

COMERICA INC /NEW/
Form FWP
March 08, 2010

Comerica Incorporated
Common Stock
Offering
March 8, 2010
Ralph Babb

Chief Executive Officer
Beth Acton
Chief Financial Officer
John Killian
Chief Credit Officer
Filed Pursuant to Rule 433
Registration No. 333-163220

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Safe Harbor Statement

Any statements in this presentation that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as "anticipates," "believes," "feels," "expects," "estimates," "seeks," "strives," "plans," "intends," "outlook," "forecast," "position," "target," "mission," "assume," "achievable," "potential," "strategy," "goal," "aspiration," "outcome," "continue," "remain," "maintain," "trend," "objective" and variations of such words and similar expressions, or future conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, as they relate to Co

or its management, are intended to identify forward-looking statements. These forward-looking statements are predicated on the beliefs and assumptions of Comerica's management based on information known to Comerica's management as of the date of presentation and do not purport to speak as of any other date. Forward-looking statements may include descriptions of plans and objectives of Comerica's management for future or past operations, products or services, and forecasts of Comerica's revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries estimates

of credit trends and global stability.

Such statements reflect the view of Comerica's management as of this date with

respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, Comerica's actual results could differ materially from those discussed. Factors that could cause or contribute to such differences are further economic downturns, changes in the pace of an economic recovery and related changes in employment levels, changes in real estate values, fuel prices, energy costs or other events that could affect

customer income levels or general economic conditions, changes related to the headquarters relocation or to its underlying assumptions, the effects of recently enacted legislation, actions taken by or proposed by the U.S. Department of Treasury, the Board of Governors of the Federal Reserve System, the Texas Department of Banking and the Federal Deposit Insurance Corporation or other governmental entities, legislation enacted in the future, and the expiration of such legislation and regulatory actions,

the effects of war and other armed conflicts or acts of terrorism, the effects of

natural
disasters
including,
but
not
limited
to,
hurricanes,
tornadoes,
earthquakes,
fires,
droughts
and
floods,
the
disruption
of
private
or
public
utilities,
the
implementation
of
Comerica's
strategies
and
business
models,
management's
ability
to
maintain
and
expand
customer
relationships,
changes
in
customer
borrowing,
repayment,
investment
and
deposit
practices,
management's
ability
to
retain

key officers and employees, changes in the accounting treatment of any particular item, the impact of regulatory examinations, declines or other changes in businesses or industries in which Comerica has a concentration of loans, including, but not limited to, the automotive production industry and the real estate business lines, the anticipated performance of any new banking centers, the entry of new competitors in Comerica's markets, changes in the level of fee income, changes in applicable laws and regulations, including those concerning taxes, banking, securities and insurance, changes in trade, monetary and fiscal policies, including the interest rate policies of the Board of Governors of the Federal Reserve System, fluctuations in inflation or interest rates, changes in general economic, political or industry conditions and related credit and market conditions, the interdependence of financial service companies and adverse conditions in the stock market. Comerica cautions that the foregoing list of factors is not exclusive. For discussion of factors that may cause actual results to differ from expectations, please refer to our filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Comerica does not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are

made. For any forward-looking statements made in this presentation or in any documents, Comerica claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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Common Stock Offering Summary
Issuer
Offering size
Over-allotment option
Stock price (3/5/2010)
Shares outstanding (pre-offering as of 2/22/10)

Market capitalization (3/5/2010)

Use of proceeds

Sole bookrunner

Lock-up agreement

Expected pricing

\$800 million

10%

\$36.74

151,174,236

\$5,554 million

General corporate purposes including Capital Purchase

Program redemption, subject to regulatory approval

J.P. Morgan

Pre-market open March 9, 2010

90 days for CMA, 60 days for executives & directors

Comerica Incorporated (NYSE: CMA)

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Investment Highlights

Differentiated business strategy

Three interrelated businesses with ample cross-selling opportunities

Focused on growing and maintaining long-term relationships

Wide array of products and services with community bank feel
Solid capital base and liquidity position

Strong
capital
ratios;
Proforma
(12/31/09)
for
capital
raise
and
preferred
redemption
Tier
1
Common
of 9.3%
1

High quality and liquid investment portfolio
Proactive credit management

Broad-based improvement in fourth quarter credit metrics

Consistent credit standards and exposure limits

Relationship banking strategy: originate and hold

Credit metrics compare favorably to peers
Well positioned for growth

Strong deposit growth in core non-interest bearing deposits

Asset sensitive balance sheet

Banking center expansion in high growth markets
Disciplined expense management

Full-year 2009 noninterest expenses decreased 6% over 2008

Experienced management team

Main Street Bank

1

See Supplemental Financial Data for reconcilements of Comerica's non-GAAP financial measures

