

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

ROBERT CASEY, Individually and On Behalf) No.
of All Others Similarly Situated,)
) Judge
Plaintiff,)
) CLASS ACTION
vs.)
)
NATIONAL CITY CORPORATION, PETER)
E. RASKIND, DAVID A. DABERKO and)
JEFFREY D. KELLY,)
)
Defendants.)
)
_____) DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS

WEISMAN, KENNEDY & BERRIS CO., L.P.A.
DANIEL P. GOETZ
Midland Building, 101 Prospect Avenue
Cleveland, OH 44115
Telephone: 216/781-1111
216/781-6747 (fax)

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
DARREN J. ROBBINS
DAVID C. WALTON
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

– and –

SAMUEL H. RUDMAN
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)

INTRODUCTION

1. This is a securities class action on behalf of all persons who purchased or otherwise acquired the common stock of National City Corporation (“National City” or the “Company”) between April 30, 2007 and January 2, 2008 (the “Class Period”), against National City and certain of its officers and/or directors for violations of the Securities Exchange Act of 1934 (“1934 Act”).

2. National City, a financial holding company, provides commercial and retail banking, mortgage financing and servicing, consumer finance, and asset management services in the United States. The Company was founded in 1845 and is headquartered in Cleveland, Ohio.

3. During the Class Period, defendants issued materially false and misleading statements regarding the Company’s business and financial results.

4. As a result of defendants’ false statements, National City stock traded at artificially inflated prices during the Class Period, trading above \$30 per share during much of the Class Period.

5. In the summer of 2007, National City’s stock began to decline as investors became aware of the large amount of subprime mortgage loans on National City’s balance sheet, as well as on the books of other banks. Defendants assured the market that the Company was well positioned, with a lower risk portfolio. Defendants also assured the market that they saw no reason the dividend would need to be reduced. As a result, National City’s stock continued to trade at artificially inflated levels.

6. On January 2, 2008, the Company issued a press release entitled “National City Declares Quarterly Dividend; Dividend Reduction and Associated Actions to Strengthen Balance Sheet.” The release stated in part:

National City Corporation today announced a 49 percent reduction in its quarterly dividend to \$0.21 per share from \$0.41 per share, an important step to position the company properly for the future. The dividend is payable February 1, 2008, to shareholders of record January 14, 2008.

“Today’s environment requires aggressive steps to overcome the near-term challenges facing the industry and our company, while positioning our businesses to

continue delivering solid performance,” said National City Chairman, President and CEO Peter E. Raskind. “We fully recognize that the dividend is an important element of return for shareholders, and we did not take the decision to reduce it lightly. However, our Board and management strongly believe that this action is necessary to help meet the challenges ahead and to continue as a strong competitor in the financial services industry.”

In addition to the dividend action, National City also intends to issue non-dilutive, Tier 1 capital in the first quarter of 2008. These actions will accelerate previously stated plans to increase capital ratios to the high end of their respective target ranges: 5 percent to 6 percent for tangible common equity and 7 percent to 8 percent for Tier 1 risk-based capital. The company has retained Goldman Sachs and Co. as capital advisor.

The foregoing actions follow a number of other steps taken in recent months to address the disruption in the mortgage, housing and credit markets. They have encompassed three major areas: augmenting the capital structure, restructuring mortgage operations and improving the core earnings power of the company. Specific actions have included the issuance of \$500 million in hybrid capital securities last August and the restructuring and resizing of the company’s mortgage operations.

With respect to its mortgage operations, since August, National City has:

- Eliminated or restricted production of non-agency eligible mortgage loans
- Reduced staffing by some 1,700 positions, and
- Exited all broker-based mortgage lending, including today’s announcement that National City Mortgage has shut down its wholesale mortgage division.

The decision to exit the wholesale mortgage channel will reduce staffing at National City Mortgage by an additional 900 positions. National City Mortgage will continue to originate mortgage loans directly to consumers in all 50 states through its retail office network, as well as through 1,400 National City Bank branches in nine states.

“We remain committed to the mortgage business, as the home mortgage is an essential consumer product,” said Raskind. “However, it is clear that origination volumes will be lower going forward, and we are configuring our mortgage business to operate profitably in that environment.”

As a result of the various product, pricing and channel initiatives, National City anticipates mortgage originations in 2008 of approximately \$15 billion to \$20 billion. With respect to loan portfolios related to previously exited segments of the mortgage business, the company has assembled a dedicated full-time team to manage those assets in the most effective manner possible. As previously disclosed, the company has significantly built reserves for expected losses on these portfolios.

National City also has undertaken several measures to improve both the level and momentum of earnings in its core banking businesses. Prominent among them was a company-wide expense reduction initiative in the third quarter of 2007 that reduced staffing in the core bank by approximately 800 positions. Combined with the mortgage reductions already in place, as well as those announced today, the company has reduced headcount by a total of 3,400 positions going into 2008.

“With conditions expected to be quite challenging in 2008, the actions we have taken to date better position us to navigate through the environment and to capitalize on the many opportunities ahead,” said Raskind.

“To that end, we will maintain a relentless focus on our cost structure and on day-to-day execution of our strategies in each business. The foundation of our company remains strong. Our core retail, commercial banking and asset management businesses continue to deliver solid performance, with sound credit quality and steady growth in business and consumer relationships. I have every confidence that National City will emerge a stronger and more profitable company in 2008.”

7. On this news, National City’s stock dropped from \$16.46 per share to as low as \$15.45 per share, closing at \$15.59 per share on January 2, 2008 on volume of over 12.7 million shares.

8. The true facts, which were known by defendants but concealed from the investing public during the Class Period, were as follows:

(a) The subprime mortgages on the Company’s books were a much bigger risk to the Company’s financial position than represented;

(b) The Company was failing to adequately reserve for mortgage-related exposure, causing its balance sheet and financial results to be artificially inflated; and

(c) Defendants had no reasonable basis to make favorable predictions about the Company’s future dividend payments and future financial performance.

9. As a result of defendants’ false statements and omissions, National City’s stock traded at artificially inflated prices during the Class Period.

JURISDICTION AND VENUE

10. Jurisdiction is conferred by §27 of the 1934 Act. The claims asserted herein arise under §§10(b) and 20(a) of the 1934 Act and SEC Rule 10b-5.

