VINCENT LYNCH, on behalf of himself and all others similarly situated,
Plaintiff,

vs.

WILMINGTON TRUST CORPORATION,
TED T. CECALA, DONALD E. FOLEY,
DAVID R. GIBSON, KEVYN N.
RAKOWSKI, and ROBERT V.A. HARRA JR.
Defendants.

Case No.: 10-1086

CLASS ACTION

CLASS ACTION COMPLAINT FOR VIOLATIONS OF FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Vincent Lynch ("Plaintiff"), by his attorneys, on behalf of himself and all others similarly situated, alleges the following based upon the investigation of Plaintiff's counsel, except as to allegations specifically pertaining to Plaintiff, which are based on personal knowledge. The investigation of counsel included, among other things, a review of Wilmington Trust Corporation ("Wilmington Trust" or the "Company") public filings with the United States Securities and Exchange Commission ("SEC"), press releases issued by the Company, media and news reports about the Company, and other publicly available data, including, but not limited to, publicly available trading data relating to the price and trading volume of Wilmington Trust common stock.

INTRODUCTION

1. This is a securities class action brought under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) & 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, on behalf of a class of all persons and entities who purchased or otherwise acquired the securities of Wilmington Trust between April
18, 2008 and November 1, 2010 inclusive (the "Class Period") to recover damages caused by Defendants’ violations of the securities laws.

2. Wilmington Trust is a financial holding company that provides a full range of banking and other financial services through its banking and other subsidiaries. Wilmington Trust has more than $10 billion in assets. Wilmington Trust has three core businesses: Regional Banking, which provides banking services throughout the Mid-Atlantic region\(^1\), Corporate Client Services, and Wealth Advisory Services.

3. Wilmington Trust makes loans to both commercial and consumer clients. Throughout the Class Period, loans accounted for more than 75% of Wilmington Trust’s assets. Approximately three-quarters of Wilmington Trust’s loan portfolio during the Class Period consisted of commercial loans, with a large concentration of the Company’s loans related to developers building in Delaware.

4. Throughout the Class Period, Wilmington Trust misrepresented the true extent of the deterioration in its loan portfolio in press releases and its quarterly and annual filings with the Securities and Exchange Commission ("SEC") by failing to adequately reserve for loan losses.

5. Even after the sudden departure of the Company’s Chairman and Chief Executive Officer on June 3, 2010 and the subsequent news in June 2010 that Wilmington Trust had hired a third party to perform a detailed loan review in preparation for an upcoming regulatory exam by the Federal Reserve scheduled for July 2010, investors and analysts continued to be misled as to the true impairment of the Company’s loan portfolio.

\(^1\) The Company defines the Mid-Atlantic region as Delaware and the parts of Maryland, New Jersey, and Pennsylvania within 150 miles of the Company’s Wilmington, Delaware headquarters.
6. Throughout the Class Period, Wilmington Trust performed an internal risk rating analysis quarterly, classifying all loans outstanding into one of four categories of risk. The four categories of risk are:

- **Pass**: Loans with no current or potential problems.
- **Watchlist**: Accruing loans that are potentially problematic.
- **Substandard**: Accruing or nonaccruing loans with identified weaknesses and some probability of loss.
- **Doubtful/loss**: Nonaccruing loans with a high probability of loss, or which we have charged off.

7. Accordingly, “non pass” loans include those that are among the watchlist, substandard or doubtful/loss rated loans. Throughout the Class Period, the quality of Wilmington Trust’s loan portfolio significantly deteriorated:

| Non pass loans as a percentage of total loans for the quarter ended: |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 3/31/08 | 6/30/08 | 9/30/08 | 12/31/08 | 3/31/09 | 6/30/09 | 9/30/09 | 12/31/09 | 3/31/10 | 6/30/10 | 9/30/10 |
| 4.38% | 3.72% | 3.92% | 9.2% | 11.4% | 13.53% | 16.14% | 18.71% | 20.69% | 26.7% | 35.5% |

However, Wilmington Trust failed to adequately reserve for losses associated with the increasing non pass loans.

8. On November 1, 2010, Wilmington Trust shocked investors when it issued two related press releases. First, Wilmington Trust announced dismal results for the third quarter of 2010, reporting a loss of $365.3 million due in part to an additional $281.5 million loan loss provision and a $100.7 million income tax expense associated with a valuation allowance against the Company’s deferred tax asset. The Company stated that a primary cause for the loss was continued deterioration in the Company’s loan portfolio, reflecting the extent of the Company’s exposure to real estate construction lending concentrated in Delaware. Wilmington Trust further stated that it had “little assurance” that its loan portfolio would strengthen significantly in the near term, or that the Company’s capital position would not erode further. Second, Wilmington
Trust announced that it would merge with M&T Bank Corporation ("M&T") and that the two companies had already signed a definitive agreement. Under the terms of the merger agreement, Wilmington Trust common shareholders will receive 0.051372 shares of M&T common stock in exchange for each share of Wilmington Trust common stock. At this conversion ratio, the transaction valued each Wilmington Trust common share at a mere $3.84 per share representing what the Company claimed was the tangible book value as of September 30, 2010 despite the fact that Wilmington Trust shares had closed at $7.11 per share on October 29, 2010, the last trading day before this announcement.

