Western	Texas	Florida	Other Markets	International	Finance & Other Businesses	Total
arnings summary:								
et interest income (expense) (FTE)	$ 492	$ 355	$ 137	$ 22	$ 15	$ 35	$ (43)	$ 1,013
rovision for loan losses	64	(7)	3	3	(1)	(6)	3	59
oninterest income	239	60	39	7	18	17	48	428
oninterest expenses	424	223	110	18	18	21	4	818
rovision (benefit) for income taxes (FTE)	66	74	21	3	6	13	(4)	179
ncome from discontinued operations, net of tax							1	1
et income (loss)	$ 177	$ 125	$ 42	$ 5	$ 10	$ 24	$ 3	$ 386
et credit-related charge-offs (recoveries)	$ 51	$ (1)	$ 4	$ 1	$	$ (6)	$	$ 49
elected average balances:								
ssets	$22,814	$17,021	$6,782	$1,656	$ 741	$2,229	$ 6,363	$57,606
oans	21,864	16,479	6,508	1,638	731	2,103	24	49,347
eposits	16,567	13,645	3,840	287	478	1,173	6,139	42,129
iabilities	17,340	13,683	3,855	291	477	1,202	15,659	52,507
ttributed equity	1,968	1,192	575	88	58	160	1,058	5,099
tatistical data:								
eturn on average assets (1)	1.55%	1.46%	1.22%	0.65%	2.80%	2.15%	N/M	1.34%
eturn on average attributed equity	17.97	20.92	14.38	12.23	35.95	30.01	N/M	15.14
et interest margin (2)	4.52	4.34	4.21	2.76	4.09	3.28	N/M	3.79
fficiency ratio	57.89	53.91	62.68	61.61	54.40	41.13	N/M	56.79

Six Months Ended June 30, 2006	Midwest	Western	Texas	Florida	Other Markets	International	Finance & Other Businesses	Total
Earnings summary:								
Net interest income (expense) (FTE)	$ 494	$ 348	$ 125	$ 21	$ 17	$ 34	$ (58)	$ 981
Provision for loan losses	21	(12)	(5)	6	2	(7)	(5)	
Noninterest income	236	62	36	7	14	10	33	398
Noninterest expenses	438	219	103	16	17	25		818
Provision (benefit) for income taxes (FTE)	76	73	20	2	4	7	(23)	159
Loss from discontinued operations, net of tax							(8)	(8)
Net income (loss)	$ 195	$ 130	$ 43	$ 4	$ 8	$ 19	$ (5)	$ 394
Net credit-related charge-offs (recoveries)	$ 34	$ 3	$ 2	$ 2	$ (1)	$ 1	$	$ 41

Selected average balances:								
Assets	$22,529	$16,388	$5,834	$1,464	$ 643	$2,278	$ 6,811	$55,947
Loans	21,503	15,800	5,577	1,444	633	2,132	55	47,144
Deposits	16,855	15,131	3,665	310	591	1,068	3,991	41,611
Liabilities	17,638	15,214	3,671	309	590	1,096	12,320	50,838
Attributed equity	1,816	1,084	510	75	56	171	1,397	5,109
Statistical data:								
Return on average assets (1)	1.74%	1.58%	1.47%	0.60%	2.49%	1.65%	N/M	1.41%
Return on average attributed equity	21.51	23.91	16.87	11.79	28.86	22.03	N/M	15.42
Net interest margin (2)	4.62	4.42	4.51	2.88	5.28	3.12	N/M	3.81
Efficiency ratio	60.03	53.60	63.87	57.26	54.64	57.67	N/M	59.32

(1) Return on average assets is calculated based on the greater of average assets or average liabilities and attributed equity.

(2) Net interest margin is calculated based on the greater of average earning assets or average deposits and purchased funds.

FTE Fully Taxable Equivalent

N/M Not Meaningful

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Notes to Consolidated Financial Statements (unaudited)
Comerica Incorporated and Subsidiaries
NOTE 14 Discontinued Operations

In December 2006, the Corporation sold its ownership interest in Munder Capital Management (Munder) to an investor group. As a result of the sale transaction, the Corporation accounted for Munder as a discontinued operation and all prior periods presented have been restated. As such, Munder was reported in Other and Finance & Other for business and market segment reporting purposes, respectively. Munder was previously reported in Wealth & Institutional Management and Other Markets for business and market segment reporting purposes, respectively. The assets and liabilities related to the discontinued operations of Munder are not material and have not been reclassified on the consolidated balance sheets.

The components of net income (loss) from discontinued operations for the three and six month periods ended June 30, 2007 and 2006, respectively, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share data)	2007	2006	2007	2006
Net interest income	$	$ 2	$	$ 2
Noninterest income		22	1	42
Noninterest expenses		16		36
Income from discontinued operations before income taxes and cumulative effect of change in accounting principle		8	1	8
Provision for income taxes		3		8
Income from discontinued operations before cumulative effect of change in accounting principle		5	1	
Cumulative effect of change in accounting principle, net of tax*				(8)
Net income (loss) from discontinued operations	$	$ 5	$ 1	$ (8)
Basic earnings per common share:				
Income (loss) from discontinued operations before cumulative effect of change in accounting principle*	$	$0.03	$	$
Net income (loss) from discontinued operations		0.03		(0.05)
Diluted earnings per common share:				
Income (loss) from discontinued operations before cumulative effect of change in accounting principle*	$	$0.03	$0.01	$
Net income (loss) from discontinued operations		0.03	0.01	(0.05)

* Resulting from adoption of SFAS No. 123 (revised 2004), Share-Based

Payment, in
January 2006.

ITEM 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net income for the three months ended June 30, 2007 was $196 million, a decrease of $4 million, or two percent, from $200 million reported for the three months ended June 30, 2006. Quarterly diluted net income per share increased two percent to $1.25 in the second quarter 2007, compared to $1.22 in the same period a year ago. Income from continuing operations for the three months ended June 30, 2007 was $196 million, an increase of $1 million, or less than one percent, from $195 million reported for the three months ended June 30, 2006. Quarterly diluted income from continuing operations per share increased five percent to $1.25 in the second quarter 2007, compared to $1.19 in the same period a year ago. Return on average common shareholders equity was 15.41 percent and return on average assets was 1.35 percent for the second quarter 2007, compared to 15.50 percent and 1.41 percent, respectively, for the comparable quarter last year. Return on average common shareholders equity from continuing operations was 15.41 percent and return on average assets from continuing operations was 1.35 percent for the second quarter 2007, compared to 15.15 percent and 1.38 percent, respectively, for the same period in 2006.

Net income for the first six months of 2007 was $386 million, a decrease of $8 million, or two percent, from $394 million reported for the six months ended June 30, 2006. Diluted net income per share for the first six months of 2007 increased two percent to $2.45 per diluted share, compared to $2.40 per diluted share, for the comparable period last year. Income from continuing operations for the six months ended June 30, 2007 was $385 million, a decrease of $17 million, or four percent, from $402 million reported for the six months ended June 30, 2006. Diluted income from continuing operations per share decreased less than one percent to $2.44 for the six months ended June 30, 2007, compared to $2.45 in the same period in the prior year. The decrease in income from continuing operations in the six months ended June 30, 2007 from the comparable period last year resulted primarily from a $41 million increase in the provision for credit losses (the net result of a $59 million increase in the provision for loan losses and a $18 million decrease in the provision for credit losses on lending-related commitments), from a provision for credit losses of $14 million for the six months ended June 30, 2006. Return on average common shareholders equity was 15.14 percent and return on average assets was 1.34 percent for the first six months of 2007, compared to 15.42 percent and 1.41 percent, respectively, for the first six months of 2006. Return on average common shareholders equity from continuing operations was 15.12 percent and return on average assets from continuing operations was 1.34 percent for the first six months of 2007, compared to 15.73 percent and 1.44 percent, respectively, for the same period in 2006.

Discontinued Operations

In December 2006, the Corporation sold its ownership interest in Munder Capital Management (Munder) to an investor group. The Corporation accounted for Munder as a discontinued operation and all prior periods presented have been restated. The remaining discussion and analysis of the Corporation s results of operations is based on results from continuing operations. For detailed information concerning the sale of Munder and the components of discontinued operations, refer to Note 14 to these consolidated financial statements.