11. Venue is proper in this District pursuant to §27 of the 1934 Act. Many of the false and misleading statements were made in or issued from this District. National City has offices in this District and many of the acts and transactions giving rise to the violations of law complained of occurred here. National City's principal executive offices are located at 1900 East Ninth Street, Cleveland, Ohio.

12. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

THE PARTIES

13. Plaintiff Robert Casey purchased shares of National City stock as described in the attached certification, and was damaged thereby.

14. Defendant National City, a financial holding company, provides commercial and retail banking, mortgage financing and servicing, consumer finance, and asset management services in the United States. The Company was founded in 1845 and is headquartered in Cleveland, Ohio. National City stock trades under the symbol NCC on the New York Stock Exchange.

15. Defendant Peter E. Raskind ("Raskind") is, and at all relevant times was, a director, Chairman of the Board and President of National City. Raskind has served as Chief Executive Officer ("CEO") of National City since July 2007.

16. Defendant David A. Daberko ("Daberko") was Chairman of the Board of National City until December 2007 and CEO of National City until July 2007.

17. Defendant Jeffrey D. Kelly ("Kelly") is, and at all relevant times, was Vice Chairman and Chief Financial Officer ("CFO") of National City.

18. Defendants Raskind, Daberko and Kelly (the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of

National City's quarterly reports, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. They were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein at ¶¶23 and 26-30.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

19. Defendants are liable for: (i) making false statements; or (ii) failing to disclose adverse facts known to them about National City. Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of National City common stock was a success, as it: (i) deceived the investing public regarding National City's prospects and business; (ii) artificially inflated the price of National City's common stock; and (iii) caused plaintiff and other members of the Class to purchase National City common stock at inflated prices.

20. Defendants were also motivated by the compensation agreements of National City. Defendants' compensation was in large part determined by the reported financial performance of the Company:

National City believes that the major portion of executive compensation should be delivered in the form of variable pay (annual and long-term incentives) that is contingent on the financial success of the organization.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Daberko Chairman, CEO	2006	1,000,000	0	1,883,237	2,658,372	3,036,000	0	500,671	9,078,280
Kelly Vice Chairman, CEO	2006	555,000	337,906	1,722,995	312,591	1,544,018	384,573	137,768	4,994,851
Raskind President	2006	570,000	163,861	1,368,059	311,229	1,606,575	223,384	97,220	4,340,328

BACKGROUND

21. National City, a financial holding company, provides commercial and retail banking, mortgage financing and servicing, consumer finance, and asset management services in the United States. It offers credit-related and treasury management services, as well as provides capital markets and international services to large and medium-sized corporations. The Company's products and services also include lines of credit, term loans, leases, automobile floorplan lending, investment real estate lending, asset-based lending, structured finance, syndicated lending, equity and mezzanine capital, and treasury management. In addition, the Company provides small business banking, education finance, and retail brokerage services, as well as offers lending-related insurance services to consumers and small businesses. Its consumer lending products include home equity loans, student loans, credit cards, and other unsecured personal and small business lines of credit. Further, the Company offers nonconforming residential mortgage loans and home equity loans for third-party investors. Additionally, National City provides asset management services consisting of investment management, custody, retirement planning, and other corporate trust services to institutional clients, publicly traded corporations, charitable endowments, foundations, and unions and personal wealth management services, such as private banking and credit solutions, brokerage, financial planning, and trust management and administration services for individuals and families. As of December 31,

2006, National City operated approximately 1,300 branch offices in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, and Pennsylvania, as well as 470 retail and wholesale mortgage offices in the United States.

22. Prior to the Class Period, National City had been acquiring other banks, issuing shares of National City stock or cash for the acquisition. By the beginning of the Class Period, National City had largely completed a definitive agreement to acquire MAF Bancorp, Inc., headquartered in Clarendon Hills, Illinois. MAF Bancorp is the holding company of MidAmerica Bank, which operates 82 branches throughout Chicago and Milwaukee and surrounding areas. Under the terms of the agreement, MAF Bancorp shareholders were to receive National City common stock worth \$56 for each share of MAF Bancorp common stock. The exchange ratio would be based on the average closing price of National City common stock for the 20 trading days immediately preceding Federal Reserve Board approval. The total indicated value of the transaction was to be approximately \$1.9 billion, and was to be completed late in the third quarter or in the fourth quarter. The agreement was structured such that the higher National City stock traded, the fewer shares the Company would have to issue. This provided additional motivation (along with their multi-million dollar annual compensation) to conceal the Company's problems as long as possible.

**DEFENDANTS' FALSE AND MISLEADING
STATEMENTS ISSUED DURING THE CLASS PERIOD**

23. On April 30, 2007, the Company issued a press release entitled "National City Reports First Quarter 2007 Earnings," which stated in part:

National City Corporation today reported first quarter 2007 net income of \$319 million, or \$.50 per diluted share, compared to \$459 million, or \$.74 per diluted share for the first quarter of 2006. Fourth quarter 2006 earnings were \$842 million, or \$1.36 per diluted share, including a nonrecurring gain of \$1.00 per diluted share from the sale of the Corporation's former First Franklin nonconforming mortgage origination and servicing platform, partially offset by charges associated with the retained First Franklin portfolio. First quarter 2007 results included further charges

associated with the retained First Franklin portfolio. In addition, other unusual or nonrecurring items also affect comparisons between periods, as described further throughout this release.

Chairman's Comments

Chairman and CEO David A. Daberko commented, "The first quarter 2007 results were mixed and continue to reflect a focus on execution in our direct banking businesses. Our retail, corporate, and asset management businesses all had a solid quarter, consistent with our business plans for the year. These businesses are experiencing good growth in loan and deposit volumes and customer relationships. Both net interest margin and credit quality have been stable. The integration of our recently acquired Florida banks has been successfully completed. We're excited about the opportunity to build and grow the National City brand in these vibrant markets. Our mortgage business continues to operate in a difficult environment, but we have less exposure to the mortgage sector than in prior years. Overall, we expect each successive quarter from here to show improved earnings. Comparisons to the prior year will be challenging due to the fact that 2006 results included profits from businesses we have discontinued or sold, particularly First Franklin."

Net Interest Income and Margin

Tax-equivalent net interest income was \$1.1 billion for the first quarter of 2007, approximately equal to the preceding quarter, and down about 6% from the first quarter a year ago. Net interest margin for the first quarter of 2007 was 3.69%, about equal to the preceding quarter and down slightly compared to the first quarter last year. Average earning assets were \$121.5 billion in the first quarter of 2007, essentially equal to the preceding quarter and down slightly compared to the first quarter a year ago. This decline is a direct outcome of the Corporation's "originate-and-sell" strategy for indirect, out-of-footprint nonconforming mortgages and home equity lines and loans initiated in late 2005. The remaining run-off portfolios will continue to decline over the balance of the year.

