

COMERICA CAPITAL TRUST II

Form 424B2

February 15, 2007

**Table of Contents**

Filed Pursuant to Rule 424(b)(2)  
 Registration Statement No. 333-138924

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum aggregate offering price	Amount of registration fee
6.576% Capital Securities	\$500,000,000	\$53,500(1)

(1) The filing fee of \$53,500.00 is calculated in accordance with Rule 457(r) of the Securities Act of 1933.

**Prospectus Supplement**

(To Prospectus dated February 13, 2007)

***\$500,000,000***

**Comerica Capital Trust II**

***6.576% Capital Securities***

***(Liquidation amount \$1,000 per capital security)***

***Fully and unconditionally guaranteed, on a subordinated basis, to the extent described below, by***

**Comerica Incorporated**

Comerica Capital Trust II, a Delaware statutory trust, will issue the capital securities. Each capital security represents an undivided beneficial interest in the assets of the trust. The only assets of the trust will be the 6.576% capital efficient notes due 2082 issued by Comerica Incorporated, which we refer to as the CENts. The trust will pay distributions on the capital securities only from the proceeds, if any, of interest payments on the CENts.

The CENts will bear interest from the date they are issued to but excluding February 20, 2032, at the annual rate of 6.576% of their principal amount. From that date and until February 20, 2037, the scheduled maturity date, the CENts will bear interest at an annual rate equal to one-month LIBOR plus 1.115%, payable monthly in arrears on the 20th day of each calendar month. We have the right, on one or more occasions, to defer the payment of interest on the CENts for one or more consecutive interest periods that do not exceed 5 years without being subject to our obligations under the alternative payment mechanism described in this prospectus supplement and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default and acceleration. In the event of our bankruptcy, holders will have a limited claim for deferred interest.

The principal amount of the CENts will become due on the scheduled maturity date only to the extent that we have received proceeds from the sale of certain qualifying capital securities during a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. We will use our commercially reasonable efforts, subject to certain market disruption events, to sell enough qualifying capital securities to permit repayment of the CENts in full on the scheduled maturity date. If any amount is not paid on the scheduled maturity date, it will remain outstanding and bear interest at a floating rate payable monthly in arrears and we will continue to use our commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the CENts in full. On February 2, 2082, we must pay any remaining principal and interest on the CENts in full whether or not we have sold qualifying capital securities.

At our option, the CENts may be redeemed at any time in whole or in part at the redemption price set forth herein.

The CENts will be subordinated to all existing and future senior, subordinated and junior subordinated debt of Comerica Incorporated, except for any future debt that by its terms is not superior in right of payment, and will be effectively subordinated to all liabilities of our subsidiaries. As a result, the capital securities also will be effectively subordinated to the same debt and liabilities. Comerica Incorporated will guarantee the capital securities on a subordinated basis to the extent described in this prospectus supplement.

We do not intend to apply for listing of the capital securities on the New York Stock Exchange or any other securities exchange.

**See Risk Factors beginning on page S-11 for a discussion of certain risks that you should consider in connection with an investment in the capital securities.**

These securities are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

**Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

	Price to public	Underwriting commissions	Proceeds to trust
Per Capital Security	\$ 1,000(1)	\$ 10(2)	\$ 1,000(1)
Total	\$ 500,000,000(1)	\$ 5,000,000(2)	\$ 500,000,000(1)

(1) Plus any distributions accrued on the capital securities since February 20, 2007, if any.

(2) Comerica Incorporated will pay the underwriting commissions.

We expect to deliver the capital securities to investors through the book-entry facilities of The Depository Trust Company and its direct participants, including Euroclear and Clearstream, on or about February 20, 2007.

Our affiliates, including Comerica Securities, Inc., may use this prospectus supplement and the accompanying prospectus in connection with offers and sales of the capital securities in the secondary market. These affiliates may act as principal or agent in those transactions. Secondary market sales will be made at prices related to market prices at the time of sale.

*Joint Book-Running Managers*

**JPMorgan**  
*Sole Structuring Advisor*

**Citigroup**

*Co-Managers*

**Banc of America Securities LLC**  
**Comerica Securities, Inc.**

**Credit Suisse**  
**Sandler O Neill + Partners, L.P.**  
**UBS Investment Bank**

February 13, 2007

---

**Table of Contents**

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we nor the trust have authorized anyone to provide you with any other information. If you receive any information not authorized by us or the trust, you should not rely on it.

The capital securities are being offered for sale only in places where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the capital securities in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the capital securities and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than its respective date.