Full-year 2007 Outlook.

For full-year 2007, management expects the following compared to full-year 2006:

Mid to high single-digit average loan growth, excluding Financial Services Division loans, with flat growth in the Midwest market, and low double-digit growth in the Western and Texas markets

Average earning asset growth slightly less than average loan growth

Average Financial Services Division noninterest-bearing deposits of $3.2 billion. Financial Services Division loans will fluctuate in tandem with the level of noninterest-bearing deposits

Average full year net interest margin of about 3.75 percent

Average net credit-related charge-offs of about 20 basis points of average loans, with a provision for credit losses modestly exceeding net charge-offs

Low single-digit growth in noninterest income, from a 2006 adjusted base of $820 million which excludes the Financial Services Division-related lawsuit settlement and the loss on sale of the Mexican bank charter

Flat noninterest expenses, excluding the provision for credit losses on lending-related commitments, from a 2006 adjusted base of $1,669 million. The outlook reflects anticipated 2007 costs associated with the previously

announced headquarters move to Dallas, Texas (expected to be about $10 million in 2007, with most of the remaining $8 million expected to be incurred in the third quarter 2007)

Effective tax rate of about 32 percent

Active capital management within targeted capital ratios (Tier 1 common of 6.50 percent to 7.50 percent and Tier 1 of 7.25 percent to 8.25 percent). Total open market share repurchases in 2007 expected to be about nine million shares.

Net Interest Income

The rate-volume analysis in Table I details the components of the change in net interest income on a fully taxable equivalent (FTE) basis for the three months ended June 30, 2007. On a FTE basis, net interest income increased $9 million to $510 million for the three months ended June 30, 2007, from $501 million for the comparable period in 2006. The increase in net interest income in the second quarter 2007, compared to the same period in 2006, resulted primarily from loan growth, partially offset by changes in the funding mix, largely attributable to a decline in noninterest-bearing deposits. Average earning assets increased $1.9 billion, or four percent, to $54.3 billion in the second quarter 2007, compared to $52.4 billion in the second quarter 2006, primarily due to a $2.0 billion, or four percent, increase in average loans to $49.8 billion in the second quarter 2007. The net interest margin (FTE) for the three months ended June 30, 2007 was 3.76 percent, compared to 3.82 percent for the comparable period in 2006. The decrease in the net interest margin (FTE) resulted from loan growth and the changes in the funding mix noted above.

Table II provides an analysis of net interest income for the first six months of 2007. On a FTE basis, net interest income for the six months ended June 30, 2007 was $1.0 billion, compared to $981 million for the same period in 2006, an increase of $32 million. Average earning assets increased $2.0 billion, or four percent, to $53.7 billion, in the six months ended June 30, 2007, compared to $51.7 billion in the same period in the prior year, primarily due to a $2.2 billion, or five percent, increase in average loans to $49.3 billion in the six months ended June 30, 2007. The net interest margin (FTE) for the six months ended June 30, 2007 decreased to 3.79 percent from 3.81 percent for the same period in 2006, due to changes in funding mix resulting from funding loan growth with purchased funds.

Financial Services Division customers deposit large balances (primarily noninterest-bearing) and the Corporation pays certain customer services expenses (included in noninterest expenses on the consolidated statements of income) and/or makes low-rate loans (included in net interest income on the consolidated statements of income) to such customers. Footnote (1) to Tables I and II displays average Financial Services Division loans and deposits, with related interest income/expense and average rates. As shown in footnote (2) to Tables I and II, the impact of Financial Services Division loans (primarily low-rate) on net interest margin (assuming the loans were funded by Financial Services Division noninterest-bearing deposits) was a decrease of 10 basis points and 11 basis points in the three and six month periods ended June 30, 2007, respectively, compared to a decrease of 18 basis points and 20 basis points for the comparable periods in the prior year.

For further discussion of the effects of market rates on net interest income, refer to Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Management currently expects average full-year 2007 net interest margin of about 3.75 percent.

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Table I Quarterly Analysis of Net Interest Income & Rate/Volume Fully Taxable Equivalent (FTE)

	Three Months Ended					
	June 30, 2007			June 30, 2006		
(dollar amounts in millions)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Commercial loans (1) (2)	$ 28,324	$ 517	7.31%	$ 27,587	$ 465	6.78%
Real estate construction loans	4,501	95	8.45	3,816	82	8.63
Commercial mortgage loans	9,634	178	7.39	9,229	166	7.24
Residential mortgage loans	1,791	28	6.15	1,537	23	6.02
Consumer loans	2,331	41	7.15	2,533	45	7.07
Lease financing	1,287	11	3.33	1,299	14	4.10
International loans	1,925	34	7.17	1,801	31	6.88
Business loan swap expense		(21)			(33)	
Total loans (2)	49,793	883	7.11	47,802	793	6.66
Investment securities available-for-sale	4,085	46	4.46	4,088	45	4.27
Federal funds sold and securities purchased under agreements to resell	195	2	5.37	336	5	5.05
Other short-term investments	231	3	5.21	145	3	9.24
Total earning assets	54,304	934	6.89	52,371	846	6.46
Cash and due from banks	1,341			1,561		
Allowance for loan losses	(516)			(485)		
Accrued income and other assets	2,989			3,164		
Total assets	$ 58,118			$ 56,611		
Money market and NOW deposits (1)	$ 14,825	114	3.08	$ 15,330	106	2.78
Savings deposits	1,419	3	0.91	1,480	3	0.75
Customer certificates of deposit	7,463	83	4.46	6,216	60	3.83
Institutional certificates of deposit	5,484	74	5.43	4,327	54	5.04
Foreign office time deposits	858	10	4.81	1,093	13	4.87
Total interest-bearing deposits	30,049	284	3.80	28,446	236	3.33
Short-term borrowings	1,816	24	5.30	3,720	45	4.90
Medium- and long-term debt	8,292	116	5.63	4,538	64	5.65
Total interest-bearing sources	40,157	424	4.24	36,704	345	3.77
Noninterest-bearing deposits (1)	11,633			13,575		
Accrued expenses and other liabilities	1,231			1,186		
Shareholders equity	5,097			5,146		
Total liabilities and shareholders equity	$ 58,118			$ 56,611		

Net interest income/rate spread (FTE)		$ 510	2.65		$ 501	2.69
FTE adjustment		$ 1			$ 1	
Impact of net noninterest-bearing sources of funds			1.11			1.13
Net interest margin (as a percentage of average earning assets) (FTE) (2)			3.76%			3.82%
(1) FSD balances included above:						
Loans (primarily low-rate)	$ 1,580	$ 2	0.52%	$ 2,557	$ 4	0.60%
Interest-bearing deposits	1,228	12	3.88	1,764	17	3.88
Noninterest-bearing deposits	3,277			4,793		
(2) Impact of FSD loans (primarily low-rate) on the following:						
Commercial loans			(0.40)%			(0.63)%
Total loans			(0.21)			(0.34)
Net interest margin (FTE) (assuming loans were funded by noninterest-bearing deposits)			(0.10)			(0.18)

Table I Quarterly Analysis of Net Interest Income & Rate/Volume Fully Taxable Equivalent (FTE) (continued)

	Three Months Ended June 30, 2007/June 30, 2006		
(in millions)	Increase (Decrease) Due to Rate	Increase (Decrease) Due to Volume*	Net Increase (Decrease)
Loans	$52	$ 38	$ 90
Investment securities available-for-sale	1		1
Federal funds sold and securities purchased under agreements to repurchase		(3)	(3)
Other short-term investments	(1)	1	
Total earning assets	52	36	88
Interest-bearing deposits	26	22	48
Short-term borrowings	4	(25)	(21)
Medium- and long-term debt	(1)	53	52
Total interest-bearing sources	29	50	79
Net interest income/rate spread (FTE)	$23	$ (14)	$ 9

* Rate/Volume variances are allocated to variances due to volume.