Loans and Deposits

Average portfolio loans were \$98.2 billion for the first quarter of 2007, compared to \$93.1 billion in the fourth quarter of 2006, and \$105.4 billion in the first quarter of 2006. Average portfolio loans increased on a linked- quarter basis primarily due to recent acquisitions which added approximately \$6 billion to portfolio loans. Average portfolio loans decreased compared to the first quarter a year ago due to the previously described originate-and- sell strategy, as well as the decision to transfer \$6 billion of nonconforming mortgage loans to held for sale in the latter part of 2006.

Of the \$6 billion of nonconforming mortgage loans transferred to held for sale, approximately \$4 billion were sold in 2006. No further sales occurred in the first quarter of 2007. In light of unfavorable market conditions, the remaining loans totaling \$1.6 billion were returned to portfolio in March 2007. Prior to that transfer,

fair value writedowns and other charges of \$28 million were recorded as a reduction to loan sale revenue.

Average total deposits were \$87.8 billion in the first quarter of 2007, up \$3.3 billion from the preceding quarter, and \$4.9 billion from the first quarter a year ago, primarily due to deposit balances obtained in recent acquisitions. Average core deposits, excluding mortgage banking escrow balances, were \$72.8 billion, up 9% compared to year end, and 13% compared to the first quarter last year.

Credit Quality

The provision for credit losses for the first quarter of 2007 was \$107 million, compared to \$323 million in the fourth quarter of 2006, and \$27 million in the first quarter a year ago. As previously disclosed in the Corporation's midquarter report, one of the third party mortgage insurance providers for the run-off nonconforming mortgage loan portfolio has been rejecting a meaningful number of claims for reasons that management feels are unjustified. In light of this situation, adjustments were made to the Corporation's charge-off practices and loss forecast to reflect an assumed loss of insurance coverage for loans in dispute. Approximately \$20 million of the provision for credit losses in the first quarter of 2007 arose from these revised assumptions regarding insurance coverage. Notwithstanding these adjustments, management believes it is entitled to insurance recovery and continues to pursue its contractual rights under the contract. Within the nonconforming mortgage portfolio itself, delinquencies and credit losses have been in line with loss forecasts established at the end of 2006.

First quarter 2007 net charge-offs were \$147 million, compared to \$128 million in the preceding quarter, and \$121 million in the first quarter a year ago. Charge-offs for the first quarter of 2007 included \$53 million of nonconforming mortgage loans of which approximately \$24 million were associated with the previously described insurance matter. In addition, \$18 million of previously reserved passenger airline leases were charged-off in the first quarter of 2007.

Nonperforming assets were \$801 million at March 31, 2007, up from \$732 million at December 31, 2006. The acquisition of Fidelity in the first quarter added \$38 million to nonperforming assets. Loans in foreclosure increased \$31 million since year end which reflects higher foreclosure rates and weakness in the housing market. The allowance for loan losses was \$1.1 billion at both March 31, 2007 and December 31, 2006, representing 1.11% and 1.18% of portfolio loans, respectively.

Noninterest Income

Noninterest income for the first quarter of 2007 was \$621 million, compared to \$1.7 billion in the fourth quarter of 2006, and \$656 million in the first quarter a year ago. The fourth quarter of 2006 included a \$984 million gain on the sale of the First Franklin origination and servicing platform. Excluding this transaction, the decline in noninterest income was primarily due to lower loan sale and servicing revenue.

Loan sales revenue was \$75 million for the first quarter of 2007, down from \$122 million in the preceding quarter, and \$144 million in the first quarter a year ago. Fair value writedowns and other charges on the nonconforming mortgage portfolio held for sale were \$28 million in the first quarter of 2007 and \$73 million in the preceding quarter. In general, gain on sale margins declined in the first quarter, reflecting less liquidity in the capital markets, with higher recourse and hedging losses also depressing revenue. Compared to the first quarter a year ago, loan sale revenue decreased for the same reason, as well as the sale of the First Franklin origination and sales platform in late 2006.

Loan servicing revenue was \$32 million for the first quarter of 2007, compared to \$52 million in the fourth quarter of 2006, and a loss of \$44 million in the first quarter a year ago. The decrease compared to the fourth quarter of 2006 was primarily due to the sale of the nonconforming mortgage servicing platform, National City Home Loan Services (NCHLS), on December 30, 2006. NCHLS contributed \$23 million and \$13 million to loan servicing revenue in the fourth quarter and first quarter of 2006, respectively. Also affecting results were net pretax mortgage servicing right (MSR) hedging losses of \$49 million in the first quarter of 2007, compared to \$60 million in the fourth quarter of 2006 and \$128 million in the first quarter of 2006.

Deposit service fees and brokerage revenue decreased compared to the preceding quarter due to seasonally lower volumes of fee-generating transactions. Compared to a year ago, deposit service fees were up 8% and brokerage revenue was up 18%. There were no significant unusual items in other noninterest income in the first quarter of 2007. In the first quarter of 2006, other noninterest income included \$31 million related to the partial release of a chargeback guarantee liability associated with a now-terminated credit card processing agreement for a major airline.

Noninterest Expense

Noninterest expense was \$1.2 billion, down \$39 million, or 3%, compared to the fourth quarter of 2006, but up \$22 million, or 2%, versus the first quarter a year ago. The decline from the fourth quarter of 2006 was due primarily to lower incentive-based compensation costs. Partially offsetting this decline, state and local tax expense increased \$29 million due to a nonrecurring net benefit of \$9 million recognized in the fourth quarter of 2006. The increase in noninterest expense compared to the first quarter a year ago primarily reflects acquisition and divestiture-related costs as well as higher foreclosure costs. Intangible amortization, occupancy costs, and acquisition integration costs all increased compared to the first quarter a year ago due to recent acquisitions. Acquisition integration costs were \$16 million in the first quarter of 2007 with no such costs in the first quarter a year ago. Foreclosure costs increased compared to a year ago reflective of more properties in foreclosure and continued weakness in the housing market.