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Comerica: A Brief Overview

Among the top 25 U.S. bank holding companies

Largest bank with corporate headquarters in Texas

\$59 billion in assets

Founded over 160 years ago

Major lines of business:

Major markets include:
Continued investments in growth markets
Strong capital position

California

Arizona

Michigan

Texas

Florida
At December 31, 2009

Business Bank

Retail Bank

Wealth & Institutional Management

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Our Core Businesses

Business Bank

Wide spectrum of credit and non-credit
financial products, cash management
and international trade services

Retail Bank

Personalized financial products and
services to consumers and small
businesses

Wealth & Institutional
Management

Serves the needs of affluent clients,
foundations, organizations and
corporations

2009 Revenues

By Business Segment

1

2009 Average Loan Balances

By Business Segment

Business

Bank

\$35.4B

77%

Retail Bank

\$6.0B

13%

Wealth &

Institutional

Management

\$4.8B

10%

Business

Bank

\$1,619MM

Retail

Bank

\$700MM

Wealth &

Institutional

Management

\$430MM

At December 31, 2009

1

2009 Revenues by Business Segment excludes Finance/Other (\$124MM).

7
Robust Capital Position
Proforma
Capital Raise &
Preferred
Redemption
As Reported

14.54%

16.93%

Total Capital

10.07%

12.46%

Tier 1 Capital

9.27%

8.18%

Tier 1 Common

9.36%

7.99%

TCE/TA

12/31/09

12/31/09

Note: Assumes net proceeds on \$800MM common equity issuance and \$99MM discount amortization related to intended TARP preferred redemption; does not include impact of repurchase of related TARP warrant.

See Supplemental Financial Data for reconciliations of Comerica's non-GAAP financial measures

8
0%
2%
4%
6%
8%
10%

12%

4Q08

1Q09

2Q09

3Q09

4Q09

Strong Capital Ratios

Source: SNL Financial; 4Q2009 TCE / TA excludes PNC as that figure was not reported

Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION

See Supplemental Financial Data for reconcilements of Comerica's non-GAAP financial measures

Tier I Common

0%

2%

4%

6%

8%

10%

12%

4Q08

1Q09

2Q09

3Q09

4Q09

TCE / TA

Peer Median

Comerica

Comerica Proforma

9
Other
Markets
\$3.5B 8%
Int'l
\$1.7B 4%
Florida

\$1.6B 4%

Midwest

\$15.8B 37%

Western

\$13.3B 31%

Texas

\$6.9B 16%

Diverse Loan Portfolio

1

Specialty Businesses includes: Entertainment, Energy, Financial Services Division, Leasing, Technology and Life Sciences, and Mortgage Banker Finance

Geography based on office of origination; Midwest: MI, OH, IL; Western: CA, AZ, NV, CO, WA; Other Markets include markets not separately

identified

above

in

addition

to

businesses

with

a

national

perspective

Average 4Q09: \$42.8 billion

Global Corp

Banking

\$5.2B 12%

Commercial

Real Estate

\$5.7B 13%

Middle

Market

\$13.2B 31%

Nat'l Dealer

Services

\$3.1B 7%

Specialty

Businesses

1

\$5.1B 12%

Personal

Banking

\$2.0B 5%

Small

Business

Banking

\$3.8B 9%

Private

Banking

\$4.7B 11%

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Fourth Quarter 2009 Credit Quality

Net charge-offs declined from 3Q09, as expected

Commercial real estate charge-offs declined \$29MM from 3Q09

Nonperforming assets declined by \$13MM

Inflow to nonaccrual slowed by \$95MM

Loans past due 90 days or more and still accruing decreased by \$60MM
Watch list loans decreased \$520MM
Provision for credit losses declined by \$54MM
Allowance for credit losses to total loans increased to 2.34%
Expect net charge-offs between \$775MM and \$825MM in 2010, a modest improvement over 2009
Net charge-off and nonperforming asset metrics continue to be better than peer averages
Average carrying value of 56% (44% write-down) on nonaccrual loans reflects current appraisals
Analysis of 4Q09 compared to 3Q09.