**Table of contents**

	<b>Page</b>
<b>Prospectus Supplement</b>	
<u>Summary</u>	S-4
<u>Risk Factors</u>	S-11
<u>Comerica Capital Trust II</u>	S-19
<u>Comerica Incorporated</u>	S-19
Use of Proceeds	S-19
<u>Accounting Treatment: Regulatory Capital</u>	S-19
<u>Description of the Capital Securities</u>	S-20
<u>Description of the CENts</u>	S-23
<u>Replacement Capital Covenant</u>	S-41
<u>Certain United States Federal Income Tax Consequences</u>	S-50
<u>ERISA Considerations</u>	S-56
<u>Underwriting</u>	S-58
<u>Validity of Securities</u>	S-60

**Table of Contents**

	<b>Page</b>
<b>Prospectus</b>	
Prospectus Summary	3
Forward-Looking Statements	4
Comerica Incorporated	4
Comerica Capital Trusts	5
Use of Proceeds	6
Consolidated Ratios of Earnings to Fixed Charges	7
Description of Capital Stock	7
Description of Depositary Shares	14
Description of Debt Securities	17
Currency Conversions and Foreign Exchange Risks Affecting Debt Securities Denominated in a Foreign Currency	47
Description of the Warrants to Purchase Common Stock or Preferred Stock	49
Description of the Warrants to Purchase Debt Securities	51
Description of Stock Purchase Contracts and Stock Purchase Units	52
Description of Capital Securities and Guarantees	52
Plan of Distribution	68
ERISA Considerations	71
Legal Matters	72
Experts	72
Where You Can Find More Information	72

Unless the context otherwise requires, the terms Comerica, the Company, we, our, us and other similar terms mean Comerica Incorporated and not Comerica Incorporated and its subsidiaries and the term the trust means Comerica Capital Trust II, the issuer of the capital securities.

**Table of Contents**

**Summary**

In this summary, we have highlighted certain information in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that is important to you. To understand the terms of the capital securities and the related guarantees and CENts, as well as the considerations that are important to you in making your investment decision, you should carefully read this entire prospectus supplement and the accompanying prospectus. You should also read the documents we have referred you to in *Where You Can Find More Information* on page 72 of the accompanying prospectus.

**Comerica Capital Trust II and Comerica Incorporated**

Comerica Capital Trust II, which we refer to as the trust, is a Delaware statutory trust. It was created for the purpose of issuing the 6.576% Capital Securities, which we refer to as the capital securities, and engaging in the other transactions described in this prospectus supplement and the accompanying prospectus. The trustees of the trust will conduct the business affairs of the trust. Comerica Incorporated is a financial services company incorporated under the laws of the State of Delaware and headquartered in Detroit, Michigan. As of December 31, 2006, it was among the 20 largest commercial banking companies in the United States. Comerica was formed in 1973 to acquire the outstanding common stock of Comerica Bank (formerly Comerica Bank-Detroit), one of Michigan's oldest banks. As of December 31, 2006, Comerica owned directly or indirectly all the outstanding common stock of 2 active banking and 63 non-banking subsidiaries. At December 31, 2006, Comerica had total assets of approximately \$58.0 billion, total deposits of approximately \$44.9 billion, total loans (net of unearned income) of approximately \$47.4 billion and common shareholders' equity of approximately \$5.2 billion.

Comerica's principal executive office is at Comerica Tower at Detroit Center, 500 Woodward Avenue, Detroit, Michigan 48226, and its telephone number is (313) 222-6317.

**Use of proceeds**

All of the proceeds from the sale of the capital securities and common securities of the trust will be invested by the trust in our CENts. We will use the net proceeds from the sale of the CENts to the trust for general corporate purposes, which may include redeeming junior subordinated debt securities underlying currently outstanding trust preferred securities issued by certain of our subsidiary trusts. We currently intend to redeem at 100% of their principal amount the junior subordinated debt securities underlying the \$350,000,000 liquidation amount of 7.60% trust preferred securities issued by Comerica Capital Trust I, which mature on July 1, 2050.

**The capital securities**

Each capital security represents an undivided beneficial ownership interest in the assets of the trust.

The trust will sell the capital securities to the public and its common securities to Comerica. The trust will use the proceeds from those sales to purchase \$15,514,000 aggregate principal amount of 6.576% Capital Efficient Notes due 2082, which are a series of the junior subordinated debt securities referred to in the accompanying prospectus and which we refer to in this prospectus supplement as the CENts. Comerica will pay interest on the CENts at the same rate and on the same dates as the trust makes payments on the capital securities. The trust will use the payments it receives on the CENts to make the corresponding payments on the capital securities.





## **Table of Contents**

### *Distributions*

If you purchase capital securities, you will be entitled to receive periodic distributions on the stated liquidation amount of \$1,000 per capital security (the liquidation amount ) on the same payment dates and in the same amounts as we pay interest on a principal amount of CENts equal to the liquidation amount of such capital security. Distributions will accumulate from February 20, 2007. The trust will make distribution payments on the capital securities semi-annually in arrears, on each February 20 and August 20, beginning on August 20, 2007, through February 20, 2032 and thereafter on a monthly basis on the 20<sup>th</sup> day of each month, unless those payments are deferred as described below.

### *Deferral of distributions*

We have the right, on one or more occasions, to defer the payment of interest on the CENts for one or more consecutive interest periods that do not exceed five years without being subject to our obligations described under Description of the CENts Alternative Payment Mechanism, and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default under the terms of the CENts or the capital securities. However, no interest deferral may extend beyond the repayment or redemption of the CENts.