9. On the ensuing conference call also held on November 1, 2010, an executive from M&T stated that the estimated total fair value of Wilmington Trust’s loan portfolio was only one billion dollars, or 13% of loans, and also disclosed that estimated future credit losses remaining in the Wilmington Trust loan portfolio would also be $1 billion.

10. Upon the release of the November 1, 2010 news, shares of the Company’s common stock fell $2.90 per share, or more than 40%, to close on November 1, 2010 at $4.21 per share, on unusually heavy trading volume.

11. A November 27, 2010 Wall Street Journal article explained that, over the summer, examiners from the Federal Reserve “discovered that [Wilmington Trust] wasn’t writing down the value of loans made to borrowers whose real-estate projects had stumbled . . . [and] that the bank was relying on appraisals that were several years old.” The article also noted that “nonperforming loans at Wilmington Trust jumped 77% to $988.6 million in the third quarter [of 2010] from the end of June.”

12. Throughout the Class Period, the Company represented that it was adequately reserving for loan losses and reporting its financial results in accordance with generally accepted
accounting principles ("GAAP"). However, unknown to investors as alleged below, during the Class Period, Wilmington Trust knowingly or recklessly failed to disclose that (1) its loan portfolio was impaired to a much larger extent than the Company had disclosed, (2) the Company had failed to properly record losses for its impaired assets by adequately provisioning for loan losses each quarter in light of its known concentrations of loans in the commercial sector and in the struggling Delaware region, and that as result of the foregoing, (3) the Company’s financial statements were materially false and misleading and not prepared in accordance with GAAP, including overstating the value of the Company’s assets, understating its provisions for loan losses and understating the Company’s income tax expense; and (4) Defendants lacked a reasonable basis for their positive statements about the Company, its prospects and growth.

**JURISDICTION AND VENUE**

13. The claims asserted arise under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. Jurisdiction is conferred by Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331, because this is a civil action arising under the laws of the United States. Venue is proper pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b) and (c) as many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. Additionally, Wilmington Trust’s principal executive offices are located within this District, and the Company is incorporated in this District.

14. In connection with the facts and omissions 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.
PARTIES

15. Plaintiff purchased Wilmington Trust common stock as detailed in the certification attached hereto and was damaged thereby.

16. Defendant Wilmington Trust is a Delaware corporation and a financial holding company that provides a full range of banking and other financial services through its banking and other subsidiaries. The Company is headquartered in Wilmington, Delaware and its stock trades on the New York Stock Exchange ("NYSE") under the symbol "WL".


18. Donald E. Foley ("Foley") was a Director of Wilmington Trust throughout the Class Period, and succeeded Cecala as CEO from June 3, 2010 through the end of the Class Period. Foley signed the Company’s SEC filings during the Class Period after assuming the role of CEO. In his role as a director, Defendant Foley, among other things, signed the Company’s Annual Reports filed on Form 10-K for the periods ended December 31, 2008 and December 31, 2009, and as CEO signed the Company’s quarterly report on Form 10-Q for the period ended
June 30, 2010, and a certification pursuant to the Sarbanes-Oxley Act of 2002 as alleged in ¶ 86 below.


20. Kevyn N. Rakowski ("Rakowski") has been Controller and a Senior Vice President of the Company since 2006. Defendant Rakowski signed the Company’s Annual Reports filed on Form 10-K for the periods ended December 31, 2008 and December 31, 2009.

21. Robert V.A. Harra Jr. ("Harra") was during the Class Period, and signed the Annual Reports filed on Form 10-K for the periods ended December 31, 2008 and December 31, 2009. Harra was also President and Chief Operating Officer of Wilmington Trust throughout the Class Period.

22. Wilmington Trust, Cecala, Foley, and Gibson together are referred to herein as the “Wilmington Defendants.”

23. Defendants Cecala, Foley, Gibson, Rakowski and Harra together are referred to herein as the “Officer Defendants.”
RELEVANT NON-PARTIES

24. Non-party M&T is headquartered in Buffalo, New York and is a bank holding company. Its stock trades on the NYSE under the symbol “MTB”.

25. Rene F. Jones is an Executive Vice President and CFO of M&T. Jones participated in the conference call held by Wilmington Trust following the announcement of the acquisition of Wilmington Trust by M&T.

CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) on behalf of a class of all persons and entities who purchased the publicly traded common stock of Wilmington Trust between April 18, 2008 and November 1, 2010, inclusive (the “Class”).

27. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at the present time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds of members of the Class located throughout the United States. As of September 30, 2010, Wilmington Trust had 91,483,687 shares of common stock issued and outstanding.

28. Plaintiff’s claims are typical of the claims of the members of the Class. Plaintiff and all members of the Class have sustained damages because of defendants’ unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intends to pursue this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class that Plaintiff seeks to represent.
29. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

30. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts and omissions as alleged herein;

(b) whether defendants misstated and/or omitted to state material facts in their public statements and filings with the SEC;

(c) whether defendants participated directly or indirectly in the course of conduct complained of herein; and

(d) whether the members of the Class have sustained damages and the proper measure of such damages.

**False and Misleading Statements**

31. The Class Period begins on April 18, 2008 when Wilmington Trust announced its financial results for the first quarter ended March 31, 2008:

Wilmington, Del., April 18, 2008 – Wilmington Trust Corporation (NYSE: WL) reported today that earnings for the 2008 first quarter were $0.62 per share (on a diluted basis), the same as for the year-ago first quarter. Net income for the 2008 first quarter was $41.4 million, compared to $43.0 million for the year-ago first quarter.

“Significant loan growth, solid growth in Corporate Client Services and Wealth Advisory Services revenue, and stable credit quality were offset by a decline in net interest income due to the market interest rate environment,” said Ted T. Cecala, Wilmington Trust’s chairman and chief executive officer. “Our first quarter results demonstrate, once again, how our diversified business mix helps us generate consistent results, even in the face of a challenging interest rate environment.”

* * *
Loan portfolio

- Loans totaling more than $321 million were added during the first three months of 2008, the largest three-month increase since the first quarter of 2006.

- Most of this growth was in the commercial portfolio. Commercial loan balances topped $6 billion for the first time (on a period-end basis). On average, commercial balances reached $5.94 billion, which was 8% higher than for the year-ago first quarter, and 4% higher than for the 2007 fourth quarter.

- Within the commercial portfolio, most of the growth was in commercial mortgage loans and commercial and industrial loans (recorded as commercial, financial, and agricultural loans).

* * *

Credit quality in the 2008 first quarter

- In the internal risk rating analysis, 96% of total loans outstanding had pass ratings.

- Compared to the 2007 fourth quarter:
  - Loan balances were $321.6 million higher (on a period-end basis).
  - At $4.7 million, net charge-offs were $5.0 million lower and the net charge-off ratio was 7 basis points lower.

32. On May 12, 2008, Wilmington Trust filed a quarterly report for the first quarter of 2008 on Form 10-Q (“First Quarter 2008 10-Q”), reporting substantially the same financial information as set forth in the April 18, 2008 press release. The First Quarter 2008 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The Third Quarter 2009 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to the following:

  1. I have reviewed this quarterly report on Form 10-Q of Wilmington Trust Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to
the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

33. The First Quarter 2008 10-Q also states in part:

**THE REGIONAL BANKING BUSINESS**

The Regional Banking business continued to benefit from the well-diversified economy in the mid-Atlantic region, which has not experienced the level of economic downturn seen in some other parts of the United States. Credit quality remained stable.

Total loans outstanding rose 4% in the first three months of 2008. This was the largest three-month increase since the first quarter of 2006. Approximately two-thirds of this growth was in the commercial portfolio and approximately one-third was in the consumer portfolio.

* * *

**Commercial Loans**

Commercial loan balances exceeded $6.0 billion for the first time, as we added $219.2 million of commercial loans during the first three months of 2008. This was an increase of 4% from year-end 2007.

* * *

We have a high degree of confidence in the integrity of our commercial construction portfolio, because:

- We focus on clients with privately held or family-owned businesses. We do not lend to large, national homebuilders.

- The geographic scope of our commercial lending activity is concentrated in the mid-Atlantic region. This region has not experienced the volume of speculative over-building seen in other parts of the United States. Generally, projects we fund are within a two-hour drive from our headquarters in Wilmington, Delaware.
• Most of the construction loans in our portfolio are for single-family homes in residential tract developments. Population growth is driving the demand for housing and related services.

• We apply our underwriting standards consistently.

* * *

At March 31, 2008, loans accounted for 75% of our assets, and most of our asset quality remained tied to loan, or credit, quality.

34. On July 18, 2008, Wilmington Trust announced its financial results for the second quarter ended June 30, 2008:

Wilmington, Del., July 18, 2008 — Wilmington Trust Corporation (NYSE: WL) reported a loss of $19.5 million, or $0.29 per share, for the 2008 second quarter.

* * *

Wilmington Trust’s capital position remained strong. All regulatory capital ratios continued to exceed the amounts required by the Federal Reserve Board to be considered a well-capitalized institution.

* * *

Significant factors in second quarter 2008 results

• The Regional Banking business added $483.0 million of loans during the 2008 second quarter. This was the largest three-month increase in the company’s history. Loan balances topped $9 billion for the first time, on both a period-end and average-balance basis. Loan growth reflected the resilience of the well-diversified economy in the mid-Atlantic region, which has not experienced the levels of unemployment and housing pressure seen in some other parts of the United States.