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Table II Year-to-date Analysis of Net Interest Income & Rate/Volume Fully Taxable Equivalent (FTE)

	Six Months Ended					
	June 30, 2007			June 30, 2006		
(dollar amounts in millions)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Commercial loans (1) (2)	$ 28,042	$ 1,016	7.31%	$ 27,106	$ 877	6.53%
Real estate construction loans	4,376	186	8.55	3,674	154	8.44
Commercial mortgage loans	9,654	353	7.37	9,114	321	7.11
Residential mortgage loans	1,748	54	6.13	1,515	45	5.95
Consumer loans	2,368	84	7.15	2,596	90	6.94
Lease financing	1,280	21	3.26	1,298	27	4.06
International loans	1,879	66	7.12	1,841	61	6.72
Business loan swap income (expense)		(45)			(58)	
Total loans (2)	49,347	1,735	7.08	47,144	1,517	6.48
Investment securities available-for-sale	3,916	88	4.40	4,121	89	4.19
Federal funds sold and securities purchased under agreements to resell	235	6	5.38	263	6	4.88
Short-term investments	231	7	6.00	150	7	8.66
Total earning assets	53,729	1,836	6.87	51,678	1,619	6.29
Cash and due from banks	1,410			1,604		
Allowance for loan losses	(509)			(498)		
Accrued income and other assets	2,976			3,163		
Total assets	$ 57,606			$ 55,947		
Money market and NOW deposits (1)	$ 14,788	225	3.06	$ 15,959	211	2.67
Savings deposits	1,400	6	0.88	1,478	5	0.70
Customer certificates of deposit	7,404	163	4.45	6,053	111	3.68
Institutional certificates of deposit	5,652	152	5.43	3,480	84	4.89
Foreign office time deposits	988	24	4.90	1,050	24	4.58
Total interest-bearing deposits	30,232	570	3.80	28,020	435	3.13
Short-term borrowings	1,736	46	5.31	3,736	87	4.71
Medium- and long-term debt	7,364	207	5.68	4,285	116	5.45
Total interest-bearing sources	39,332	823	4.22	36,041	638	3.57
Noninterest-bearing deposits (1)	11,897			13,591		
Accrued expenses and other liabilities	1,278			1,206		
Common shareholders equity	5,099			5,109		

Total liabilities and shareholders equity	$ 57,606			$ 55,947		
Net interest income/rate spread (FTE)		$ 1,013	2.65		$ 981	2.72
FTE adjustment		$ 2			$ 2	
Impact of net noninterest-bearing sources of funds			1.14			1.09
Net interest margin (as a percentage of average earning assets) (FTE) (2)			3.79%			3.81%
(1) FSD balances included above:						
Loans (primarily low-rate)	$ 1,575	$ 5	0.60%	$ 2,732	$ 7	0.51%
Interest-bearing deposits	1,238	24	3.90	2,024	38	3.80
Noninterest-bearing deposits	3,363			4,738		
(2) Impact of FSD loans (primarily low-rate) on the following:						
Commercial loans			(0.40)%			(0.68)%
Total loans			(0.22)			(0.37)
Net interest margin (FTE) (assuming loans were funded by noninterest-bearing deposits)			(0.11)			(0.20)

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Table II Year-to-date Analysis of Net Interest Income & Rate/Volume Fully Taxable Equivalent (FTE) (continued)

	Six Months Ended June 30, 2007/June 30, 2006		
(in millions)	Increase (Decrease) Due to Rate	Increase (Decrease) Due to Volume*	Net Increase (Decrease)
Loans	$135	$ 83	$218
Investment securities available-for-sale	3	(4)	(1)
Federal funds sold and securities purchased under agreements to repurchase			
Other short-term investments			
Total earning assets	138	79	217
Interest-bearing deposits	66	69	135
Short term borrowings	12	(53)	(41)
Medium- and long-term debt	5	86	91
Total interest-bearing sources	83	102	185
Net interest income/rate spread (FTE)	$ 55	$ (23)	$ 32

* Rate/Volume variances are allocated to variances due to volume.

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Provision for Credit Losses

The provision for loan losses was $36 million for the second quarter 2007, compared to $27 million for the same period in 2006. The provision for loan losses for the first six months of 2007 was $59 million, compared to a provision of zero for the same period in 2006. The Corporation establishes this provision to maintain an adequate allowance for loan losses, which is discussed under the Credit Risk subheading in the section entitled Risk Management of this financial review. The $9 million increase in the provision for loan losses in the three-month period ended June 30, 2007, when compared to the same period in 2006, resulted primarily from loan growth, challenges in the Michigan commercial real estate industry and a leveling off of overall credit quality improvement trends in the Western and Texas markets. These credit trends reflect economic conditions in the Corporation s three largest geographic markets. While the economic conditions in Michigan deteriorated over the last year, the economic conditions in Texas have continued to improve somewhat faster than growth in the national economy, while California appears to be improving, but at a rate equal to the nation as a whole. The average Michigan Business Activity index for the first six months of 2007 declined less than one percent when compared to the average for all of 2006. The Michigan Business Activity index represents 10 different measures of Michigan economic activity compiled by the Corporation. Intense restructuring efforts in the Michigan-based automotive sector and weakness in the real estate sector are creating a significant drag on the state economy, however the economy is showing more signs of stabilizing. Forward-looking indicators suggest that economic conditions in the Corporation s primary markets are likely to resemble recent trends for the remainder of 2007.

The provision for credit losses on lending-related commitments was a negative provision of $2 million and a negative provision of $4 million for the three and six month periods ended June 30, 2007, respectively, compared to provisions of $1 million and $14 million for the comparable periods in 2006. The Corporation establishes this provision to maintain an adequate allowance to cover probable credit losses inherent in lending-related commitments. The decreases in the three and six month periods ended June 30, 2007, when compared to the same periods in 2006, were primarily the result of a decrease in specific reserves related to unused commitments extended to customers in the automotive industry. These reserves declined due to sales of these unfunded commitments and improvements in the associated market values.

Net credit-related charge-offs were 20 basis points as a percent of average total loans for the first six months of 2007, compared to 17 basis points for the same period in 2006. Management currently expects full-year 2007 average net credit-related charge-offs of about 20 basis points of full-year average loans, with a provision for credit losses modestly exceeding net charge-offs.

Noninterest Income

Noninterest income was $225 million for the three months ended June 30, 2007, an increase of $22 million, or 10 percent, compared to $203 million for the same period in 2006. The increase in noninterest income in the second quarter 2007 was primarily due to increases in fiduciary income ($5 million), commercial lending fees ($2 million), card fees ($2 million) and deferred compensation asset returns ($7 million).

Noninterest income was $428 million for the first six months of 2007, an increase of $30 million, or seven percent, compared to the same period in 2006, due primarily to increases in fiduciary income ($10 million), commercial lending fees ($3 million), card fees ($3 million), deferred compensation asset returns ($8 million) and a first quarter 2006 impairment charge of $5 million on the Mexican bank charter held-for-sale which was included in net gain (loss) on sales of businesses on the consolidated statements of income.

Certain categories included in other noninterest income on the consolidated statements of income are highlighted in the table below.

(in millions)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Other noninterest income				
Risk management hedge gains (losses) from interest rate and foreign exchange contracts	$1	$(1)	$1	$(3)
Deferred compensation asset returns*	6	(1)	7	(1)

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

Management currently expects low single-digit growth in noninterest income in full-year 2007, from a 2006 adjusted base of $820 million which excludes the Financial Services Division-related lawsuit settlement and the loss on sale of the Mexican bank charter in 2006.