If we exercise our right to defer interest payments on the CENts, the trust will also defer paying a corresponding amount of distributions on the capital securities during that period of deferral.

Although neither we nor the trust will be required to make any interest or distribution payments during a deferral period other than pursuant to the alternative payment mechanism, interest on the CENts will continue to accrue during deferral periods and, as a result, distributions on the capital securities will continue to accumulate at the then applicable interest rate on the CENts, compounded on each distribution date.

Following the earlier of (i) the fifth anniversary of the commencement of a deferral period or (ii) a payment of current interest on the CENts, we will be required to pay deferred interest pursuant to the alternative payment mechanism described under Description of the CENts Alternative Payment Mechanism. At any time during a deferral period, we may not pay deferred interest except pursuant to the alternative payment mechanism, except that if the Board of Governors of the Federal Reserve System (the Federal Reserve ) has disapproved our sale of qualifying warrants and qualifying noncumulative preferred stock, we may pay deferred interest during a deferral period with any available funds or, if we are involved in a business combination (as defined below), the surviving entity in such business combination may pay deferred interest with any available funds on the next interest payment date following the date of consummation of the business combination (or if later, any time within 90 days following the date of such consummation).

### **Redemption of capital securities**

The trust will use the proceeds of any repayment or redemption of the CENts to redeem, on a proportionate basis, an equal amount of capital securities and common securities.

Any repayment, redemption or purchase of the capital securities by us or our subsidiaries will be subject to the limitations described under Replacement Capital Covenant below. In addition, under the current rules of the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital.

## **Table of Contents**

However, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the CENts since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the CENts, subject to the limitations described under *Description of the CENts Repayment of Principal*, on the scheduled maturity date. For a description of our rights to redeem the CENts, see *Description of the CENts Redemption* below.

### *Liquidation of the trust and distribution of CENts to holders*

We may elect to dissolve the trust at any time and, after satisfaction of the trust's liabilities, to cause the property trustee of the trust to distribute the CENts to the holders of the capital securities and common securities. However, if then required under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, we must obtain the approval of the Federal Reserve prior to making that election.

### *Further issues*

The trust has the right to issue additional capital securities of this series in the future. Any such additional capital securities will have the same terms as the capital securities being offered by this prospectus supplement but may be offered at a different offering price and accrue distributions from a different date than the capital securities being offered hereby, provided that the total liquidation amount of capital securities outstanding may not exceed \$500,000,000. If issued, any such additional capital securities will become part of the same series as the capital securities being offered hereby.

### *Book-entry*

The capital securities will be represented by one or more global securities registered in the name of and deposited with The Depository Trust Company ( DTC ) or its nominee. This means that you will not receive a certificate for your capital securities and capital securities will not be registered in your name, except under certain limited circumstances described below in *Description of the CENts Book-Entry Issuance* and under *Description of Capital Securities and Guarantees Book-Entry Form* in the accompanying prospectus.

### *No listing*

We do not intend to apply for listing of the capital securities on the New York Stock Exchange or any other securities exchange.

## **The CENts**

### *Repayment of principal*

We must repay the principal amount of the CENts, together with accrued and unpaid interest, on February 20, 2037 or if that date is not a business day, the next business day (the scheduled maturity date), subject to the limitations described below.

We are required to repay the CENts on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities, as described under *Replacement Capital Covenant*, during a 180-day period ending on a notice

**Table of Contents**

date not more than 15 or less than 10 business days prior to such date. If we have not raised sufficient net proceeds to permit repayment of all principal and accrued and unpaid interest on the CENts on the scheduled maturity date, the unpaid portion will remain outstanding and bear interest payable monthly until repaid. We will be required to repay the unpaid portion of the CENts on each subsequent interest payment date to the extent of the net proceeds we receive from any subsequent issuance of qualifying capital securities or upon the occurrence of an event of default.

We will use our commercially reasonable efforts, subject to a market disruption event, as described under Description of the CENts Market Disruption Events, to raise sufficient net proceeds from the issuance of qualifying capital securities in a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to the scheduled maturity date to permit repayment of the CENts in full on the scheduled maturity date in accordance with the replacement capital covenant. If we are unable for any reason to raise sufficient proceeds, we will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the sale of qualifying capital securities to permit repayment of the CENts on the following monthly interest payment date, and on each monthly interest payment date thereafter, until the CENts are paid in full.

Any unpaid principal amount of the CENts, together with accrued and unpaid interest, will be due and payable on February 2, 2082 (or if this day is not a business day, the following business day), which is the final repayment date for the CENts, regardless of the amount of qualifying capital securities we have issued and sold by that time.

Although under the replacement capital covenant the principal amount of CENts that we may repay may be based on the net cash proceeds from certain issuances of common stock, rights to acquire common stock, mandatorily convertible preferred stock and debt exchangeable for equity in addition to qualifying capital securities, we have no obligation to issue any securities other than qualifying capital securities or to use the proceeds of the issuance of any other securities to repay the CENts on the scheduled maturity date or at any time thereafter.