* * *

Credit quality in the 2008 second quarter

No negative systemic credit quality trends emerged during the second quarter, but the combination of loan growth and downgrades in the internal risk rating analysis caused the provision and reserve for loan losses to increase.

Total nonperforming assets increased to $88.5 million from $77.7 million at March 31, 2008. Three credits — a commercial construction loan, a loan to a retailer, and a loan to a textile manufacturer — accounted for the majority of this
$10.8 million increase. The nonperforming asset ratio was 95 basis points, the same as at year-end 2007.

* * * *

Given the unpredictability of commercial loan charge-offs, management does not believe the 2008 second quarter net charge-off ratio indicates a trend, and expects the net charge-off ratio to remain within its historical range of 24 to 31 basis points over a 12-month period.

* * * *

The percentage of loans with pass ratings in the internal risk rating analysis improved to 96.28% from 95.62% at March 31, 2008, largely due to loan growth.

On a percentage basis, the composition of the loan portfolio remained well diversified and relatively unchanged. Additional disclosures about credit quality appear in the financial statement section of this release.

35. On August 11, 2008, Wilmington Trust filed a Form 10-Q for the second quarter ended June 30, 2008 (the “Second Quarter 2008 10-Q”) reporting substantially the same financial information as set forth in the July 18, 2008 press release. The Second Quarter 2008 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The Second Quarter 2008 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶32 above.

36. The Second Quarter 2008 10-Q states that loans account for 76% of Wilmington Trust’s total assets.

37. The Second Quarter 2008 10-Q also states, in part:

THE REGIONAL BANKING BUSINESS

The Regional Banking business continued to benefit from the well-diversified economy in the mid-Atlantic region, which has not experienced the level of economic downturn seen in some other parts of the United States. While the
provision for loan losses rose, its increase did not result from any new or negative systemic trends in the regional economy or our portfolio.

* * *

**Commercial Loans**

Commercial loan balances, which exceeded $6.0 billion for the first time in the 2008 first quarter, reached $6.36 billion at June 30, 2008. This was 9% higher than at year-end 2007.

* * *

**Commercial construction loans**

Commercial construction balances continued to increase, albeit at a much slower pace than in prior periods, and were 4% higher than at year-end 2007. At $1.85 billion, commercial construction loans accounted for 20% of total loans at June 30, 2008, down from 21% at year-end 2007. Most of the loans in the portfolio continued to be for residential construction, primarily for single-family homes, in Delaware.

* * *

We have a high degree of confidence in our commercial construction portfolio and its integrity, because:

- We focus on clients with privately held or family-owned businesses that are well established and successful. We do not lend to large, national homebuilders.

- The geographic scope of our commercial lending activity is concentrated in the mid-Atlantic region. This region has not experienced the volume of speculative over-building seen in other parts of the United States. Generally, projects we fund are within a two-hour drive from our headquarters in Wilmington, Delaware.

- Most of the construction loans in our portfolio are for single-family homes in residential tract developments. Population growth is driving the demand for this type of housing and related services. We do very little condominium construction or conversion financing.

- We apply our underwriting standards consistently.

* * *

**LOAN LOSS RESERVE AND LOAN LOSS PROVISION**

The provision and the reserve for loan losses rose due to the substantial growth in loan balances, higher levels of nonperforming assets, downgrades in the internal
risk rating analysis, and charge-offs. The provision for loan losses increased from $10.0 million for the 2008 first quarter to $18.5 million for the 2008 second quarter.

* * *

We reserve an amount for loan losses that represents our best estimate of known and inherent estimated losses and we make subjective judgments about amounts we might be able to recover.

38. On October 17, 2008, the Company announced its financial results for the third quarter ended September 30, 2008:

Wilmington, Del., October 17, 2008 — Wilmington Trust Corporation (NYSE: WL) reported net income of $22.9 million for the 2008 third quarter, or $0.34 per share (on a diluted basis).

* * *

Regional Banking

- The Regional Banking business continued to benefit from economic conditions in the mid-Atlantic region, where unemployment rates remained below the U.S. average. Delaware’s unemployment rate for August 2008 (the most recent data available) was 4.9%, compared with the U.S. average of 6.1%. The August unemployment rate was 5.8% for Pennsylvania, 5.9% for New Jersey, and 4.5% for Maryland.

- Loan balances, on average, were $9.46 billion. This was 15% higher than for the year-ago third quarter, and 4% higher than for the 2008 second quarter.

- At period-end, loan balances were $9.59 billion, up 15% year-over-year and up 3% from the 2008 second quarter. The Delaware market accounted for approximately 54% of total period-end loans; the Pennsylvania market accounted for approximately 24%; and the Maryland market accounted for approximately 10%.