Noninterest Expenses

Noninterest expenses were $411 million for the three months ended June 30, 2007, an increase of $22 million, or six percent, from $389 million for the comparable period in 2006. The $22 million increase in noninterest expenses in the second quarter 2007, compared to the second quarter 2006, reflected increases in incentive compensation ($16 million), regular salaries ($4 million), net occupancy and equipment expense on a combined basis ($3 million), and customer services expense ($2 million), partially offset by decreases in litigation and operational losses ($12 million). The $16 million increase in incentive compensation reflected an increase in costs related to deferred compensation plans of $7 million (offset by an increase in deferred compensation asset returns recognized in other noninterest income) and increased incentives primarily tied to peer-comparison performance. The $4 million increase in regular salaries was primarily the result of annual merit increases. Net occupancy and equipment expense increased primarily due to the addition of 12 new banking centers in the six months ended June 30, 2007, along with 25 new banking centers in full-year 2006. Customer services expense, which represents compensation provided to customers and is one method to attract and retain title and escrow deposits in the Financial Services Division, was $11 million in the second quarter 2007, an increase of $2 million compared to $9 million in the second quarter 2006. The amount of

customer services expense varies from period to period as a result of changes in the level of noninterest-bearing deposits in the Financial Services Division, the level of the low-rate loans, the earnings credit allowances provided on these deposits, and a competitive environment. The decrease in litigation and operational losses reflected a litigation-related insurance settlement of $8 million in the second quarter of 2007. Noninterest expenses in the second quarter 2007 included approximately $2 million of costs related to the previously announced relocation of the Corporation s headquarters to Dallas, Texas, reflected in salaries and other noninterest expenses.

The following table summarizes the various components of salaries and employee benefits expense.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2007	2006	2007	2006
Salaries				
Salaries regular	$156	$152	$310	$300
Severance	1	1	1	2
Incentives	46	30	75	55
Share-based compensation	12	14	35	33
Total salaries	215	197	421	390
Employee benefits				
Pension expense	11	8	18	20
Other employee benefits	39	36	78	74
Total employee benefits	50	44	96	94
Total salaries and employee benefits	$265	$241	$517	$484

Noninterest expenses were $818 million for both the first six months of 2007 and 2006. Noninterest expenses in the first six months of 2007, compared to first six months of 2006, reflected increases in incentive compensation ($20 million), regular salaries ($10 million) and net occupancy and equipment expense on a combined basis ($10 million), and were offset by decreases in the provision for credit losses on lending-related commitments ($18 million) and litigation and operational losses ($10 million). The increases and decreases for the first six months of 2007, compared to the first six months of 2006, were primarily due to the same reasons cited in the quarterly discussion above.

Beginning January 1, 2007, the Corporation prospectively classified interest expense on tax liabilities in the provision for income taxes on the consolidated statements of income. For further discussion of interest on tax liabilities, refer to Note 1 to the consolidated financial statements, and to the following section, entitled Provision for Income Taxes and Tax-Related Interest. Noninterest expenses included a negative $5 million for interest on tax liabilities for the second quarter 2006, due to settlement of various refund claims, and $21 million for the first six months of 2006.

Management currently expects flat noninterest expenses for the full-year 2007, excluding the provision for credit losses on lending-related commitments, from a 2006 adjusted base of $1,669 million. The outlook reflects anticipated 2007 costs associated with the previously announced headquarters move to Dallas, Texas (expected to be about $10 million in 2007, with most of the remaining $8 million expected to be incurred in the third quarter 2007).

Provision for Income Taxes and Tax-related Interest

The provision for income taxes for the second quarter 2007 was $91 million, compared to $92 million for the same period a year ago. The effective tax rate was 32 percent for both the second quarter 2007 and 2006. For the six months ended June 30, 2007 and 2006, the provision for income taxes was $177 million and $157 million, respectively. For the six months ended June 30, 2007 and 2006, the effective tax rate was 31 percent and 28 percent, respectively. In the first quarter 2006, the IRS completed the examination of the Corporation s federal tax returns for the years 1996 through 2000. Tax reserves, which include the provision for income taxes and interest expense on tax liabilities (included in other noninterest expenses in 2006) were adjusted to reflect the resolution of those tax years, and to reflect an updated assessment of reserves on certain types of structured lease transactions and a series of loans to foreign borrowers. The effect of these adjustments decreased federal taxes ($16 million) and increased interest expense on tax liabilities ($23 million, $15 million after-tax) in the first quarter 2006. Tax-related interest was reduced by $6 million in the second quarter 2006 upon settlement of various refund claims with the IRS.

Management currently expects an effective tax rate for the full-year 2007 of about 32 percent.

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 on 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 13 to the consolidated financial statements presents financial results of these business segments for the six months ended June 30, 2007 and 2006. For a description of the business activities of each business segment and the methodologies which form the basis for these results, refer to Note 13 to these consolidated financial statements and Note 24 to the consolidated financial statements in the Corporation s 2006 Annual Report.

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

(dollar amounts in millions)	Six Months Ended June 30, 2007		2006	
Business Bank	$278	72%	$288	72%
Retail Bank	68	18	77	19
Wealth & Institutional Management	37	10	34	9
	383	100%	399	100%
Finance	1		(9)	
Other*	2		4	
Total	$386		$394	

* *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 $278 million decreased $10 million, or three percent, for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) was $667 million, an increase of $19 million from the comparable prior year period. The increase in net interest income (FTE) was primarily due to a $3.0 billion increase in average loan balances (excluding Financial Services Division), partially offset by a decline in net interest income from the Financial Services Division and loan spreads. Average low-rate Financial Services Division loan balances declined $1.2 billion for the six months ended June 30, 2007 and average Financial Services Division noninterest-bearing deposits declined $1.4 billion. The provision for loan losses increased $54 million, from a negative provision of $8 million in the comparable period in the prior year, primarily due to an increase in retail trade (gasoline delivery) and Michigan commercial real estate industry reserves in 2007 and credit improvements recognized in the first six months of 2006. Noninterest income of $130 million decreased $3 million from the comparable prior year period, primarily due to an $8 million decrease in net income from principal investing and warrants, including a negative $4 million warrant fair value adjustment in the first quarter 2007, and a $3 million decrease in investment banking fees, partially offset by a $5 million impairment charge on Mexican bank charter assets held-for-sale recognized in the first quarter 2006. Noninterest expenses of $346 million for the six months ended June 30, 2007 decreased $29 million from the same period in the prior year, primarily due to a $24 million decline in the provision of loan losses on lending-related commitments.

The Retail Bank s net income decreased $9 million, or 11 percent, to $68 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $317 million was unchanged from the comparable prior year period as the benefit of a $360 million increase in average deposit balances was offset by a decline in loan spreads. The provision for loan losses decreased $5 million primarily due to improved credit risk. Noninterest income of $109 million increased $5 million from the comparable prior year period, partially due to a $2 million increase in income from the sale of SBA loans. Noninterest expenses of $313 million for the six months ended June 30, 2007, increased $21 million from the same period in the prior year, primarily due to a $10 million

increase in expenses related to the addition of new banking centers, mostly salaries and employee benefits expense and net occupancy expenses**.** The Corporation opened 12 new banking in the six months ended June 30, 2007, and is on target to open 30 total banking centers in 2007.

Wealth & Institutional Management s net income increased $3 million, or nine percent, to $37 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $72 million decreased $2 million from the comparable period in the prior year as decreases in loan spreads and average deposit balances were partially offset by an increase in average loan balances. Noninterest income of $141 million increased $13 million from the comparable period in the prior year, primarily due to a $10 million increase in fiduciary income in the six months ended June 30, 2007 and a $1 million gain from the sale of an insurance subsidiary in the first quarter 2007. Noninterest expenses of $155 million increased $4 million from the same period in the prior year due to an increase in salaries and employee benefits expense.

Net income for the Finance Division was $1 million for the six months ended June 30, 2007, compared to a net loss of $9 million for the six months ended June 30, 2006. Contributing to the increase in net income was a $16 million increase in net interest income (FTE), primarily due to rising rate environment in which income received from the lending-related business increased faster than the longer-term value attributed to deposits generated by the business units.

The net income for the Other category was $2 million for the six months ended June 30, 2007, compared to net income of $4 million for the six months ended June 30, 2006. Discontinued operations, net of related taxes, had a net loss of $8 million for the six months ended June 30, 2006, primarily due to an $8 million, net of taxes,

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transition adjustment expense related to SFAS No. 123 (R) recorded in the first quarter of 2006. Noninterest income increased $15 million, primarily due to an $8 million increase in deferred compensation asset returns and a $6 million increase in net income from principle investing and warrants. The remaining difference is due to timing differences between when corporate overhead expenses are reflected as a consolidated expense and when the expenses are allocated to the business segments.

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. Note 13 to the consolidated financial statements contains a description and presents financial results of these market segments for the six months ended June 30, 2007 and 2006.

