

October 29, 2004

Mr. Lawrence Smith  
Director and Chairman of the Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856

Re: Proposed FASB Staff Position, EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than Temporary Impairment and Its Application to Certain Investments"

Dear Mr. Smith,

Comerica, Incorporated appreciates the opportunity to comment on the proposed Staff Position (FSP 03-1-a) issued in September 2004 by the Financial Accounting Standards Board. Comerica Incorporated is a financial services company headquartered in Detroit, Michigan with assets of \$53 billion at September 30, 2004.

We believe when SFAS 115 was in development, the issues now being raised regarding classification, intent and ability to hold debt securities were part of the decision process that resulted in the conclusions reached. Since then, SFAS 115 has effectively addressed these issues, and we believe current practice results in accurate financial reporting. Put simply, we are unsure that any new pronouncement is required.

As a financial services company, our available-for-sale debt securities are one of the means we use to manage risks, principally to interest rates and liquidity. This means the categorization as available-for-sale accurately describes the status of these securities. Purchases or sales of available-for-sale debt securities depend largely on changes elsewhere in our balance sheet or on unexpected changes in market conditions (e.g., interest rates) that create risks we may not have anticipated.

Since this is the nature of available-for-sale debt securities, we do not believe the movements in fair value, solely due to interest rates, should be a consideration for other-than-temporary impairment. Studies show that the fair value of 10-year, risk-free government security change by an average of over 10% in each year. Even in our portfolio of 3-year average life mortgage-backed agency securities, we saw fair value changes of 5% in the twelve months. Unless there is intent to sell or inability to hold until recovery, concepts that we believe are already implicit in accounting literature and already used in practice, interest rates should not be a reason for impairment.

We propose that each entity affirmatively state its current intent and ability to hold available-for-sale debt securities until recovery as of each balance sheet date. As prescribed in SEC standards on this topic, each entity should assess other-than-temporary impairment based on facts and circumstances of that security or portfolio. Supporting documentation should identify the assumptions and circumstances that were the basis for the assertion. These assumptions would include, for instance, forecasts of interest rates, liquidity, and importantly for financial institutions - loan and deposit balances. Any subsequent sales would require documentation as to what unforecasted changes resulted in the sale. Documentation at each reporting period would need to be sufficiently detailed to support the assertions, but should not be required on a security-by-security basis.

We appreciate the opportunity to comment on this proposal. Thank you for considering our views. If you would like to discuss this letter in more detail, please contact either our Controller, Marvin J. Elenbaas at 313-222-4645 or myself at 313-222-9391.

Sincerely,

Elizabeth S. Acton  
Executive Vice President and Chief Financial Officer  
Comerica Incorporated