- Commercial loan balances were $6.55 billion, on average, for the 2008 third quarter. This was 17% higher than for the year-ago third quarter, and 5% higher than for the 2008 second quarter. At period-end, commercial loan balances were $6.67 billion. The Delaware market accounted for approximately 55% of commercial loans at period-end; the Pennsylvania market accounted for approximately 27%; and the Maryland market accounted for approximately 9%.

* * *
Credit quality in the 2008 third quarter

Compared to the 2008 second quarter, net charge-offs decreased, but nonperforming asset levels increased. The combination of this increase and loan growth, plus risk rating downgrades, caused the provision and reserve for loan losses to increase. The percentage of loans with pass ratings in the internal risk rating analysis remained at 96%.

The provision for loan losses was $19.6 million, up from $18.5 million for the 2008 second quarter. The reserve for loan losses increased to $122.2 million from $113.1 million at June 30, 2008. The loan loss reserve ratio increased 5 basis points from the 2008 second quarter to 1.27%.

39. On November 10, 2008, Wilmington Trust filed a Form 10-Q for the third quarter ended September 30, 2008 (the “Third Quarter 2008 10-Q”) reporting substantially the same financial information as set forth in the October 17, 2008 press release. The Third Quarter 2008 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The Third Quarter 2008 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶32 above.

40. The Third Quarter 2008 10-Q also states, in part:

THE REGIONAL BANKING BUSINESS

The Regional Banking business continued to benefit from the well-diversified economy in the mid-Atlantic region, which has not experienced the level of economic downturn seen in some other parts of the United States.

* * *

Loans

Total loans were $9.59 billion at September 30, 2008, which was 13% higher than at year-end 2007.

* * *
Commercial Loans

We added $835.9 million of commercial loans during the first nine months of 2008, an increase of 14% from year-end 2007. Commercial loan balances, which exceeded $6 billion for the first time in the 2008 first quarter, were $6.67 billion at September 30, 2008. C&I loans accounted for 44% of the year-to-date growth in total commercial loans, commercial mortgage loans accounted for 40%, and commercial construction loans accounted for 16%. All of our mid-Atlantic markets contributed to the commercial loan growth.

*   *   *

Commercial construction loans

The pace of growth in commercial construction loans slowed throughout the first nine months of 2008, as housing markets softened from their levels in 2006 and the first half of 2007. At $1.91 billion, commercial construction balances were 7% higher than at year-end 2007, and accounted for 20% of the total loan portfolio (commercial and retail loans combined). Most of our commercial construction loans continued to be for residential construction projects, primarily for single-family homes, in Delaware.

*   *   *

We have a high degree of confidence in our commercial construction portfolio and its integrity, because:

• We focus on clients with privately held or family-owned businesses that are well established and successful. We do not lend to large, national homebuilders.

• The geographic scope of our commercial lending activity is concentrated in the mid-Atlantic region. This region has not experienced the volume of speculative over-building seen in other parts of the United States. Generally, projects we fund are within a two-hour drive from our headquarters in Wilmington, Delaware.

• Most of the construction loans in our portfolio are for single-family homes in residential tract developments. Population growth is driving the demand for this type of housing and related services.

• We apply our underwriting standards consistently.

*   *   *

At September 30, 2008, loans accounted for 79% of our assets, and most of our asset quality remained tied to loan, or credit, quality.

*   *   *
LOAN LOSS RESERVE AND LOAN LOSS PROVISION

The provision and the reserve for loan losses rose due to the substantial growth in loan balances, higher levels of nonperforming assets, downgrades in the internal risk rating analysis, and charge-offs. The provision for loan losses increased from $18.5 million for the 2008 second quarter to $19.6 million for the 2008 third quarter.

* * *

We reserve an amount for loan losses that represents our best estimate of known and inherent estimated losses and we make subjective judgments about amounts we might be able to recover. We also consider loan growth, the results of the internal risk rating analysis, the levels of loan recoveries and repayments, the stability of the mid-Atlantic regional economy, market interest rates, and regulatory guidelines.

41. On December 12, 2008, Wilmington Trust entered into an agreement with the United States Department of the Treasury pursuant to the Treasury’s Capital Purchase Program under the Troubled Asset Relief Program (“TARP”). Pursuant to this agreement, the Company received $330 million.

42. On January 7, 2009, Wilmington Trust filed a Form 8-K with the SEC announcing that the Company expects to record an increase in its provision for loan losses for the fourth quarter of 2008. The Company states in the 8-K:

The Company expects to record a provision for loan losses of approximately $67 million for the 2008 fourth quarter. The expected increase reflects changes in the status of loans in the commercial and industrial, commercial real estate/construction, and consumer loan portfolios. It is caused by a variety of factors, most not determined until late in the quarter, including an economic environment that deteriorated rapidly, downgrades in internal risk ratings, reductions in appraised values, higher levels of charge-offs, and an increase in nonperforming loans.