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

	Six Months Ended June 30,			
(dollar amounts in millions)	2007		2006	
Midwest	$177	46%	$195	49%
Western	125	33	130	32
Texas	42	11	43	11
Florida	5	1	4	1
Other Markets	10	3	8	2
International	24	6	19	5
	383	100%	399	100%
Finance & Other Businesses*	3		(5)	
Total	$386		$394	

* *Includes discontinued operations and items not directly associated with the market segments*

The Midwest market s net income decreased $18 million, or 10 percent, to $177 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $492 million decreased $2 million from the comparable period in the prior year as a decrease in loan spreads were partially offset by increases in average loan balances and deposit spreads. The provision for loan losses increased $43 million, primarily due to an increase in commercial real estate and retail trade (gasoline delivery) industry reserves in the first six months of 2007, compared to the first six months of 2006. Noninterest income of $239 million increased $3 million from the comparable period in the prior year due to a $5 million increase in fiduciary income, partially offset by a $3 million decline in investment banking fees. Noninterest expenses of $424 million decreased $14 million from the same period in the prior year, primarily due to a $16 million decline in the provision for loan losses on lending-related commitments, which reflected stable credit quality in 2007 for customers in the automotive industry, compared to declining credit quality in 2006. The Corporation opened two new banking centers in Michigan in the six months ended June 30, 2007.

The Western market s net income decreased $5 million, or four percent, to $125 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $355 million increased $7 million from the comparable prior year period. The increase in net interest income (FTE) was primarily due to a $1.8 billion increase in average loan balances (excluding Financial Services Division), a $752 million increase in average deposit balances (excluding Financial Services Division), offset by a decrease in net interest income from the Financial Services Division and declining loan spreads. Average low-rate Financial Services Division loan balances declined $1.2 billion in the first six months of 2007 and average Financial Services Division noninterest-bearing deposits declined $1.4 billion. The provision for loan losses increased $5 million, primarily due to credit improvements in the first six months of 2006 exceeding those in 2007. Noninterest income of $60 million for the six months ended June 30, 2007, decreased $2 million from the same period in 2006, primarily due to an $8 million decrease in net income from principle investing and warrants, including a negative $4 million warrant fair value adjustment in the first quarter 2007. This decrease was partially offset by a $2 million increase in income from the sale of SBA loans. Noninterest expenses of $223 million increased $4 million as salaries and employee benefits expense and net occupancy expense increased related to the addition of new banking centers, and increased customer services expense. The Corporation opened five new banking centers in the Western market in the six months ended June 30, 2007.

The Texas market s net income decreased $1 million, or four percent, to $42 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $137 million increased $12 million from the comparable period in the prior year. The increase in net interest income (FTE) was primarily due to an increase in average loan and deposit balances, partially offset by a decrease in loan spreads. The provision for loan losses increased $8 million, primarily due to credit improvements recognized in the first six months of 2006. Noninterest income of $39 million increased $3 million from the same period in the prior year. Noninterest expenses of $110 million increased $7 million from the comparable period in the prior year, primarily due to a $4 million increase in salaries and employee benefits expense and a $1 million increase in net occupancy expense related to the addition of new banking centers. The Corporation opened five new banking centers in the Texas market in the six months ended June 30, 2007.

The Florida market s net income increased $1 million, or 23 percent, to $5 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $22 million increased $1 million from the comparable period in the prior year, primarily due to an increase in average loan balances. The provision for loan losses decreased $3 million primarily due to improved credit risk and lower loan growth in the first six months of 2007, compared to the same period in 2006. Noninterest income of $7 million was unchanged from the same period in the prior year. Noninterest expenses of $18 million increased $2 million from the comparable period in the prior year.

The Other Markets net income increased $2 million to $10 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $15 million decreased $2 million from the comparable period in the prior year, primarily due to a decrease in average deposit balances. The provision for loan losses decreased $3 million, primarily due to an improvement in credit risk. Noninterest income of $18 million increased $4 million from the comparable period in the prior year, primarily due to a $3 million increase in fiduciary income. Noninterest expenses of $18 million increased $1 million from the comparable period in the prior year, primarily due to an increase in salaries and employee benefits expense.

The International market s net income increased $5 million, to $24 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. Net interest income (FTE) of $35 million increased $1 million from the comparable period in the prior year. The provision for loan losses was negative in both the first six months of 2007 and 2006, due to credit improvements and recoveries. Noninterest income of $17 million increased $7 million from the comparable period in the prior year, primarily due to a $5 million impairment charge on Mexican bank charter assets held-for-sale that was recognized in the first quarter 2006. Noninterest expenses of $21 million decreased $4 million from the comparable period in the prior year, partially due to the sale of the Mexican bank charter in the third quarter 2006.

The net income for the Finance & Other Business segment was $3 million for the six months ended June 30, 2007, compared to a net loss of $5 million for the six months ended June 30, 2006. Discontinued operations, net of related taxes, had a net loss of $8 million for the six months ended June 30, 2006, primarily due to an $8 million, net of taxes, transition adjustment expense related to SFAS No. 123 (R) recorded in the first quarter 2006. Net interest income (FTE) increased $15 million, primarily due to the rising rate environment in which income received from the lending-related business increased faster than the longer-term value attributed to deposits generated by the business units. Noninterest income increased $15 million, primarily due to an $8 million increase in deferred compensation asset returns and a $6 million increase in net income from principle investing and warrants. The remaining difference is due to timing differences between when corporate overhead expenses are reflected as a consolidated expense and when the expenses are allocated to the business segments.

The following table lists the number of the Corporation s banking centers by market segment at June 30:

	2007	2006
Midwest	240	240
Western	80	65
Texas	72	61

Florida	9	8
International	1	4
Total	402	378

Financial Condition

Total assets were $58.6 billion at June 30, 2007, compared to $58.0 billion at year-end 2006 and $57.1 billion at June 30, 2006. Total period-end loans increased $1.3 billion, or three percent, to $48.8 billion from December 31, 2006 to June 30, 2007. On an average basis, total loans increased $1.2 billion, or three percent ($1.6 billion, or three percent, excluding Financial Services Division loans), to $49.8 billion in the second quarter 2007, compared to $48.6 billion in the fourth quarter 2006. Within average loans, several business lines showed growth, including the Global Corporate Banking (nine percent), National Dealer Services (six percent), Private Banking (six percent), Small Business (three percent), and Middle Market (two percent) loan portfolios, from the fourth quarter 2006 to the second quarter 2007. Excluding Financial Services Division loans, average loans grew in the International Market (nine percent), Other Markets (nine percent), Western Market (seven percent), Texas Market (three percent), and Florida Market (two percent) from the fourth quarter 2006 to the second quarter 2007. Period-end federal funds sold and securities purchased under agreements to resell decreased $1.4 billion from December 31, 2006 to June 30, 2007, as funding sources were lower at June 30, 2007. Investment securities available-for-sale increased $706 million, from December 31, 2006, to $4.4 billion at June 30, 2007 primarily due to the purchase of approximately $600 million of mortgage-backed Government-sponsored agency securities in the first six months of 2007, to replace those that had matured in 2007 and 2006.

Management currently expects average loan growth for full-year 2007, compared to 2006, to be in the mid to high single-digit range, excluding Financial Services Division loans, with flat growth in the Midwest market and low double-digit growth in the Western and Texas markets.

Shared National Credit (SNC) loans totaled $9.5 billion (approximately 1,025 borrowers) at June 30, 2007, compared to $8.8 billion (approximately 1,000 borrowers) at December 31, 2006. SNC loans are facilities greater than $20 million shared by three or more federally supervised financial institutions, which are reviewed by regulatory authorities at the agent bank level. These loans, diversified by both line of business and geography, represented approximately 20 percent and 19 percent of total loans at June 30, 2007 and December 31, 2006, respectively. The Corporation generally seeks to obtain ancillary business within about two years of entering a SNC relationship. There were no SNC net loan charge-offs for the six month period ended June 30, 2007, and SNC loans comprised less than one percent of total nonaccrual loans at both June 30, 2007 and December 31, 2006.