Under the current risk-based capital adequacy guidelines of the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital. However, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the CENts as described above since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the CENts.

**Interest**

The CENts will bear interest at the annual rate of 6.576% to but excluding February 20, 2032 and thereafter until the scheduled maturity date at an annual rate equal to one-month LIBOR plus 1.115%. Interest on the CENts will accrue from February 20, 2007. Comerica Incorporated will pay interest semi-annually in arrears on February 20 and August 20 of each year commencing August 20, 2007 through February 20, 2032 and thereafter monthly in arrears on the 20th day of each calendar month (or if this day is not a business day, the following business day unless the payment date would fall in the next calendar month, in which case such payment will be made on the business day immediately before the scheduled payment date) beginning March 20, 2032 (we refer to these dates as interest payment dates ). If any CENts remain

**Table of Contents**

outstanding after the scheduled maturity date, they will bear interest at an annual rate equal to one-month LIBOR plus 2.115% until they are repaid.

*Ranking*

The CENts will constitute one series of the junior subordinated debt securities referred to in the accompanying prospectus and will be issued by Comerica under the indenture referred to in the accompanying prospectus. The CENts will be unsecured and will rank junior to all existing and future senior, subordinated and junior subordinated debt of Comerica Incorporated except for any future debt that by its terms is not superior in right of payment to the CENts. For purposes of the CENts, senior debt does not include trade accounts payable or accrued liabilities arising in the ordinary course of business which will rank *pari passu* with the CENts. The CENts will be effectively subordinated to all liabilities of our subsidiaries. Substantially all of our existing indebtedness is senior to the CENts. See Description of the CENts for the definition of senior debt.

*Certain payment restrictions applicable to Comerica*

During any period in which

there has occurred any event of which we have actual knowledge that with the giving of notice or lapse of time would become an event of default under the indenture and which we have not taken reasonable steps to cure;

we are in default regarding our payment of any obligations under our guarantee regarding the trust; or

accrued interest through the most recent interest payment date has not been paid in full, whether during any applicable deferral period or otherwise,

we generally may not make payments on or redeem or purchase our capital stock or our debt securities or guarantees ranking *pari passu* with or junior to the CENts, subject to certain limited exceptions. In addition, if any deferral period lasts longer than one year, the restrictions on our ability to redeem or purchase any of our securities that rank *pari passu* with or junior in interest to the most senior securities issued pursuant to alternative payment mechanism described below (i.e., qualifying non-cumulative preferred stock) will continue until the first anniversary of the date on which all deferred interest has been paid.

*Redemption of CENts*

We may elect to redeem any or all of the CENts at any time at a redemption price equal to (1) 100% of their principal amount or (2) in the case of any redemption prior to February 20, 2032, if greater, a make-whole price calculated as described under Description of the CENts Redemption Optional Redemption, in each case plus accrued and unpaid interest through the date of redemption. In addition, we may elect to redeem all, but not less than all, of the CENts for a price equal to (i) their principal amount if certain changes occur relating to the capital treatment of the capital securities or relating to investment company laws or (ii) a make-whole redemption price if certain changes occur relating to the tax treatment or rating agency treatment of the capital securities (in each case plus accrued and unpaid interest). For a description of the changes that would permit such a redemption and the applicable redemption

**Table of Contents**

amounts, see *Description of the CENts Redemption* below. Any redemption of the CENts will be subject to the limitations described under *Replacement Capital Covenant* below.

In addition, under the current risk-based capital adequacy guidelines of the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital. Accordingly, Federal Reserve approval would generally be required for the redemption of the CENts prior to the scheduled maturity date.

*Events of default*

The following events are *events of default* with respect to the CENts:

failure to pay in full any interest, including compounded interest, accrued on any CENts upon the conclusion of a ten-year period commencing with the first interest period for which interest (including compounded interest) has not been paid in full and continuance of such failure to pay for a period of 30 days; or

default in the payment of the principal of the CENts when due whether at maturity, upon redemption or otherwise, subject to the limitation described under *Repayment of Principal* above; or

certain events of bankruptcy, insolvency and reorganization involving us.

If an event of default under the indenture arising from a default in the payment of interest of the type described in the first bullet point above has occurred and is continuing, the indenture trustee or the holders of at least 25% in aggregate outstanding principal amount of the CENts will have the right to declare the principal of and accrued interest (including compounded interest) on those securities to be due and payable immediately. If the indenture trustee or the holders of at least 25% of the aggregate outstanding principal amount of the CENts fail to make that declaration, then the holders of at least 25% in total liquidation amount of the capital securities then outstanding will have the right to do so. In the case of any other event of default, there is no right to declare the principal amount of the CENts immediately due and payable.