Income Taxes

The effective tax rate for the first quarter of 2007 was 30%, equal to the first quarter a year ago, but down from 35% in the fourth quarter of 2006. The fourth quarter of 2006 reflects a higher rate applied to the gain on sale of First Franklin. In addition, the income tax provision for the first quarter of 2007 benefited from rate changes resulting from internal reorganizations and mergers. The full year effective tax rate is currently estimated at approximately 32% for 2007.

Balance Sheet

At March 31, 2007, total assets were \$138.6 billion, and stockholders' equity was \$13.2 billion, or 9.5% of total assets. At March 31, 2007, total deposits were \$88.6 billion, including core deposits of \$77.9 billion. Total purchased funds were \$32.1 billion at March 31, 2007, down from \$33.3 billion at December 31, 2006, and \$41.3 billion at March 31, 2006. Growth in the deposit base as well as reductions in certain portfolio loan categories and loans held for sale have reduced the need for borrowing.

The Corporation repurchased 55 million shares of its common stock during the first quarter of 2007 by way of a tender offer and subsequent open market repurchases. At March 31, 2007, the Corporation had remaining authorization to repurchase 29 million shares. Through April 26, 2007, an additional 20 million shares were repurchased. On April 24, 2007, the Corporation's Board of Directors authorized the repurchase of up to an additional 40 million shares. Management intends to continue share repurchases over the rest of the year, subject to maintenance of capital targets, market conditions, and applicable regulatory constraints.

Acquisitions and Divestitures

On December 1, 2006, the Corporation completed its acquisition of Harbor Florida Bankshares, Inc., a banking company operating 42 branches along the central east coast of Florida. On January 5, 2007, the Corporation completed its acquisition of Fidelity Bankshares, Inc., a banking company operating 52 branches along Florida's southeast coast. On December 30, 2006, the Corporation completed the sale of its First Franklin mortgage origination and servicing platform.

24. In fact, while National City had sold First Franklin, the Company continued to hold a large amount of problematic loans originated by First Franklin for which National City had not taken adequate reserves.

25. In July 2007, National City stock declined as the market became aware of the risk of defaults in mortgages held by National City, as well as those held by other banks. By mid-July 2007, National City's stock had declined to the \$30 per share range. However, the stock did not fall

further as defendants assured the market that the subprime portfolio was contained and the Company had a lower risk portfolio versus the prior year.

26. On July 26, 2007, the Company issued a press release entitled “National City Reports Second Quarter 2007 Earnings,” which stated in part:

National City Corporation today reported second quarter 2007 net income of \$347 million, or \$.60 per diluted share, compared to \$319 million or \$.50 per diluted share for the first quarter of 2007, and \$473 million, or \$.77 per diluted share for the second quarter of 2006. For the first half of 2007, net income was \$666 million, or \$1.09 per diluted share, compared to \$932 million, or \$1.51 per diluted share, for the first half of 2006. Comparisons of results to the prior year are affected by acquisition and divestiture activities and other unusual or nonrecurring transactions as described further throughout this release.

CEO’s Comments

President and CEO Peter E. Raskind commented, “Second quarter earnings were up from the first quarter due to better mortgage results, both operating and hedging, and strong performance in retail banking. While loan and deposit volumes have been good, we continue to experience pressure on commercial loan spreads, which has hurt net interest margin. Credit trends remain stable, both in the core and run-off portfolios.”

Net Interest Income and Margin

Tax-equivalent net interest income was \$1.1 billion for the second quarter of 2007, about equal to the preceding quarter, but down 6% from the second quarter a year ago. Average earning assets were \$122.3 billion in the second quarter of 2007, about equal to the preceding quarter, and down slightly from the second quarter a year ago. Net interest margin for the second quarter of 2007 was 3.59%, down 10 basis points from the preceding quarter, and down 14 basis points from the second quarter of last year. Compared to the preceding quarter, the lower margin reflects lower levels of noninterest bearing funds resulting from share repurchases and, to a lesser extent, contraction of loan spreads. Compared to a year ago, narrower loan spreads, particularly on commercial loans, were the major reason for the margin decline.

Tax-equivalent net interest income was \$2.2 billion for the first half of 2007, down about 6% compared to the first half of 2006. Average earning assets were \$121.9 billion in the first half of 2007, down about 2% versus the comparable period in 2006. The implementation of an originate-and-sell strategy for certain indirect consumer loans has resulted in lower average balances as the associated portfolios run off. Net interest margin for the first six months of the year was 3.64% in 2007 versus 3.77% in the comparable period in 2006, mainly due to narrower loan spreads.

Loans and Deposits

Average portfolio loans were \$99.7 billion for the second quarter of 2007, compared to \$98.2 billion in the first quarter of 2007, and \$101.8 billion in the second quarter of 2006. Commercial loans drove the linked-quarter increase in average portfolio loans. Compared to the second quarter a year ago, average portfolio loans decreased due to the originate-and-sale strategy discussed above, as well as the sale of \$3.9 billion of nonconforming mortgage portfolio loans in late 2006. Average loans held for sale were \$12.6 billion for the second quarter of 2007, \$11.8 billion in the first quarter of 2007, and \$12.8 billion in the second quarter a year ago.

Average total deposits were \$90.0 billion in the second quarter of 2007, up \$2.2 billion from the preceding quarter, and up \$7.2 billion from the second quarter a year ago. The growth in deposits reflects growth in households, as well as deposits obtained from recent acquisitions. Average core deposits, excluding mortgage banking escrow balances, were \$74.0 billion, up \$1.3 billion compared to the preceding quarter and \$8.8 billion compared to the second quarter last year.

Credit Quality

The provision for credit losses was \$143 million in the second quarter of 2007, compared to \$107 million in the first quarter of 2007, and \$60 million in the second quarter a year ago. On a year-to-date basis, the provision for credit losses for the first six months of 2007 was \$250 million, up from \$87 million in the year earlier period. The higher provision for credit losses in the first half of 2007 was mainly concentrated among mortgage and home equity loans, reflecting weakness in the housing market, with the First Franklin run-off portfolio accounting for approximately \$70 million of the increase. At the same time, the prior year provision benefited from improving commercial credit quality and low consumer losses following the 2005 bankruptcy law change.

Second quarter 2007 net charge-offs were \$98 million, compared to \$147 million in the preceding quarter, and \$76 million in the second quarter a year ago. The first quarter of 2007 included some relatively large charge-offs for passenger airline leases and nonconforming mortgage loans. Net charge-offs for the first half of 2007 were \$245 million compared to \$197 million in the prior year. Net charge-offs have increased in the first half of 2007 due to weakness in the housing market which has affected residential real estate developers and nonconforming mortgage borrowers.