43. On January 30, 2009, Wilmington Trust announced its financial results for the fourth quarter and year ended December 31, 2008:

Wilmington, Del., January 30, 2009 — Wilmington Trust Corporation (NYSE: WL) reported a loss for the 2008 fourth quarter of $68.5 million, or $1.02 per share.
• An increase in the provision for loan losses, which rose from $19.6 million for the 2008 third quarter to $67.5 million for the 2008 fourth quarter. As disclosed on January 7, 2009, this increase was caused by changes in the status of commercial and consumer loans due to rapid deterioration in the mid-Atlantic regional economy, downgrades in internal risk ratings, reductions in appraised values, higher loan chargeoffs, and higher levels of nonperforming loans.

Regional Banking

In the Regional Banking business, loan balances exceeded $9.61 billion for the first time on both a period-end and average-balance basis.

On average, loan balances for the 2008 fourth quarter were 15% higher than for the year-ago fourth quarter, and up 2% from the 2008 third quarter. For the 2008 full year, average loan balances were 12% higher than for 2007.

Nearly all of the growth was in the commercial portfolio. On average, the company added $177.0 million of commercial loans during the 2008 fourth quarter. This generated a 17% increase in commercial balances, on average, from the year-ago fourth quarter, and a 3% increase from the 2008 third quarter.

Credit quality

The economy in the mid-Atlantic region remained well diversified, but economic conditions weakened in the 2008 fourth quarter, particularly in the housing market. In Delaware, the unemployment rate jumped to 6.2% in December, up from 5.6% in November and 3.5% in December 2007.

The economic deterioration caused nonaccruing loans, loans past due 90 days or more, and net charge-offs to increase from 2008 third quarter levels. These increases, combined with loan growth and downgrades in internal risk ratings, resulted in a higher provision and reserve for loan losses. The amounts recorded for renegotiated loans and other real estate owned were unchanged from the 2008 third quarter.

For the 2008 fourth quarter, the provision for loan losses was $67.5 million; for the 2008 full year, it was $115.5 million. In comparison, for 2007, the provision was $9.2 million for the fourth quarter and $28.2 million for the full year.
At December 31, 2008, the reserve for loan losses was $157.1 million, or 1.63% of total loans outstanding. In comparison, at September 30, 2008, the reserve was $122.2 million, or 1.27% of loans outstanding. At December 31, 2007, the reserve was $101.1 million, or 1.19% of loans outstanding.

On a percentage basis, the composition of the loan portfolio was the same as at September 30, 2008, and relatively unchanged from year-end 2007.

44. On March 2, 2009, Wilmington Trust filed a Form 10-K for the fourth quarter and year ended December 31, 2008 (the “2008 10-K”) reporting substantially the same financial information as set forth in the January 30, 2009 press release. The 2008 10-K states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The 2008 10-K includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶ 32 above.

45. In a section of the 2008 10-K entitled “To Our Shareholders,” Defendant Cecala states:

The year 2008, however, was unlike anything in my experience. Market interest rates fell to historic lows, financial market volatility erased years of gains, capital markets froze, and consumer confidence stalled — simultaneously. Several venerable financial institutions failed, and the U.S. government took extraordinary measures to stabilize and bolster the economy.

* * *

In the mid-Atlantic region, where we conduct our Regional Banking activities, the economy weakened throughout the first nine months of 2008 and then deteriorated rapidly in the fourth quarter. This environment created problems for some of our borrowers, and we raised our provision for loan losses to $115.5 million. To put that amount in context, consider that the 2007 provision was only $28.2 million.

46. The 2008 10-K also states, in part:
CREDIT QUALITY IN 2008 AND 2007

Economic conditions deteriorated in the mid-Atlantic region. After softening in 2007 and the first nine months of 2008, the regional economy weakened significantly in the 2008 fourth quarter. More information about the regional economy is in the Regional Banking discussion in this report.

The number of troubled credits in the portfolio increased, but remained at a manageable level. These credits were spread across the commercial and consumer portfolios, and were not concentrated in any single loan category.

In the internal risk rating analysis, the percentage of loans with pass ratings decreased to 90.80%. Rating downgrades occurred in the commercial, construction-real estate, and commercial mortgage loan portfolios.

We believe the increase in the number of troubled credits resulted from economic pressures, not underwriting inadequacies. Likewise, favorable economic conditions in 2005 and 2006 were the main reason for the low levels of net charge-offs and the net charge-off ratio for those years.

47. Further, the Company states in the 2008 10-K that “The provision and reserve for loan losses represent what we believe are reasonable assessments of our known, estimated, and inherent loan losses.”

48. On April 24, 2009, Wilmington Trust announced its financial results for the first quarter ended March 31, 2009:

Wilmington, Del., April 24, 2009 — Wilmington Trust Corporation (NYSE: WL) reported net income of $21.8 million for the first quarter of 2009. Earnings per common share were $0.26 on a diluted basis.