**Replacement capital covenant**

We agree in the replacement capital covenant for the benefit of persons that buy, hold or sell a specified series of our long-term indebtedness ranking senior to the CENts (or in certain limited cases long-term indebtedness of our subsidiary, Comerica Bank) that the CENts and capital securities will not be repaid, redeemed or purchased by us or any of our subsidiaries on or before February 2, 2062 unless (i) in the case of a redemption or purchase, we have obtained the prior approval of the Federal Reserve if such approval is then required under the Federal Reserve's capital guidelines applicable to bank holding companies; and (ii) the principal amount repaid or the applicable redemption or purchase price does not exceed a maximum amount determined by reference to the aggregate amount of net cash proceeds we have received from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for equity and certain qualifying capital securities since the later of (x) the date 180 days prior to delivery of notice of such repayment or redemption or the date of such purchase and (y) to the extent the CENts are outstanding after the scheduled maturity date, the most recent date, if any, on which a notice of repayment or redemption was delivered

**Table of Contents**

in respect of, or on which we or any of our subsidiaries purchased, any CENts or capital securities. Certain provisions of the replacement capital covenant, including the definitions of mandatorily convertible preferred stock, debt exchangeable for equity, qualifying capital securities and other important terms, are described under Replacement Capital Covenant below.

**Guarantee by Comerica**

We will fully and unconditionally guarantee payment of amounts due under the capital securities on a subordinated basis and to the extent the trust has funds available for payment of those amounts. We refer to this obligation as the guarantee. However, the guarantee does not cover payments if the trust does not have sufficient funds to make the distribution payments, including, for example, if we have failed to pay to the trust amounts due under the CENts.

As issuer of the CENts, we are also obligated to pay the expenses and other obligations of the trust, other than its obligations to make payments on the capital securities.

**Certain ERISA matters**

In general, employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ), or plans subject to Section 4975 of the Internal Revenue Code (the Code ) and plans subject to one or more provisions under other applicable federal, state, local, non-U.S. or other laws or regulations that contain one or more provisions that are similar to the provisions of Title I of ERISA or Section 4975 of the Code ( Similar Laws ) (or entities deemed to hold the assets of any such employee benefit plan or plan) (collectively, Plans ) will be eligible to purchase the capital securities. By indirectly or directly purchasing or holding capital securities or any interest in them, you will be deemed to have represented that either: (i) you are not a Plan and are not purchasing the capital securities on behalf of or with plan assets of any Plan; or (ii) your purchase, holding and disposition of capital securities (or CENts) will not violate any Similar Laws and either (a) will not result in a non-exempt prohibited transaction under ERISA or the Code or (b) if it could result in such a prohibited transaction, it satisfies the requirements of, and is entitled to full exemptive relief under Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption.

Because the capital securities will not be registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, the capital securities will not meet the criteria for publicly-offered securities for purposes of the exception to the ERISA plan assets regulation described in ERISA Considerations in the accompanying prospectus. Therefore, the underlying assets of the trust may be deemed to be plan assets of investing plans if participation in the purchase and holding of the capital securities by benefit plan investors is deemed significant within the meaning of the ERISA plan asset regulations.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the capital securities on behalf of or with plan assets of any Plan consult with their counsel regarding the potential consequences under ERISA, the Code or Similar Laws of any investment in the capital securities. See ERISA Considerations.

**Table of Contents**

**Risk factors**

Before deciding whether to purchase any capital securities, you should pay special attention to the following risk factors, as well as the risk factors set forth in the accompanying prospectus under Risk Factors.

***Our obligations to make payments on the CENts and the guarantee are subordinate to our payment obligations under our senior debt.***

Our obligations under the CENts and the guarantee are unsecured and rank junior in right of payment to all of our existing and future senior debt (as defined below). Our senior debt includes approximately \$361 million of existing junior subordinated debt securities issued in connection with trust preferred securities issued by our capital trusts, all of which we intend to redeem with a portion of the proceeds of the sale of the capital securities and common securities. See Description of the CENts for the definition of senior debt. As of December 31, 2006, there was approximately \$806 million of outstanding senior debt of Comerica, excluding obligations under letters of credit, guarantees, foreign exchange contracts and interest swap contracts. In addition, Comerica was obligated on such date under letters of credit, guarantees, foreign exchange contracts and interest rate swap contracts to which the CENts will be subordinated pursuant to the terms of the indenture.

This means that we cannot make any payments on the CENts or under the guarantee if certain events of default have occurred under our senior debt. In addition, the terms of our outstanding junior subordinated debt securities prohibit us from making any payment of interest on the CENts or under the guarantee and from repaying, redeeming or repurchasing any CENts if there exists an event of default with respect to our outstanding junior subordinated debt securities or at any time we have deferred interest thereunder. In the event of our bankruptcy or liquidation, our assets must be used to pay off our senior debt in full before any payments may be made on the CENts or under the guarantee.