Nonperforming assets were \$848 million at June 30, 2007 compared to \$732 million at December 31, 2006. Loans in foreclosure have increased \$46 million since year end. Recent acquisitions have also added to nonperforming assets since year end. The allowance for loan losses was \$1.1 billion at both June 30, 2007 and December 31, 2006, representing 1.14% and 1.18% of portfolio loans, respectively.

Noninterest Income

Noninterest income was \$764 million in the second quarter of 2007, compared to \$621 million in the preceding quarter, and \$784 million in the second quarter a year ago. Deposit service fees grew to \$223 million for the second quarter

of 2007, an increase of nearly 10% on both a linked-quarter and year-over-year basis. Growth in households and transaction volume contributed to this increase. Brokerage revenue grew to \$54 million in the second quarter of 2007, up from \$40 million in the first quarter of 2007, and \$30 million in the second quarter a year ago, which reflects higher volumes of fee-based advisory services.

Loan sale revenue was \$110 million for the second quarter of 2007, \$75 million for the first quarter of 2007, and \$285 million in the second quarter a year ago. Mortgage loan origination volume increased on both a linked-quarter and year-over-year basis, but margins continue to be under pressure. Student loan sales, which tend to be concentrated in the second quarter, accounted for \$14 million of the linked-quarter increase. Writedowns on the nonconforming mortgage portfolio held for sale of \$23 million were recorded in the first quarter of 2007 as these loans were returned to portfolio, with no similar charges in the second quarter of 2007. The second quarter of 2006 included \$113 million of loan sale revenue from the Corporation's former First Franklin nonconforming mortgage platform. As this unit was sold in late 2006, there are no such revenues in 2007.

Loan servicing revenue was \$96 million in the second quarter of 2007, up from \$32 million in the preceding quarter, and a loss of \$21 million in the second quarter a year ago. Net pretax mortgage servicing right (MSR) hedging gains were \$10 million in the second quarter of 2007, versus net MSR hedging losses of \$49 million in the first quarter of 2007, and \$115 million in the second quarter of 2006. The second quarter of 2006 included \$15 million of loan servicing revenue associated with the former First Franklin servicing platform.

Noninterest income was approximately \$1.4 billion for both the first half of 2007 and 2006. Deposit service fees and brokerage revenue grew by \$35 million and \$30 million, respectively, for the same reasons described above. Loan sale revenue was \$185 million for the first half of 2007, down from \$429 million for the first half of 2006. Loan sale revenue for the first half of 2007 was affected by a weaker housing market, lower gain on sale margins, and the \$23 million writedown of nonconforming mortgage loans held for sale. In contrast, loan sale revenue for first half of 2006 benefited from \$171 million of First Franklin loan sale revenue. Loan servicing revenue was \$128 million in the first half of 2007, up from a loss of \$65 million in the prior year. Net pretax MSR hedging losses were \$39 million in the first half of 2007 versus \$243 million in the comparable period last year. Growth in the portfolio serviced for others in the first half of 2007 partially offset the loss of \$29 million of revenue from the First Franklin servicing platform in 2006. Other noninterest income for the first half of 2006 included \$35 million of nonrecurring income related to the partial release of a chargeback guarantee liability associated with a terminated credit card processing agreement for a major airline.

* * *

Balance Sheet

At June 30, 2007, total assets were \$140.6 billion, and stockholders' equity was \$12.1 billion, or 8.6% of total assets. At June 30, 2007, total deposits were \$92.6

billion, including core deposits of \$79.0 billion. Total purchased funds were \$31.5 billion at June 30, 2007, compared to \$33.3 billion at December 31, 2006, and \$40.6 billion at June 30, 2006. Continued growth in the deposit base, as well as planned run off in certain portfolio loan categories, has reduced the need for borrowing.

The Corporation repurchased 29.9 million shares of its common stock in the second quarter of 2007 and 85.1 million shares on a year-to-date basis. At June 30, 2007, the Corporation had remaining authorization to repurchase 38.7 million shares. No shares have been repurchased in July. Management expects to recommence share repurchases prior to year end, subject to restrictions imposed by a pending acquisition transaction, as well as maintenance of capital targets, market conditions, and applicable regulatory constraints.

Pending Acquisitions

On May 1, 2007, the Corporation announced a definitive agreement to acquire MAF Bancorp, headquartered in Clarendon Hills, Illinois. MAF Bancorp is the holding company of MidAmerica Bank, which operates 82 branches in the Chicago and Milwaukee metropolitan areas. Under the terms of the agreement, MAF Bancorp shareholders will receive National City common stock worth \$56 for each share of MAF Bancorp common stock. The exchange ratio will be based on the average closing price of National City common stock for the 20 trading days immediately preceding the Federal Reserve Board approval. The total indicated value of the transaction is approximately \$1.9 billion. This transaction is expected to be completed in either late third quarter or early fourth quarter, subject to shareholder and regulatory approvals.

27. Following the earnings release, defendants hosted a conference call for analysts, investors and media representatives, during which defendants stated:

[Kelly:] The second quarter results relative to the first quarter reflect good core loan and deposit growth, decent credit quality and strong fee income, especially in the retail bank. We also saw a modest improvement in the mortgage-related businesses, less volatility in the performance of the subprime runoff portfolio and from an earnings per share perspective, the benefits of a much lower share count.

* * *

[Raskind:] To sum up, while the first half of this year has been more difficult than we expected, we firmly believe that this Company is strategically in a much better place than it was one year ago. We've got a more attractive footprint, a lower risk profile, and a better business mix. We are acutely aware of where we have fallen short of expectations, and of the risks and the challenges we face. National City harbors much more performance potential than we have been displaying in the recent past and we are working hard to convert that potential to clear results.

28. On October 24, 2007, the Company issued a press release entitled “National City Reports Third Quarter 2007 Earnings,” which stated in part:

National City Corporation today reported third quarter 2007 net income of \$106 million, or \$.18 per diluted share, compared to \$347 million, or \$.60 per diluted share for the second quarter of 2007, and \$526 million, or \$.86 per diluted share for the third quarter of 2006. Third quarter results include a net loss of \$152 million, or \$.25 per diluted share, in the Corporation’s mortgage banking business.