“All of our businesses did well in the first quarter, but extraordinary economic and market conditions prevented the full extent of these successes from translating into higher earnings,” said Ted T. Cecala, Wilmington Trust chairman and chief executive officer. “Amid the current disruption in our industry, clients are increasingly attracted to our relationship focus and financial stability, but we are battling the interest rate environment, economic uncertainty, and market volatility.”

*   *   *

Commercial loan balances totaled $6.72 billion, on average. This was $780.5 million higher than for the 2008 first quarter, but $12.8 million less than for the 2008 fourth quarter. On a linked-quarter basis, commercial and industrial loans (recorded as commercial, financial, and agricultural loans) decreased 4%,
commercial construction loans increased 1.5%, and commercial mortgage loans increased 4%, on average.

*   *   *

Credit quality

Total net charge-offs were $21.2 million, down from $25.5 million for the 2008 fourth quarter, as commercial construction, commercial mortgage, and retail net charge-offs all decreased. This brought the net charge-off ratio to 22 basis points, down from 27 basis points for the 2008 fourth quarter.

49. On May 11, 2009, Wilmington Trust filed a Form 10-Q for the first quarter ended March 31, 2009 (the “First Quarter 2009 10-Q”) reporting substantially the same financial information as set forth in the April 24, 2009 press release. The First Quarter 2009 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The First Quarter 2009 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶ 32 above.

50. According to the First Quarter 2009 10-Q, loans accounted for 82% of Wilmington Trust’s total assets.

51. The First Quarter 2009 10-Q also stated, in part:

THE REGIONAL BANKING BUSINESS

The Regional Banking business continued to benefit from the well-diversified economy in the mid-Atlantic region, which has not experienced the level of economic downturn seen in some other parts of the United States. The mid-Atlantic economy is broadly diversified among the life sciences, financial services, pharmaceutical, health care, education, construction, manufacturing, retail, agriculture, military, and tourism industry sectors. Historically, this diversification has provided a degree of economic stability and helped the region withstand the effects of a downturn in any single sector.

In the 2009 first quarter, the economic environment in the region was more stable than in the 2008 fourth quarter, but conditions remained fragile. In this
environment, loan balances decreased somewhat, core deposit balances rose 8%, and credit quality metrics were mixed. We discuss credit quality in more detail in the credit risk section of this report.

* * *

Commercial lending

Total commercial loan balances decreased slightly during the first three months of 2009, as declines in commercial, financial, and agricultural (C&I) loans offset increases in commercial construction and commercial mortgage loan balances. The decline in C&I balances reflected client reticence amid uncertain economic conditions.

* * *

Commercial construction lending

Commercial construction balances increased 2% during the first three months of 2009. Approximately one-third of this increase was for the refinancing of a successful strip shopping center in northern Delaware. Most of the rest was for land acquisition and development, primarily for residential projects in Delaware and southeastern Pennsylvania.

Shifts in the types of projects in the commercial construction portfolio reflected demand for retail and professional offices to support the increase in residential building in recent years, as well as Delaware’s population growth.

Commercial construction loan portfolio

Our exposure to the commercial real estate industry is limited to the mid-Atlantic region, which has experienced much less real estate market erosion than many other parts of the United States. We make construction and commercial mortgage loans to clients based in this region whose projects are located within this region. We lend to clients with well-established businesses that are family-owned or closely held. We do not lend to large, national homebuilders. Most of the loans in our commercial construction portfolio are for single-family residential developments in Delaware and southeastern Pennsylvania. We do very little condominium construction or conversion financing.

We have a high degree of confidence in our construction loan underwriting standards, which we apply consistently. In addition to the collateral provided by the project itself, we generally obtain personal guarantees from borrowers.

* * *

24
Credit quality in the first three months of 2009

Credit metrics were mixed for the 2009 first quarter. Net charge-offs and loans past due 90 days or more decreased from year-end 2008, but nonperforming asset levels increased. On a percentage basis, the composition of the loan portfolio was relatively unchanged.

* * *

Provision and reserve for loan losses

The loan loss provision for the 2009 first quarter was $29.5 million, which was higher than for the 2008 first quarter, but $38 million, or 56%, less than for the 2008 fourth quarter.

The reserve for loan losses rose 6% from year-end 2008 to $167.0 million. This brought the loan loss reserve ratio to 1.77%, compared with 1.63% at year-end 2008.

* * *

We reserve an amount for loan losses that represents our best estimate of known and inherent estimated losses and we make subjective judgments about amounts we might be able to recover. We also consider loan growth, the results of the internal risk rating analysis, the levels of loan recoveries and repayments, the stability of the mid-Atlantic regional economy, market interest rates, and regulatory guidelines.