***Interest payments may be made on pari passu securities even though interest has not been paid on the CENts.***

Substantially all of our existing debt is senior debt. We may in the future issue debt securities that rank upon our liquidation on a parity with the CENts ( parity securities ) as to which during a deferral period on the CENts we are required to make payments of interest that are not made *pro rata* with payments of interest on the CENts or other parity securities and that, if not made, would cause us to breach the terms of the instrument governing such parity securities. The terms of the CENts permit us during a deferral period to make any payment of current interest on parity securities that is made *pro rata* to the amounts due on such parity securities and the CENts and any payment of deferred interest on parity securities that, if not made, would cause us to breach the terms of the instrument governing such parity securities, subject to the limitations described in the last paragraph under Description of the CENts Alternative Payment Mechanism to the extent that it applies. The terms of the indenture, the guarantee and the trust agreement with respect to the trust and the capital securities do not limit our ability to incur additional debt, including secured or unsecured debt or parity securities.

**Table of Contents**

***The CENts and the guarantee will be effectively subordinated to the obligations of our subsidiaries.***

We are a holding company that conducts substantially all of our operations through subsidiaries. As a result, our ability to make payments on the CENts and the guarantee will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. Various legal limitations restrict the extent to which our subsidiaries may extend credit, pay dividends or other funds or otherwise engage in transactions with us or some of our other subsidiaries.

In addition, our right to participate in any distribution of assets from any subsidiary, upon the subsidiary's liquidation or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. As a result, the CENts and the guarantee will be effectively subordinated to all existing and future liabilities of our subsidiaries. You should look only to the assets of Comerica as the source of payment for the CENts and the guarantee.

***Our ability to make distributions on or redeem the capital securities is restricted.***

Federal banking authorities will have the right to examine the trust and its activities because it is our subsidiary. Under certain circumstances, including any determination that our relationship to the trust would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict the trust's ability to make distributions on or to redeem the capital securities.

***The guarantee only guarantees payments on the capital securities if the trust has cash available.***

If we fail to make payments on the CENts, the trust will be unable to make the related distribution, redemption or liquidation payments on the capital securities to you. In those circumstances, you cannot rely on the guarantee for payments of those amounts. Instead, if we are in default under the CENts, you may rely on the property trustee of the trust to enforce the trust's rights under the CENts or you may directly sue us or seek other remedies to collect your *pro rata* share of the payments owed.

***Our obligation to repay on the scheduled maturity date is subject to issuance of qualifying capital securities.***

Our obligation to repay the CENts on the scheduled maturity date of February 20, 2037 is limited. We are required to repay the CENts on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities (as defined under Replacement Capital Covenant ) within a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. If we have not raised sufficient proceeds from the issuance of qualifying capital securities to permit repayment of the CENts on the scheduled maturity date, the unpaid amount will remain outstanding until (i) we have raised sufficient net proceeds to permit repayment in full in accordance with this requirement, (ii) we redeem the CENts, (iii) an event of default occurs or (iv) the final repayment date for the CENts on February 2, 2082. Our ability to raise proceeds in connection with this obligation to repay the CENts will depend on, among other things, market conditions at the time the obligation arises, as well as the acceptability to prospective investors of the terms of these securities. Although we have agreed to use our commercially reasonable efforts to raise



**Table of Contents**

sufficient net proceeds from the issuance of qualifying capital securities to repay the CENts during the 180-day period referred to above and from month to month thereafter until the CENts are repaid in full, our failure to do so would not be an event of default or give rise to a right of acceleration or similar remedy until February 2, 2082, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur.

Moreover, we are entering into a replacement capital covenant for the benefit of holders of a designated series of our indebtedness that ranks senior to the CENts, or in certain limited cases holders of a designated series of indebtedness of Comerica Bank, pursuant to which we will covenant that neither we nor any of our subsidiaries will repay, redeem or purchase CENts or capital securities on or before February 2, 2062 unless during the applicable measurement period we or our subsidiaries have received sufficient proceeds from the sale of qualifying capital securities, mandatorily convertible preferred stock, debt exchangeable for equity, common stock or rights to acquire common stock. Although under the replacement capital covenant, the principal amount of CENts that we may repay may be based on the net cash proceeds from certain issuances of common stock, rights to acquire common stock, mandatorily convertible preferred stock and debt exchangeable for equity in addition to qualifying capital securities, we may modify the replacement capital covenant without your consent if the modification does not further restrict our ability to repay the CENts in connection with an issuance of qualifying capital securities. In addition, under the indenture we have no obligation to use commercially reasonable efforts to issue any securities that may entitle us under the replacement capital covenant to repay the CENts other than qualifying capital securities, nor do we have any obligation to use the proceeds of the issuance of any securities other than qualifying capital securities to repay the CENts on the scheduled maturity date or at any time thereafter. See Replacement Capital Covenant.

***We have the right to defer interest for 10 years without causing an event of default and such deferral of interest payments could adversely affect the market price of the capital securities and have tax consequences.***

We have the right to defer interest on the CENts for a period of up to 10 consecutive years. Although we would be subject to the alternative payment mechanism after we have deferred interest for a period of five consecutive years (or such shorter period resulting from our payment of current interest), if we are unable to raise sufficient eligible proceeds, we may fail to pay accrued interest on the CENts for a period of up to 10 consecutive years without causing an event of default. During any such deferral period, holders of capital securities will receive limited or no current payments on the capital securities and, so long as we are otherwise in compliance with our obligations, such holders will have no remedies against the trust or us for nonpayment unless we fail to pay all deferred interest (including compounded interest) at the end of the 10-year deferral period.