Commercial real estate loans, consisting of real estate construction and commercial mortgage loans, totaled $14.2 billion at June 30, 2007, of which $5.1 billion, or 36 percent, were to borrowers in the Commercial Real Estate line of business. Borrowers in the Commercial Real Estate line of business include both local and national real estate developers, primarily involved in residential real estate. The $9.1 billion of commercial real estate loans in other business lines consist primarily of commercial mortgages for properties of middle market and small business customers. The following table reflects real estate construction and commercial mortgage loans to borrowers in the Commercial Real Estate line of business by project type and location of property:

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(dollar amounts in millions)

June 30, 2007	Location of Property						
					Other		% of
Project Type:	Western	Michigan	Texas	Florida	Markets	Total	Total
Real estate construction loans:							
Commercial Real Estate business line:							
Single Family	$ 963	$111	$184	$254	$128	$1,640	43%
Land Development	394	131	174	41	76	816	21
Retail	137	69	118	38	53	415	11
Multi-family	63	18	82	33	56	252	7
Office	95	15	52	4	4	170	4
Land Carry	166	6				172	5
Commercial	78	14	6	5	7	110	3
Other	111	28	14	23	32	208	6
Total	$2,007	$392	$630	$398	$356	$3,783	100%
Commercial mortgage loans:							
Commercial Real Estate business line:							
Land Carry	$ 199	$193	$112	$105	$113	$ 722	54%
Office	31	46	27		13	117	9
Retail	43	59	27	5	47	181	13
Multi-family	7	84	40	12	14	157	12
Commercial	35	43	9		6	93	7
Other	3	16	4	14	30	67	5
Total	$ 318	$441	$219	$136	$223	$1,337	100%

Total liabilities increased $704 million, or one percent, from $52.8 billion at December 31, 2006, to $53.6 billion at June 30, 2007. Total deposits decreased $1.7 billion, or four percent, to $43.2 billion at June 30, 2007, from $44.9 billion at December 31, 2006, as a result of a $1.1 billion decrease in noninterest-bearing deposits and a $616 million decrease in foreign office time deposits. Institutional certificates of deposit decreased $304 million, as the Corporation replaced maturing certificates with senior debt, a trend expected to continue for the remainder of 2007. Deposits in the Financial Services Division, some of which are not expected to be long-lived, decreased to $5.4 billion at June 30, 2007, from $6.5 billion at December 31, 2006. Average Financial Services Division deposits decreased $786 million, to $4.5 billion in the second quarter 2007, from $5.3 billion in the fourth quarter 2006, in part due to the continued slowing of the real estate activity in the Western market in the second quarter 2007. Average Financial Services Division noninterest-bearing deposits decreased $676 million, to $3.3 billion in the second quarter 2007, from $4.0 billion in the fourth quarter 2006.

Management expects the following for full-year 2007, based upon current trends:

Average Financial Services Division noninterest-bearing deposits of $3.2 billion; and

Average Financial Services Division loans will fluctuate in tandem with the level of noninterest-bearing deposits.

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Capital

Shareholders equity was $5.0 billion at June 30, 2007 and $5.2 billion at December 31, 2006.

The following table presents a summary of changes in shareholders equity in the six month period ended June 30, 2007:

(in millions)		
Balance at December 31, 2006		$ 5,153
FIN 48 transition adjustment, net of tax		3
FSP 13-2 transition adjustment, net of tax		(46)
Balance at January 1, 2007		5,110
Retention of earnings (net income less cash dividends declared)		187
Change in accumulated other comprehensive income (loss):		
Investment securities available-for-sale	$ (15)	
Cash flow hedges	21	
Defined benefit and other postretirement plans adjustment	10	
Total change in accumulated other comprehensive income (loss)		16
Repurchase of approximately 7.0 million shares of common stock		(425)
Net issuance of common stock under employee stock plans		95
Recognition of share-based compensation expense		35
Balance at June 30, 2007		$ 5,018

At June 30, 2007, the November 14, 2006 authorization of the Board of Directors of the Corporation to purchase up to 10 million shares of Comerica Incorporated outstanding common stock remained unfilled. Substantially all shares purchased as part of the Corporation 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 the Corporation s share repurchase program.

The following table summarizes the Corporation s share repurchase activity for the six months ended June 30, 2007.

(shares in thousands)	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs	Remaining Share Repurchase Authorization (2)
Total first quarter 2007	3,491	$ 60.29	3,441	9,113
April 2007	454	62.75	446	8,667
May 2007	1,397	62.72	1,397	7,270
June 2007	1,645	61.51	1,645	5,625
Total second quarter 2007	3,496	62.15	3,488	5,625

Total year-to-date 2007	6,987	$ 61.22	6,929	5,625

(1) 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.

(2) Maximum number of shares that may yet be purchased under the publicly announced plans or programs.

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The Corporation s capital ratios exceed minimum regulatory requirements as follows:

	June 30, 2007	December 31, 2006
Tier 1 common capital ratio*	7.19%	7.54%
Tier 1 risk-based capital ratio (4.00% minimum)*	7.87	8.02
Total risk-based capital ratio (8.00% minimum)*	11.71	11.63
Leverage ratio (3.00% minimum)*	9.68	9.76

* June 30, 2007 ratios are estimated

At June 30, 2007, the Corporation and its U.S. banking subsidiaries exceeded the ratios required for an institution to be considered well capitalized (Tier 1 risk-based capital, total risk-based capital and leverage ratios greater than six percent, 10 percent and five percent, respectively). Based on an interim decision issued by the banking regulators, the after-tax charge to shareholders equity associated with the adoption of SFAS No. 158 Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132(R), was excluded from the calculation of regulatory capital ratios. Therefore, for purposes of calculating regulatory capital ratios, shareholders equity was increased by $215 million and $205 million on December 31, 2006 and June 30, 2007, respectively.

The Corporation expects to continue active capital management in 2007 within targeted capital ratios: Tier 1 common from 6.50 percent to 7.50 percent and Tier 1 risk-based from 7.25 percent to 8.25 percent. Total open market share repurchases in 2007 are expected to be about nine million shares.

Risk Management

The following updated information should be read in conjunction with the Risk Management section on pages 44-59 of the Corporation s 2006 Annual Report.

Credit Risk

Allowance for Credit Losses and Nonperforming Assets

The allowance for credit losses is the combined allowance for loan losses and allowance for credit losses on lending-related commitments. The allowance for loan losses represents management s assessment of probable losses inherent in the Corporation s loan portfolio. The allowance provides for probable losses that have been identified with specific customer relationships and for probable losses believed to be inherent in the loan portfolio, but that have not been specifically identified. Internal risk ratings are assigned to each business loan at the time of approval and are subject to subsequent periodic reviews by the Corporation s senior management. The Corporation performs a detailed quarterly credit quality review on both large business and certain large personal purpose consumer and residential mortgage loans that have deteriorated below certain levels of credit risk, and may allocate a specific portion of the allowance to such loans based upon this review. The Corporation defines business loans as those belonging to the commercial, real estate construction, commercial mortgage, lease financing and international loan portfolios. A portion of the allowance is allocated to the remaining business loans by applying projected loss ratios, based on numerous factors identified below, to the loans within each risk rating. In addition, a portion of the allowance is allocated to these remaining loans based on industry specific risks inherent in certain portfolios, including portfolio exposures to automotive, contractor, technology-related, and retail trade (gasoline delivery) industries, Michigan commercial real estate, and Small Business Administration loans. The portion of the allowance allocated to all other consumer and residential mortgage loans is determined by applying projected loss ratios to various segments of the loan portfolio. Projected loss ratios incorporate factors such as recent charge-off experience, current economic conditions and trends and past due and nonaccrual trends. These loss ratios are supported by underlying analysis, including information on migration and loss given default studies from each of the three largest geographic markets (Midwest, Western and Texas), as well as mapping to bond tables.

Actual loss ratios experienced in the future may vary from those projected. 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 projected loss ratios or identified industry specific risks. A portion of the allowance is maintained 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. Factors that were considered in the evaluation of the adequacy of the Corporation s allowance include the inherent imprecision in the risk rating system and the risk associated with new customer relationships. The allowance associated with the margin for inherent imprecision covers probable loan losses as a result of an inaccuracy in assigning risk ratings or stale ratings which may not have been updated for recent negative trends in particular credits. The allowance due to new business migration risk is based on an evaluation of the risk of rating downgrades associated with loans that do not have a full year of payment history.