For the nine month period ending September 30, 2007, net income was \$772 million, or \$1.28 per diluted share, compared to \$1.5 billion, or \$2.36 per diluted share, for the comparable period in 2006. Comparisons of the current year’s results to the prior year were affected by mortgage losses, as well as recent acquisitions and divestitures.

CEO’s Comments

President and CEO Peter E. Raskind commented, “Our third quarter results were clearly affected by the unprecedented disruption and weakness in the mortgage and housing markets. In response to these conditions, we have restructured our mortgage business. The former National Home Equity unit has been merged into National City Mortgage, and production of non-agency eligible mortgages has been either severely curtailed or eliminated altogether. Loans held for sale have been written down to estimated market prices, and in certain cases, moved to portfolio. Higher loan loss provisions were taken on portfolio mortgage loans, reflecting recent delinquency and loss trends, and continued deterioration in the housing markets.

The results of these actions contributed to a third quarter loss in our mortgage banking business. At the same time, our retail, commercial banking and asset management businesses performed well. Deposit inflows were strong, and credit quality in the core consumer and commercial portfolios remains sound. Nonetheless, the environment continues to be quite challenging, requiring close attention to costs and relentless focus on day-to-day execution. Based on the difficult conditions in the financial markets, which we expect to persist into 2008, we have undertaken an aggressive review of our cost structure across the company. That review, coupled with our 2008 budget process, has resulted in the elimination of approximately 2,500 positions representing approximately \$125 million of personnel expense.”

Net Interest Income and Margin

Tax-equivalent net interest income was \$1.1 billion for the third quarter of 2007, about equal to the second quarter of 2007, but down 4% from the third quarter a year ago. Average earning assets were \$128.2 billion in the third quarter of 2007, up 5% compared to the preceding quarter, and 4% versus the third quarter a year ago. Net interest margin for the third quarter of 2007 was 3.43%, down 16 basis points from the preceding quarter, and 30 basis points from the third quarter of last year. The lower margin reflects higher funding costs associated with a larger than expected

balance sheet, narrower spreads on both commercial and consumer loans, and lower levels of free funds.

Tax-equivalent net interest income was \$3.3 billion for the first nine months of 2007, down about 5% compared to the first nine months of 2006. Average earning assets were \$124.1 billion for the first nine months of 2007, about equal to the comparable period in 2006. Net interest margin for the first nine months of the year was 3.57% in 2007 versus 3.76% in the comparable period in 2006.

Loans and Deposits

In light of the adverse mortgage market conditions in the third quarter, management curtailed the production of certain non-agency eligible mortgage and home equity products. In addition, approximately \$4.4 billion of held for sale home equity lines and loans were transferred to portfolio.

Average portfolio loans were \$104.4 billion for the third quarter of 2007, up from \$99.7 billion for the second quarter of 2007, and \$97.4 billion in the third quarter of 2006. This increase reflects growth in commercial loans, recent acquisitions and the previously described transfer of home equity lines and loans to portfolio. Average loans held for sale were \$12.6 billion for the third quarter of 2007, about equal to the second quarter, and down \$2.4 billion from the third quarter a year ago due to the sale of the Corporation's former First Franklin unit in late 2006.

Average total deposits were \$93.5 billion in the third quarter of 2007, up \$3.5 billion, or 4% on a linked-quarter basis, and up \$10.0 billion, or 12%, from the third quarter a year ago. The principal reasons for both the linked-quarter and year-over-year increase are recent acquisitions. Continued growth in the number of deposit accounts, as well as higher average balances held in interest-bearing accounts, also contributed to the higher deposit levels in the third quarter of 2007. Average core deposits, excluding mortgage banking escrow balances, were \$77.6 billion, up \$3.6 billion compared to the preceding quarter and \$12.6 billion compared to the third quarter last year.

Credit Quality

The provision for credit losses was \$361 million in the third quarter of 2007, up from \$143 million in the preceding quarter, and \$73 million in the third quarter a year ago. On a year-to-date basis, the provision for credit losses was \$611 million in 2007 versus \$160 million in 2006. During the third quarter of 2007, higher delinquencies, charge-offs and foreclosures occurred in residential real estate and home equity loans. In light of these trends, a larger provision for credit losses was required in the third quarter of 2007. Conversely, the provision for credit losses in 2006 benefited from improving commercial credit quality, as well as low consumer losses following the consumer bankruptcy law change in late 2005.

Net charge-offs were \$141 million in the third quarter of 2007, compared to \$98 million in the preceding quarter, and \$117 million in the third quarter a year ago. Net charge-offs for the first nine months of 2007 were \$386 million compared to

\$314 million in the prior year. The higher charge-offs compared to the preceding quarter were primarily due to the effects of a weakening housing market on residential real estate and home equity borrowers. On a year-over-year basis, net charge-offs for credit card and other unsecured lines of credit also increased due to the previously described effect of the bankruptcy law change.

The allowance for loan losses was \$1.4 billion, or 1.23% of portfolio loans as of September 30, 2007 versus \$1.1 billion, or 1.18% of portfolio loans, as of December 31, 2006. Nonperforming assets were \$1.2 billion at September 30, 2007 compared to \$732 million at December 31, 2006. Nonperforming assets have increased due to a larger balance of portfolio loans, inclusive of problem loans obtained in recent acquisition, and deteriorating credit quality of residential real estate loans associated with weakness in the housing markets.

Noninterest Income

Noninterest income was \$624 million in the third quarter of 2007, compared to \$764 million in the preceding quarter, and \$877 million in the third quarter a year ago. Loan sale revenue was \$(74) million for the third quarter of 2007, \$110 million for the second quarter of 2007 and \$215 million in the third quarter a year ago. The imbalance between supply and demand in the mortgage markets in the third quarter adversely affected the market for certain non-agency eligible loans, resulting in lower gains upon sale, an increase in failed trades and scratch and dent losses, and fair value writedowns on mortgage loans held for sale. In the third quarter a year ago, loan sale revenue included \$62 million of revenue associated with the Corporation's former First Franklin nonconforming mortgage platform. Loan servicing revenue increased to \$159 million in the third quarter of 2007, up from \$96 million in the second quarter of 2007, and \$104 million in the third quarter a year ago. Net pretax mortgage servicing right (MSR) hedging gains were \$64 million in the third quarter of 2007, \$10 million in the second quarter of 2007, and \$9 million in the third quarter of 2006. Slower prepayments of mortgage loans and an increase in market volatility contributed to favorable hedge results.