1
Based
on
analysis
of
nonaccrual
loans
with
book
balances
greater
than
\$2mm

2
Watch
list:
generally
consistent
with
regulatory
defined
special
mention,
substandard
and
doubtful
loans

3
This outlook is provided as of February 25, 2010

1
3
2
Broad-based improvement in credit metrics

11
Credit Metrics Compare Favorably
1.0%
1.7%
1.7%
2.5%
3.2%

2.9%
1.3%
2.1%
2.1%
2.1%
0.00%
1.00%
2.00%
3.00%
4.00%
4Q08
1Q09
2Q09
3Q09
4Q09

Source: SNL Financial

NPA: Nonperforming Assets; OREO: Other Real Estate Owned; NCO: Net Charge-offs

Peer Group: BBT, FITB, HBAN, KEY, MI, MTB, PNC, RF, STI, USB, ZION

NCOs / Average Loans

55%
59%
64%
68%
85%
72%
76%
73%
76%
78%
0%
20%
40%
60%
80%
100%
4Q08
1Q09
2Q09
3Q09
4Q09

Reserves / NPAs

1.5%
4.2%
3.9%
2.9%
2.1%
1.5%
1.6%
2.2%
1.9%

2.2%

0%

1%

2%

3%

4%

5%

4Q08

1Q09

2Q09

3Q09

4Q09

NPAs / Total Assets

6.2%

5.5%

4.2%

3.0%

2.1%

1.9%

2.2%

2.6%

3.0%

3.1%

0%

2%

4%

6%

8%

4Q08

1Q09

2Q09

3Q09

4Q09

NPAs / Loans + OREO

Comerica

Peer Median

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Key Credit Differentiators

Did not loosen credit standards at
peak of cycle

Conservative exposure thresholds

Long tenured relationships

88% of portfolio is secured

1

Personal guarantees are customary
for bulk of portfolio
Proactive problem resolution and
restructuring
Quarterly Credit Quality Reviews
Portfolio migration closely monitored
Established Special Handling Group
as a precursor to Special Asset
Group
Tightened lending standards:

Energy

Technology and Life Sciences

Home equity
Curtailed exposure to certain
industry segments:

Automotive supplier

Commercial and Residential
Construction

SBA Franchise lending
Comerica followed its credit
policies
making enhancements to adapt
to the changing economy

1

At December 31, 2009

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Growing

Core Deposits

4Q09 average core deposits of \$36.7B,
a \$935MM or 3% increase

Avg. noninterest-bearing deposits

grew \$1.2B or 9%

Money market and NOW deposits
increased \$1.0B

Investing in deposit rich segments:

Small Business

Financial Services Division (FSD)

Health Care

Wealth Management

Municipalities

Investing in deposit rich products:

Government Card Programs

Remote Deposit Capture

Average Noninterest-Bearing Deposits

\$ in billions; 4Q09 vs 3Q09

1

Core

deposits

exclude

Institutional

CDs,

Retail

Brokered

CDs

and

foreign

office

time

deposits

\$3

\$6

\$9

\$12

\$15

Non FSD

FSD

1

14
2.53%
2.73%
2.68%
2.94%
0.13%
0.08%

0.08%

0.16%

2.81%

2.61%

3.07%

2.84%

2.00%

2.25%

2.50%

2.75%

3.00%

3.25%

1Q09

2Q09

3Q09

4Q09

2010

Forecast

Reported Net Interest Margin

Impact of Excess Liquidity

Net Interest Margin Expanding

4Q09 net interest margin of

2.94% reflected:

+ Higher-cost time deposits matured

+ Noninterest-bearing deposit growth

+ Loan spread improvement

+ Lower excess liquidity

Average Excess liquidity position of

\$2.5B resulted from strong deposit

growth and weak loan demand

2010

Outlook

of

3.15-3.25%

Based on no increase in the

Federal Funds rate

Continued improvement in loan

pricing, lower funding costs and a

lower level of excess liquidity

Excess liquidity represented by deposits held at the Federal Reserve Bank.

1

This outlook is provided as of February 25, 2010.

1

15
A Leaner, More Efficient Company
Workforce reduced by about
850 Positions or 8%
(12/31/09 vs. 12/31/08)
Period-end figures
1

This outlook is provided as of February 25, 2010.

2010 noninterest expense:

Expect low single-digit decrease

compared

to

full-year

2009

1

Workforce reductions in 2009 will

benefit 2010

Workforce reduction of 300 positions

to be completed mid-year 2010

(severance expense taken in 4Q09)

Expect reduced

Defined benefit pension expense

FDIC expense

Continue to tightly control

discretionary expenses

6,000

8,000

10,000

12,000

200

250

300

350

400

450

Full-time Equivalent Employees

Banking Centers

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2010
Full-Year
Outlook
Low single-digit period-end loan growth

Loan demand to lag economic recovery by several quarters

Investment securities portfolio to remain at year-end 2009 level
Net interest margin between 3.15% and 3.25%

Based on no increase in the Federal Funds rate

Continued
improvement
in
loan
pricing,
lower
funding
costs
and
a
lower
level
of
excess liquidity
Net credit-related charge-offs between \$775MM and \$825MM