We currently do not intend to exercise our right to defer payments of interest on the CENts. However, if we exercise that right in the future, the market price of the capital securities is likely to be affected. As a result of the existence of our deferral right, the market price of the capital securities, payments on which depend solely on payments being made on the CENts, may be more volatile than the market prices of other securities that are not subject to optional deferrals. If we do defer interest on the CENts and you elect to sell capital securities during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its capital securities until the payment of interest at the end of the deferral period.

**Table of Contents**

If we do defer interest payments on the CENts, you will be required to include accrued interest income, in the form of original issue discount, for United States federal income tax purposes during the period of the deferral in respect of your proportionate share of the CENts held by the trust, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. You will also not receive the cash distribution related to any accrued and unpaid interest from the trust if you sell the capital securities before the record date for any deferred distributions, even if you held the capital securities on the date that the payments would normally have been paid. You should consult with your own tax advisor regarding the tax consequences of an investment in the capital securities. See Certain United States Federal Income Tax Consequences United States Holders Interest Income and Original Issue Discount.

***Our ability to pay deferred interest is limited by the terms of the alternative payment mechanism, and is subject to market disruption events and other factors beyond our control.***

If we elect to defer interest payments, we will not be permitted to pay deferred interest on the CENts (and compounded interest thereon) during the deferral period, which may last up to 10 years, from any source other than the issuance of qualifying warrants up to the share cap or qualifying non-cumulative preferred stock up to the preferred stock issuance cap (each as defined under Description of the CENts Alternative Payment Mechanism ) unless the Federal Reserve has disapproved of such issuance or disapproved of the use of proceeds of such issuance to pay deferred interest. Under the terms of the share cap, we may not issue qualifying warrants pursuant to the alternative payment mechanism for purposes of paying deferred interest on the CENts to the extent that the total number of shares of our common stock underlying those qualifying warrants, together with all qualifying warrants previously issued pursuant to the alternative payment mechanism, exceeds 25 million shares (subject to customary anti-dilution adjustments). If that number of shares is exceeded, we are required to use commercially reasonable efforts to increase the share cap from time to time to a number of shares of our common stock that would allow us to satisfy our obligations with respect to the alternative payment mechanism, and we further must use commercially reasonable efforts, subject to the share cap, to set the terms of the qualifying warrants so as to raise sufficient proceeds from their issuance to pay all deferred interest in accordance with the alternative payment mechanism. However, we cannot guarantee that we will be able to increase the share cap or to set the terms of the qualifying warrants so as to raise sufficient proceeds to pay all such deferred interest.

The preferred stock issuance cap limits the net proceeds of the issuance of qualifying non-cumulative preferred stock that we may apply to the payment of deferred interest with respect to all deferral periods to 25% of the aggregate principal amount of the CENts then outstanding. We may increase the share cap without your consent, but we may not increase the preferred stock issuance cap. These restrictions may prevent or delay a sale of qualifying warrants or qualifying non-cumulative preferred stock pursuant to the alternative payment mechanism and, accordingly, the payment of deferred interest on the CENts.

The occurrence of a market disruption event may prevent or delay a sale of qualifying warrants or qualifying non-cumulative preferred stock pursuant to the alternative payment mechanism and, accordingly, the payment of deferred interest on the CENts. Market disruption events include events and circumstances both within and beyond our control, such as the failure to obtain any consent or approval of our stockholders or a regulatory body or governmental authority to issue qualifying warrants or qualifying non-cumulative preferred stock

**Table of Contents**

notwithstanding our commercially reasonable efforts. Moreover, we may encounter difficulties in successfully marketing our qualifying warrants or qualifying non-cumulative preferred stock, particularly during times we are subject to the restrictions on dividends as a result of the deferral of interest. If we do not sell sufficient common or preferred stock to fund deferred interest payments in these circumstances (other than as a result of Federal Reserve disapproval), we will not be permitted to pay deferred interest to the trust and, accordingly, no payment of distributions may be made on the capital securities, even if we have cash available from other sources. On any date and for any period the amount of net proceeds received by us from sales of our qualifying warrants and qualifying non-cumulative preferred stock and available for payment of the deferred interest and distributions shall be applied to the CENts and certain other parity securities on a pro rata basis up to the warrant issuance cap (as described below), share cap or the preferred stock issuance cap (or comparable provisions in the instruments governing those parity securities) in proportion to the total amounts that are due on the CENts and such securities, or on such other basis as the Federal Reserve may approve. See Description of the CENts Option to Defer Interest Payments, Alternative Payment Mechanism and Market Disruption Events.