Noninterest income was \$2.0 billion for the first nine months of 2007 down \$308 million compared to the same period in 2006. Deposit service charges increased \$50 million, or approximately 8%, compared to last year. Loan sale revenue was \$111 million for the first nine months of 2007, down from \$644 million in the comparable period in 2006, due primarily to the market conditions described above. Loan sale revenue for the first nine months of 2006 included \$235 million of revenue associated with the Corporation's former First Franklin unit. Loan servicing revenue increased to \$287 million in the first nine months of 2007, up from \$39 million in the prior year. Net pretax MSR hedging gains were \$25 million in the first nine months of 2007 versus losses of \$234 million in the comparable period in 2006, inclusive of a \$56 million fair value writedown associated with implementation of a new prepayment model. Other noninterest income for the first nine months of 2006 also benefited from \$36 million of nonrecurring income related to the partial release of a chargeback guarantee liability associated with a terminated credit card processing agreement for a major airline.

* * *

Balance Sheet

At September 30, 2007, total assets were \$154.2 billion, and stockholders' equity was \$14.0 billion, or 9.1% of total assets. At September 30, 2007, total deposits were \$98.2 billion, including core deposits of \$86.5 billion. Total purchased funds were \$37.4 billion at September 30, 2007, compared to \$33.3 billion at December 31, 2006, and \$38.0 billion at September 30, 2006. The disruption in the mortgage markets gave rise to the need for additional funding to support a larger balance sheet compared to year end.

The Corporation repurchased 1.0 million shares of its common stock in the third quarter of 2007 and 86.1 million shares on a year-to-date basis. At September 30, 2007, the Corporation had remaining authorization to repurchase 37.7 million shares. Management expects share repurchases to be limited in the fourth quarter, consistent with its plan to allow capital ratios to migrate towards the top end of their target ranges.

Recent Acquisitions

On September 1, 2007, the Corporation completed the acquisition of MAF Bancorp, headquartered in Clarendon Hills, Illinois. MAF Bancorp is the holding company of MidAmerica Bank, which operates 82 branches in the Chicago and Milwaukee metropolitan areas. As of September 30, 2007, the Corporation's balance sheet included \$7.0 billion of portfolio loans and \$7.4 billion of deposits associated with this acquisition.

29. Following the release of these results, National City held a conference call for investors, analysts and media representatives, during which Kelly assured the market that the dividend was safe:

Well, let me say that I think given both our current capital position and our intention to allow capital to rise over the next several quarters within the – the target ranges that I described and in the context of those target ranges that – that *we see no need to and have no intention of – of reducing the dividend. We have always believed this is a very important component of our total return to shareholders and have always sought not only to pay it every year but frankly to increase it every year.*

And while I would certainly admit that our dividend payout ratio is clearly above our long-term target of 45%, I remind all that this is a long-term target and there have certainly been time periods in the past when we were – our actual payout ratio has exceeded that level. So I think many of the factors, at least recently, that have contributed to that actual payout ratio being somewhat above our target, we consider to be short-term and, indeed, in many cases one time in nature. And, as Peter mentioned in his comments, we're focused on improving the financial

performance of the company and *we believe that's achievable and, therefore, we have – see no need to or have no intention of cutting the dividend.*

30. On November 9, 2007, the Company issued a press release entitled “National City Adjusts Third Quarter Earnings to Reflect Proposed Settlement Agreements,” which stated in part:

National City Corporation today announced that, based on a settlement agreement announced on November 7 by American Express and Visa USA Inc. – of which National City is a member – National City will adjust its third quarter earnings to reflect its share of the settlement agreement. National City’s earnings adjustment also will reflect a proposed settlement agreement reached this week in an unrelated class action lawsuit.

With respect to the American Express and Visa settlement, based on accounting guidance provided by the U.S. Securities and Exchange Commission (SEC) to Visa member banks on November 7, National City will record a \$157 million liability, reducing the company’s 2007 third quarter results by \$0.18 per share compared with what was reported in a news release on Oct. 24. National City anticipates that its proceeds from the initial public offering planned by Visa in early 2008 will more than offset the impact of National City’s share of the Visa/American Express settlement.

Separately, National City also has recorded a \$25 million reserve based on a proposed settlement agreement in an unrelated pending wage and hour class action lawsuit which, pending court approval, will resolve all claims related to that action. This item reduces National City’s third quarter earnings by \$0.03 per share.

As a result of both items, National City will report a net loss of \$19 million, or \$0.03 per share, compared with \$106 million, or \$.18 per diluted share, as earlier reported. For the first nine months of 2007, the company will adjust net income to \$647 million, or \$1.07 per diluted share, from \$772 million, or \$1.28 per diluted share.

Because National City’s third quarter financial statements have not yet been filed with the U.S. Securities and Exchange Commission (SEC), this change represents an adjustment, as distinct from a restatement, which would involve an amendment to previously filed financial statements. The updated results will be included in National City’s third quarter Form 10Q filing with the SEC.

31. Then, on January 2, 2008, the Company issued a press release entitled “National City Declares Quarterly Dividend; Dividend Reduction and Associated Actions to Strengthen Balance Sheet.” The release stated in part:

National City Corporation today announced a 49 percent reduction in its quarterly dividend to \$0.21 per share from \$0.41 per share, an important step to position the

company properly for the future. The dividend is payable February 1, 2008, to shareholders of record January 14, 2008.

“Today’s environment requires aggressive steps to overcome the near-term challenges facing the industry and our company, while positioning our businesses to continue delivering solid performance,” said National City Chairman, President and CEO Peter E. Raskind. “We fully recognize that the dividend is an important element of return for shareholders, and we did not take the decision to reduce it lightly. However, our Board and management strongly believe that this action is necessary to help meet the challenges ahead and to continue as a strong competitor in the financial services industry.”

In addition to the dividend action, National City also intends to issue non-dilutive, Tier 1 capital in the first quarter of 2008. These actions will accelerate previously stated plans to increase capital ratios to the high end of their respective target ranges: 5 percent to 6 percent for tangible common equity and 7 percent to 8 percent for Tier 1 risk-based capital. The company has retained Goldman Sachs and Co. as capital advisor.

The foregoing actions follow a number of other steps taken in recent months to address the disruption in the mortgage, housing and credit markets. They have encompassed three major areas: augmenting the capital structure, restructuring mortgage operations and improving the core earnings power of the company. Specific actions have included the issuance of \$500 million in hybrid capital securities last August and the restructuring and resizing of the company’s mortgage operations.