The total allowance for loan losses is available to absorb losses from any segment within the 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. At June 30, 2007, the total allowance for loan losses was $507 million, an increase of $14 million from $493 million at December 31, 2006. The increase resulted primarily from an increase in individual and industry reserves for customers in the retail trade (gasoline delivery) and Michigan commercial real estate industries. These increases were partially offset by reductions of the projected loss rates for the Corporation s Western Market due to continued strong metrics and the industry reserves for customers in the air transportation and entertainment industries. The allowance for loan losses as a percentage of total period-end loans was 1.04 percent at both June 30, 2007 and December 31, 2006.

The Corporation also 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, which is included in accrued expenses and other liabilities on the consolidated balance sheets. Lending-related commitments for which it is probable that the commitment will be drawn (or sold) are reserved with the same projected loss rates as loans, or with specific reserves. In general, the probability of draw is considered certain once

the credit becomes a watch list credit (generally consistent with regulatory defined special mention, substandard and doubtful credits). Non-watch list credits have a lower probability of draw, to which standard loan loss rates are applied. The allowance for credit losses on lending-related commitments was $19 million at June 30, 2007, a decrease of $7 million from $26 million at December 31, 2006, resulting primarily from a decrease in specific reserves related to unused commitments to extend credit to customers in the automotive industry due to sales of these unfunded commitments and improvements in the associated market values. Unfunded lending-related commitments of $60 million and $65 million were sold in the six months ended June 30, 2007 and 2006, respectively.

Nonperforming assets at June 30, 2007 were $259 million, compared to $232 million at December 31, 2006, an increase of $27 million, or 12 percent. The allowance for loan losses as a percentage of nonperforming assets decreased to 195 percent at June 30, 2007, from 213 percent at December 31, 2006. Although nonperforming assets increased, these remain low by historical standards.

Nonperforming assets at June 30, 2007 and December 31, 2006 were categorized as follows:

(in millions)	June 30, 2007	December 31, 2006
Nonaccrual loans:		
Commercial	$ 88	$ 97
Real estate construction:		
Commercial Real Estate business line	37	18
Other business lines	7	2
Total real estate construction	44	20
Commercial mortgage:		
Commercial Real Estate business line	20	18
Other business lines	84	54
Total commercial mortgage	104	72
Residential mortgage	1	1
Consumer	3	4
Lease financing		8
International	4	12
Total nonaccrual loans	244	214
Reduced-rate loans		
Total nonperforming loans	244	214
Foreclosed property	15	18
Total nonperforming assets	$259	$ 232
Loans past due 90 days or more and still accruing	$ 29	$ 14

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

	Three Months Ended		
(in millions)	June 30, 2007	March 31, 2007	December 31, 2006
Nonaccrual loans at beginning of period	$ 218	$ 214	$ 174
Loans transferred to nonaccrual (1)	107	69	66
Nonaccrual business loan gross charge-offs (2)	(40)	(31)	(16)
Loans transferred to accrual status (1)	(8)		
Nonaccrual business loans sold (3)		(4)	
Payments/Other (4)	(33)	(30)	(10)
Nonaccrual loans at end of period	$ 244	$ 218	$ 214
(1) Based on an analysis of nonaccrual loans with book balances greater than $2 million.			
(2) Analysis of gross loan charge-offs:			
Nonaccrual business loans	$ 40	$ 31	$ 16
Performing watch list loans			2
Consumer and residential mortgage loans	3	3	13
Total gross loan charge-offs	$ 43	$ 34	$ 31
(3) Analysis of loans sold:			
Nonaccrual business loans	$	$ 4	$
Performing watch list loans			25
Total loans sold	$	$ 4	$ 25

(4) Includes net changes related to nonaccrual loans with balances less than $2 million, other than business loan gross charge-offs and nonaccrual business loans sold, and payments on nonaccrual loans with book balances greater than $2 million.

Twenty loan relationships with balances greater than $2 million, which totaled $107 million, were transferred to nonaccrual status in the second quarter 2007, an increase of $38 million from $69 million in the first quarter 2007. Of the transfers to nonaccrual in the second quarter 2007, $69 million were from the Midwest market. There were two loan relationships greater than $10 million transferred to nonaccrual in the second quarter 2007, one from the Midwest market and one from the Western market. These loans totaled $32 million and were to companies in the real estate industry.

The following table presents a summary of total internally classified watch list loans (generally consistent with regulatory defined special mention, substandard and doubtful loans). Total watch list loans increased slightly both in dollars and as a percentage of the total loan portfolio from December 31, 2006 to June 30, 2007.

(dollar amounts in millions)	June 30, 2007	December 31, 2006
Total watch list loans	$ 2,681	$ 2,411

As a percentage of total loans	5.5%	5.1%

The following table presents a summary of nonaccrual loans at June 30, 2007 and loan relationships transferred to nonaccrual and net loan charge-offs during the three months ended June 30, 2007, based primarily on the Standard Industrial Classification (SIC) industry categories.

(dollar amounts in millions)	June 30, 2007			Three Months Ended June 30, 2007					
Industry Category	Nonaccrual Loans			Loans Transferred to Nonaccrual *			Net Loan Charge-Offs (Recoveries)		
Real estate	$	66	27%	$	57	54%	$	13	45%
Retail trade		56	22					13	44
Services		39	16		20	18		4	14
Automotive		20	8					(6)	(19)
Manufacturing		19	8		13	12		2	6
Wholesale trade		17	7		6	6		2	5
Contractors		9	4		4	4			1
Transportation		4	2		4	3			
Consumer non-durables		3	1		3	3		1	2
Other **		11	5					1	2
Total	$	244	100%	$	107	100%	$	30	100%

* Based on an analysis of nonaccrual loans with book balances greater than $2 million.

** Consumer nonaccrual loans and net charge-offs are included in the Other category.

Net loan charge-offs for the second quarter 2007 were $30 million, or 0.24 percent of average total loans, compared to $18 million, or 0.15 percent, for the second quarter 2006. Total net credit-related charge-offs for the second quarter 2007 were $30 million, or 0.24 percent of average total loans, compared to $19 million, or 0.16 percent, for the second quarter 2006. The carrying value of nonaccrual loans as a percentage of contractual value was 73 percent at June 30, 2007, compared to 71 percent at December 31, 2006 and 62 percent at June 30, 2006. The increase in carrying value of nonaccrual loans as a percentage of the contractual value from a year ago reflects a stronger focus in recent years on exiting under-collateralized loan relationships prior to the loan reaching nonaccrual status, either through secondary debt market sales or aggressively encouraging those borrowers to find other sources of financing.

For further discussion of credit risk, see pages 44-52 in the Corporation s 2006 Annual Report.

Market Risk

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 actively manages its exposure to interest rate risk. The Corporation frequently evaluates net interest income under various balance sheet and interest rate scenarios, 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, different from those management included in its simulation analyses, whether domestically or internationally, could translate into a materially different interest rate environment than currently expected. Management evaluates base net interest income under what is believed to be the most likely balance sheet structure and interest rate environment. The most likely interest rate environment is derived from management s forecast for the next 12 months. This base net interest income is then evaluated against non-parallel interest rate scenarios that increase and decrease 200 basis points (but not lower than zero percent) from the most likely rate environment. Since movement is from the most likely rate environment, actual movement from the current rates may be more or less than 200 basis points. For this analysis, the rise or decline in interest rates occurs in a linear fashion over four months. In addition, adjustments to asset prepayment levels, yield curves and overall balance sheet mix and growth assumptions are made to be consistent with each interest rate environment. These assumptions are inherently uncertain and, as a result, the model cannot 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 interest rate changes and changes in market conditions and management strategies, among other factors. However, the model can indicate the likely direction of change. Derivative instruments entered into for risk management purposes are included in these analyses. The measurement of risk exposure at June 30, 2007 for a decline in interest rates of 200 basis points resulted in an estimated adverse impact on net interest income during the next 12 months of approximately $73 million, or four percent of forecasted net interest income for the period.