Provision for credit losses to be slightly in excess of net charge-offs
Noninterest
income
flat,
excluding
\$243MM
of
2009
net
securities
gains
Noninterest expenses, low single-digit decrease

Workforce reductions in 2009 will benefit 2010

Expect
reduced
pension,
FDIC
and
ORE
expenses
Income tax expense
to approximate 35% of pre-tax income less approximately
\$60 million in annual tax benefits
This outlook is provided as of February 25, 2010
Expectations based on a modestly improving economic environment

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Normal
Operating Leverage
Tight control of
expenses
Path to Normalized Returns
Fee Income

increases with
economic & market
activity

Lower credit
provision

Risks: Regulatory Costs

Opportunities:

Re-accelerate banking center expansion

Further leverage Texas headquarters

Cross-sell WIM, Retail with Business Bank

NIM Expansion

Increased

Loan

Spreads

Asset Sensitivity

Loan Growth

Middle Market

Small Business

CA & TX

Today

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Comerica: Poised for the Future
Consistent strategy

Based on relationship banking model

Major lines of business:

Commercial Banking

Wealth & Institutional Management

Retail Banking

Solid capital position and strong liquidity

Dedicated workforce

Investing to accelerate growth and balance

Banking center expansion in high growth markets

New and enhanced products and services

Main Street Bank

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Supplemental Financial Data

The Corporation believes these measurements are meaningful measures of capital adequacy and used by investors, regulators, and others to evaluate the adequacy of common equity and to compare against other companies in the industry.

1

Tier 1 capital and risk-weighted assets as defined by regulation

7.99%

\$59,091
\$59,249
150
8
\$4,720
\$7,029
2,151
150
8
5,058
61,815
8.18%
\$7,704
2,151
495
\$10,468
12/31/09
\$10,774
\$10,773
\$10,724
\$10,638
Total Regulatory Capital
7.21%
\$67,386
\$67,548
150
12
\$4,861
\$7,152
2,129
150
12
5,181
73,207
7.08%
\$7,805
2,129
495
12/31/08
7.96%
\$59,432
\$59,590
150
8
\$4,732
\$7,035
2,145
150
8
5,095

63,355
 8.04%
 \$7,735
 2,145
 495
 9/30/09
 7.55%
 \$63,470
 \$63,630
 150
 10
 \$4,793
 \$7,093
 2,140
 150
 10
 5,139
 67,124
 7.66%
 \$7,774
 2,140
 495
 6/30/09
 7.27%
 \$67,209
 \$67,370
 150
 11
 \$4,888
 \$7,183
 2,134
 150
 11
 5,131
 70,135
 7.32%
 \$7,760
 2,134
 495
 3/31/09
 Total shareholders
 equity
 Less: Fixed rate cumulative perpetual preferred stock
 Less: Goodwill
 Less: Other intangible assets
 Reconciliation of non-GAAP financial measures with
 financial measures defined by GAAP (\$ in millions)
 Tangible common equity ratio
 Total assets
 Less: Goodwill

Less: Other intangible assets
Tangible common equity
Tier
1
capital
1
Less: Fixed rate cumulative perpetual preferred stock
Less: Trust preferred securities
Tangible assets
Tier 1 common capital
Risk-weighted
assets
1
Tier 1 common capital ratio

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Supplemental Financial Data

The Corporation believes these measurements are meaningful measures of capital adequacy and used by investors, regulators, and others to evaluate the adequacy of common equity and to compare against other companies in the industry.

TCE/TA: Tangible Common Equity to Tangible Assets

Tier 1 capital and risk-weighted assets as defined by regulation

150

8
 150
 8
 Goodwill
 Other Intangibles
 57,771
 61,815
 59,249
 61,815
 Total Assets
 Risk-Weighted Assets
 5,393
 57,613
 4,720
 59,091
 Tangible Common Equity
 Tangible Assets
 158
 158
 Intangible Assets
 9.36%
 9.27%
 10.07%
 14.54%
 7.99%
 8.18%
 12.46%
 16.93%
 TCE / TA
 Tier 1 Common
 Tier 1 Capital
 Total Capital
 5,731
 6,226
 5,058
 7,704
 Tier 1 common
 Tier 1 capital
 8,990
 10,468
 Total Capital
 7,029
 \$4,878
 2,151
 As Reported
 12/31/09
 \$5,551
 0
 Common Equity
 Preferred Equity

5,551

Proforma Capital Raise &
Preferred Redemption

12/31/09

Total Equity

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Comerica Incorporated

Comerica Incorporated has filed a registration statement (including a prospectus) (File No. 333-163220) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Comerica has filed with the SEC

for more complete information about Comerica and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, copies of the prospectus may be obtained from J.P. Morgan Securities Inc. toll free at (866) 430-0686.