With respect to its mortgage operations, since August, National City has:

- Eliminated or restricted production of non-agency eligible mortgage loans
- Reduced staffing by some 1,700 positions, and
- Exited all broker-based mortgage lending, including today’s announcement that National City Mortgage has shut down its wholesale mortgage division.

The decision to exit the wholesale mortgage channel will reduce staffing at National City Mortgage by an additional 900 positions. National City Mortgage will continue to originate mortgage loans directly to consumers in all 50 states through its retail office network, as well as through 1,400 National City Bank branches in nine states.

“We remain committed to the mortgage business, as the home mortgage is an essential consumer product,” said Raskind. “However, it is clear that origination volumes will be lower going forward, and we are configuring our mortgage business to operate profitably in that environment.”

As a result of the various product, pricing and channel initiatives, National City anticipates mortgage originations in 2008 of approximately \$15 billion to \$20 billion. With respect to loan portfolios related to previously exited segments of the

mortgage business, the company has assembled a dedicated full-time team to manage those assets in the most effective manner possible. As previously disclosed, the company has significantly built reserves for expected losses on these portfolios.

National City also has undertaken several measures to improve both the level and momentum of earnings in its core banking businesses. Prominent among them was a company-wide expense reduction initiative in the third quarter of 2007 that reduced staffing in the core bank by approximately 800 positions. Combined with the mortgage reductions already in place, as well as those announced today, the company has reduced headcount by a total of 3,400 positions going into 2008.

“With conditions expected to be quite challenging in 2008, the actions we have taken to date better position us to navigate through the environment and to capitalize on the many opportunities ahead,” said Raskind.

“To that end, we will maintain a relentless focus on our cost structure and on day-to-day execution of our strategies in each business. The foundation of our company remains strong. Our core retail, commercial banking and asset management businesses continue to deliver solid performance, with sound credit quality and steady growth in business and consumer relationships. I have every confidence that National City will emerge a stronger and more profitable company in 2008.”

32. On this news, National City’s stock dropped from \$16.46 per share to as low as \$15.45 per share, closing at \$15.59 per share on January 2, 2008, on volume of over 12.7 million shares.

33. The true facts, which were known by defendants but concealed from the investing public during the Class Period, were as follows:

(a) The subprime mortgages on the Company’s books were a much bigger risk to the Company’s financial position than represented;

(b) The Company was failing to adequately reserve for mortgage-related exposure, causing its balance sheet and financial results to be artificially inflated; and

(c) Defendants had no reasonable basis to make favorable predictions about the Company’s future dividend payments and future financial performance.

34. As a result of defendants’ false statements and omissions, National City’s stock traded at artificially inflated prices during the Class Period.

LOSS CAUSATION/ECONOMIC LOSS

35. By misrepresenting National City's business, the defendants presented a misleading picture of the Company's business and prospects. Thus, instead of truthfully disclosing during the Class Period that National City's business was not as healthy as represented, National City falsely overstated its net income, and falsely concealed the problems with its loan portfolio.

36. These omissions caused and maintained the artificial inflation in National City's stock price throughout the Class Period and until the truth about its future earnings was revealed to the market.

37. Defendants' false and misleading statements had the intended effect and caused National City stock to trade at artificially inflated levels throughout the Class Period, trading for much of the Class Period above \$30 per share.

38. On January 2, 2008, defendants stunned investors by publicly disclosing massive anticipated losses in the Company's home loan portfolio, causing its stock to drop to as low as \$15.45 per share before closing at \$15.59 on January 2, 2008 – a decline since September 2007 of \$11 per share. As a direct result of defendants' admissions and the public revelations regarding the truth about National City's profitability and its actual business prospects going forward, National City's stock price dropped more than \$11 per share from the time prior to the October 2007 through January 2, 2008 disclosures. This drop removed artificial inflation from National City's stock price, causing real economic loss to investors who had purchased the stock during the Class Period.

COUNT I

For Violation of §10(b) of the 1934 Act and Rule 10b-5 Against All Defendants

39. Plaintiff incorporates ¶¶1-38 by reference.

40. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained

misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

41. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they employed devices, schemes and artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of National City common stock during the Class Period.

42. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for National City common stock. Plaintiff and the Class would not have purchased National City common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

COUNT II

For Violation of §20(a) of the 1934 Act Against All Defendants

43. Plaintiff incorporates ¶¶1-42 by reference.

44. The Individual Defendants acted as controlling persons of National City within the meaning of §20(a) of the 1934 Act. By reason of their positions with the Company, and their ownership of National City stock, the Individual Defendants had the power and authority to cause National City to engage in the wrongful conduct complained of herein. National City controlled the Individual Defendants and all of its employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

CLASS ACTION ALLEGATIONS

45. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired National City common stock during the Class Period (the “Class”). Excluded from the Class are defendants.

46. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. National City has 633 million shares of common stock outstanding, owned by hundreds if not thousands of persons.

47. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include: (i) whether the 1934 Act was violated by defendants; (ii) whether defendants omitted and/or misrepresented material facts; (iii) whether defendants’ statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; (iv) whether defendants knew or deliberately disregarded that their statements were false and misleading; (v) whether the price of National City common stock was artificially inflated; (vi) and the extent of damage sustained by Class members and the appropriate measure of damages.

48. Plaintiff’s claims are typical of those of the Class because plaintiff and the Class sustained damages from defendants’ wrongful conduct.

49. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

50. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows:

- A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
- B. Awarding plaintiff and the members of the Class damages, including interest;
- C. Awarding plaintiff's reasonable costs and attorneys' fees; and
- D. Awarding such equitable/injunctive or other relief as the Court may deem just and

proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: January 24, 2008

WEISMAN, KENNEDY & BERRIS CO., L.P.A.
DANIEL P. GOETZ

DANIEL P. GOETZ

1600 Midland Building, 101 Prospect Avenue
Cleveland, OH 44115
Telephone: 216/781-1111
216/781-6747 (fax)
E-mail: dgoetz@weismanlaw.com

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
DARREN J. ROBBINS
DAVID C. WALTON
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)
E-mail: darrenr@csgrr.com
E-mail: davew@csgrr.com

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
SAMUEL H. RUDMAN
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)
E-mail: srudman@csgrr.com

Attorneys for Plaintiff