Corresponding measures of risk exposure at December 31, 2006 resulted in an estimated adverse impact on net interest income of approximately $72 million, or four percent. Corporate policy limits adverse change to no more than five percent of management s most likely net interest income forecast and the Corporation is operating within this policy guideline.

In addition to the analysis described above, which assumes the rise or decline in interest rates occurs in a linear fashion over four months, the Corporation also considers alternative scenarios, including an analysis reflecting a common industry practice of assuming the rise or decline in interest rates occurs in a linear fashion over 12 months. The table below as of June 30, 2007 displays the estimated impact on net interest income during the next 12 months as it relates to the most likely scenario results from the 200 basis point non-parallel shock under this analysis. Corporate guidelines limit adverse change in this scenario to no more than four percent of management s most likely net interest income forecast.

	June 30, 2007	
(in millions)	Amount	%
Change in Interest Rates:		
+200 basis points	$ 35	2%
-200 basis points	(50)	(2)

The Corporation also performs an economic value of equity analysis for a longer term view of the interest rate risk position. The economic value of equity analysis begins with an estimate of the mark-to-market valuation of the Corporation s balance sheet and then applies the estimated market value impact of rate movements upon the assets and liabilities. The economic value of equity is then calculated as the residual necessary to re-balance the resulting assets and liabilities. The market value change in the economic value of equity is then compared to the corporate policy guideline limiting such adverse change to 10 percent of the base economic value of equity as a result of an immediate parallel 200 basis point increase or decrease in interest rates. The Corporation is operating within this policy parameter. As with net interest income shocks, a variety of alternative scenarios are performed to measure the impact on economic value of equity, including, but not limited to, changes in balance sheet structure and yield curve twists.

The table below as of June 30, 2007 and December 31, 2006 displays the estimated impact on the economic value of equity from the 200 basis point immediate parallel increase or decrease in interest rates as described above. The change in the economic value of equity from December 31, 2006 to June 30, 2007 was primarily driven by the issuance of $515 million of 6.576% fixed rate subordinated notes due 2037, which resulted in a decline of three percentage points under the 200 basis point parallel decrease in interest rates scenario in the table below. The subordinated notes due 2037 relate to trust preferred securities issued by an unconsolidated subsidiary in the first quarter 2007.

	June 30, 2007		December 31, 2006	
(in millions)	Amount	%	Amount	%
Change in Interest Rates:				
+200 basis points	$303	3%	$ 155	2%
-200 basis points	(654)	(7)	(351)	(4)

Other Market Risks

At June 30, 2007, the Corporation had an $83 million portfolio of indirect (through funds) private equity and venture capital investments, and had commitments of $45 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 reported in other assets. The investments are individually reviewed for impairment on a quarterly basis, by comparing the carrying value to the estimated fair value. Approximately $13 million of the underlying equity and debt (primarily equity) in these funds are to companies in the automotive industry. The automotive-related positions do not represent a majority of any one fund s investments, and therefore, the exposure related to these positions is mitigated by the performance of other investment interests within the fund s portfolio of companies.

The Corporation holds a portfolio of approximately 800 warrants for generally non-marketable equity securities. These warrants are primarily from high technology, non-public companies obtained as part of the loan

origination process. As discussed in Note 1 to the consolidated financial statements in the Corporation s 2006 Annual Report, warrants that have a net exercise provision embedded in the warrant agreement are required to be accounted for as derivatives and recorded at fair value. The value of all warrants that are carried at fair value ($20 million at June 30, 2007) is at risk to changes in equity markets, general economic conditions and other factors. The majority of new warrants obtained as part of the loan origination process no longer contain an embedded net exercise provision.

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 securities. Other components of noninterest income, primarily brokerage fees, are at risk to changes in the level of market activity.

For further discussion of market risk, see Note 10 to these consolidated financial statements and pages 52-59 in the Corporation s 2006 Annual Report.

Critical Accounting Policies

The Corporation s consolidated financial statements are prepared based on the application of accounting policies, the most significant of which are described in Note 1 to the consolidated financial statements included in the Corporation s 2006 Annual Report, as updated in Note 1 to the unaudited consolidated financial statements in this report. These policies require numerous estimates and strategic or economic assumptions, which may prove inaccurate or subject to variations. Changes in underlying factors, assumptions or estimates could have a material impact on the Corporation s future financial condition and results of operations. The most critical of these significant accounting policies are the policies for allowance for credit losses, pension plan accounting, income taxes and valuation methodologies. These policies are reviewed with the Audit Committee of the Corporation s Board of Directors and are discussed more fully on pages 60-64 of the Corporation s 2006 Annual Report. As of the date of this report, the Corporation does not believe that there has been a material change in the nature or categories of its critical accounting policies or its estimates and assumptions from those discussed in its 2006 Annual Report, aside from certain refinements to estimates and assumptions related to the January 1, 2007 adoption of FIN 48 and FSP 13-2 as described in Note 6 to these consolidated financial statements.

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Other Matters

On March 6, 2007, the Corporation announced plans to relocate its corporate headquarters to Dallas, Texas. The relocation is expected to occur by the end of the third quarter of 2007. Costs associated with the headquarters move are expected to be about $15 to $20 million over three years, with approximately $10 million expected to be incurred in 2007.

ITEM 4. Controls and Procedures

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

(b) Changes in Internal Controls. During the period to which this report relates, there have not been any changes in the Corporation s internal controls over financial reporting that have materially affected, or that are reasonably likely to materially affect, such controls.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 1A. Risk Factors

There has been no material change in the Corporation s risk factors as previously disclosed in our Form 10-K for the fiscal year ended December 31, 2006 in response to Item 1A. to Part I of such Form 10-K. Such risk factors are incorporated herein by reference.

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

For information regarding the Corporation s share repurchase activity, see Part 1. Item II. Management s Discussion and Analysis of Financial Condition and Results of Operations Capital, which is incorporated herein by reference.

ITEM 4. Submission of Matters to a Vote of Security Holders

The Corporation s Annual Meeting of Shareholders was held on May 15, 2007. At the meeting, shareholders of the Corporation voted to:

1. Elect five class II Directors for three-year terms expiring in 2010 or upon the election and qualification of their successors;

2. Ratify the appointment of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2007; and

3. Reject a shareholder proposal for the Corporation to prepare a sustainability report.

1. The nominees for election as Class II Directors of the Corporation and the results are as follows:

	For	Against/Withheld	Abstained	Broker Non-Votes
Ralph W. Babb, Jr.	121,975,693	5,816,024	1,223,043	
James F. Cordes	122,249,884	5,516,163	1,248,713	
Peter D. Cummings	126,372,078	1,420,637	1,222,045	
William P. Vititoe	126,363,791	1,419,128	1,231,841	
Kenneth L. Way	126,255,241	1,517,505	1,242,014	

The names of other Directors of the Corporation whose terms of office continued after the meeting are as follows:

Incumbent Class I Directors		Incumbent Class III Directors	
Lillian Bauder	Robert S. Taubman	Joseph J. Buttigieg, III	T. Kevin DeNicola
Anthony F. Early, Jr.	Reginald M. Turner, Jr.	Roger A. Cregg	Alfred A. Piergallini

2. Ratification of the independent auditor for the fiscal year ending December 31, 2007. The results are as follows:

	For	Against/Withheld	Abstained	Broker Non-Votes
Ernst & Young LLP	123,031,429	4,833,407	1,149,924	

3. Rejection of a shareholder proposal for the Corporation to prepare a sustainability report. The results are as follows:

For	Against/Withheld	Abstained

				Broker Non-Votes
Shareholder Proposal	41,724,864	50,946,516	14,410,163	21,933,217

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ITEM 6. Exhibits

(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)

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SIGNATURES

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

COMERICA INCORPORATED
(Registrant)

/s/ Elizabeth S. Acton
Elizabeth S. Acton
Executive Vice President and
Chief Financial Officer

/s/ Marvin J. Elenbaas
Marvin J. Elenbaas
Senior Vice President and
Controller (Principal Accounting Officer)

Date: August 1, 2007

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EXHIBIT INDEX

Exhibit No.	Description
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32	Section 1350 Certification of Periodic Report (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)