***Payment of deferred interest is subject to approval by the Federal Reserve.***

We must notify the Federal Reserve if the alternative payment mechanism is applicable. We may not sell our qualifying warrants or qualifying non-cumulative preferred stock pursuant to the alternative payment mechanism or use the proceeds of such sale to pay deferred interest, in either case, if the Federal Reserve has disapproved of such actions. Accordingly, if we elect to defer interest and the Federal Reserve disapproves of either our sale of qualifying warrants or qualifying preferred stock pursuant to the alternative payment mechanism or our use of the proceeds to pay deferred interest, we may be unable to pay deferred interest that otherwise would be paid pursuant to the alternative payment mechanism. We may continue to defer interest in the event of Federal Reserve disapproval of all or part of the alternative payment mechanism until 10 years have elapsed since the beginning of the deferral period without triggering an event of default under the indenture. As a result, we could defer interest for up to 10 years without being required to sell our qualifying warrants or qualifying non-cumulative preferred stock and apply the proceeds to pay deferred interest.

***Our obligation to issue qualifying warrants under the alternative payment mechanism is limited.***

The indenture limits our obligation to raise proceeds from the sale of qualifying warrants to pay deferred interest attributable to the first five years of any deferral period (including compounded interest thereon) prior to the ninth anniversary of the commencement of a deferral period in excess of an amount we refer to as the warrant issuance cap. Once we reach the warrant issuance cap for a deferral period, we will no longer be required to sell qualifying warrants to pay deferred interest relating to such deferral period unless such deferral extends beyond the date that is nine years following the commencement of the relevant deferral period. See Description of the CENts Alternative Payment Mechanism.

***Dissolution of the trust could have negative tax consequences.***

*We may dissolve the trust at any time.* Upon dissolution of the trust, CENts may be distributed to the holders of the capital securities, as described under Description of Capital Securities and

**Table of Contents**

Guarantees Capital Securities Redemption or Exchange in the accompanying prospectus. Under current United States federal income tax law, and assuming, as expected, that the trust is treated as a grantor trust, such a distribution of CENts to you should not be a taxable event. However, if the trust is characterized for United States federal income tax purposes as an association taxable as a corporation at the time it is dissolved, or if there is a change in law, the distribution of the CENts to you may be a taxable event. You should consult with your own tax advisor regarding the tax consequences of an investment in the capital securities.

***We may redeem the CENts at any time, and a challenge to their tax characterization or certain other events could result in a lower redemption price.***

We may elect to redeem any or all of the CENts at any time at a redemption price equal to (1) 100% of their principal amount or (2) in the case of any redemption prior to February 20, 2032, if greater, a make-whole price calculated as described under Description of the CENts Redemption Optional Redemption , in each case plus accrued and unpaid interest through the date of redemption. In addition, at any time within 90 days of the occurrence of certain changes relating to tax laws or regulations or in the rating agency treatment of the capital securities, we may redeem all, but not less than all, of the CENts for a price equal to their principal amount or a make-whole price, if greater, in each case plus accrued and unpaid interest. Any make-whole price payable in a redemption that results from a tax event or rating agency event will be lower than the price that would have been payable otherwise. We also may redeem the CENts in whole, but not in part, at any time within 90 days of the occurrence of a capital treatment event or investment company event , in each case at 100% of their liquidation amount, plus accrued and unpaid distributions through the date of redemption.

A threatened challenge by the Internal Revenue Service (the IRS ) to the tax characterization of the CENts, or of similar instruments issued by other issuers, as debt could give rise to a tax event. The views of our tax counsel, as set out in Certain United States Federal Income Tax Consequences , are not binding on the IRS. Moreover, the characterization of an instrument as debt for tax purposes is based on all the relevant facts and circumstances, and it is the general policy of the IRS to scrutinize these facts and circumstances in the case of instruments such as the CENts. An IRS pronouncement or threatened challenge resulting in a tax event could therefore occur at any time. Similarly, changes in rating agency methodology for assigning equity credit to the CENts, changes or proposed changes in the treatment of the CENts for Federal Reserve capital adequacy purposes, and changes relating to the treatment of the trust as an investment company , could result in the CENts being redeemed at a price lower than would otherwise be the case. See Description of the CENts Redemption for a further description of those events.

***Our right to redeem the CENts is limited by the replacement capital covenant.***

As described above, we may redeem any or all of CENts prior to their scheduled maturity date. However, the replacement capital covenant which is described under Replacement Capital Covenant will limit our right to redeem or purchase CENts. In the replacement capital covenant, we will covenant, for the benefit of holders of a designated series of our indebtedness that ranks senior to the CENts, that we will not redeem the CENts or capital securities before February 2, 2062, subject to certain limitations, unless during the six months prior to the date we give notice of redemption, we have received proceeds from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for

**Table of Contents**

equity or qualifying capital securities. Accordingly, there could be circumstances in which it would be in the interest of both you and us that some or all of the capital securities be redeemed, and sufficient cash is available for that purpose, but we will be restricted from doing so because we did not obtain proceeds from the sale of common stock, mandatorily convertible preferred stock, debt exchangeable for equity or qualifying capital securities.

***Claims would be limited upon bankruptcy, insolvency or receivership.***

In certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of any CENts, whether voluntary or not, a hol