52. On Jul 24, 2009, Wilmington Trust announced its financial results for the second quarter ended June 30, 2009:

Wilmington, Del., July 24, 2009 — Wilmington Trust Corporation (NYSE: WL) reported a loss of $9.1 million, or $0.20 per common share, for the second quarter of 2009.

* * *

[One factor which reduced earnings was:]

• An increase in the provision for loan losses, which rose to $54.0 million from $29.5 million for the 2009 first quarter. This increase was driven by higher levels of nonperforming assets and net charge-offs, and downgrades in the internal risk rating analysis, as economic conditions in the mid-Atlantic region remained unsettled.

* * *
Regional Banking

Total loan balances were $9.40 billion, on average. This was 3% higher than for the year-ago second quarter, and 1% lower than for the 2009 first quarter. Increases in commercial loan balances were offset somewhat by decreases in consumer loan balances.

Commercial loans accounted for 73% of the portfolio at period end, up from 69% at the end of the year-ago second quarter and 71% at the end of the 2009 first quarter. The company makes commercial loans throughout the mid-Atlantic region, but concentrates its consumer lending activities in the state of Delaware.

Commercial balances reached a record-high of $6.73 billion, on average. This was $469.9 million, or 8%, higher than for the year-ago second quarter, and $10.8 million more than for the 2009 first quarter.

Credit quality

The economic downturn has not been as severe in the mid-Atlantic region as in some other parts of the United States, but unsettled conditions continued to challenge some borrowers. These pressures led to increases in the reserve and provision for loan losses, as net charge-offs and nonperforming asset levels rose from prior periods. In addition, downgrades in the internal risk rating analysis reduced the percentage of pass-rated loans. The majority of the downgraded loans were commercial construction and commercial mortgage loans.

At June 30, 2009, the reserve for loan losses was $184.9 million, and the loan loss reserve ratio was 2.02%. In comparison, at March 31, 2009, the reserve was $167.0 million, and the loan loss reserve ratio was 1.77%.

53. On August 10, 2009, Wilmington Trust filed a Form 10-Q for the second quarter ended June 30, 2009 (the “Second Quarter 2009 10-Q”) reporting substantially the same financial information as set forth in the July 24, 2009 press release. The Second Quarter 2009 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The Second Quarter 2009 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶ 32 above.
The Second Quarter 2009 10-Q also states in part:

... [O]ur second quarter 2009 results were pressured by:

- The increase in the provision for loan losses, which rose to $54.0 million, up from $18.5 million for the year-ago second quarter, as economic conditions in the mid-Atlantic region remained unsettled. This increase was driven by higher levels of nonperforming assets and net charge-offs, and downgrades in the internal risk rating analysis.

* * *

THE REGIONAL BANKING BUSINESS

The Regional Banking business is affected by the economy in the mid-Atlantic region, which is broadly diversified among the life sciences, financial services, pharmaceutical, health care, education, construction, manufacturing, retail, agriculture, military, and tourism industry sectors. Historically, this diversification has provided a degree of economic stability and helped the region withstand the effects of a downturn in any single sector.

To date, the economy in the mid-Atlantic region has not experienced the severity of economic downturn seen in some other parts of the United States. At June 30, 2009, Delaware's unemployment rate was 8.4%, lower than the U.S. rate of 9.5% (as reported by the Federal Reserve Bank of Philadelphia and the U.S. Bureau of Labor Statistics).

Economic improvements did not occur as rapidly in the 2009 second quarter as we had anticipated at the end of the 2009 first quarter, and economic conditions seemed stable, but fragile. Commercial and consumer loan balances decreased from their year-end 2008 levels; core deposit balances rose 14%; and credit quality deteriorated. We discuss credit quality in more detail in the credit risk section of this report.

* * *

Commercial loans accounted for 73% of the total loan portfolio at June 30, 2009, up from 70% at year-end 2008 and 69% at June 30, 2008. This was due to declines in consumer loan balances, primarily in indirect auto loans, and to sales of residential mortgages.

* * *

Commercial construction and commercial mortgage lending

Almost all of our exposure to the commercial real estate industry is limited to clients whose businesses are based in, and whose projects are located in, the mid-Atlantic region. We lend to clients with well-established businesses that are
family-owned or closely held. We do not lend to large, national homebuilders. Most of the loans in our commercial construction portfolio are for single-family residential developments in Delaware and southeastern Pennsylvania. We do very little condominium construction or conversion financing, and very little of our portfolio is associated with beachfront property.

The real estate market has been more stable in the mid-Atlantic region than in many other parts of the United States. We attribute this to:

- A relative lack of speculative building.
- Less rapid appreciation in property values, which has translated into milder declines in property values.
- Population growth that has kept demand for housing relatively high.

In the commercial construction portfolio, balances increased 2%, or $38.1 million, during the first six months of 2009. Approximately one-third of this increase was for the refinancing of a successful strip shopping center in northern Delaware. Most of the rest was for land acquisition and development, primarily for residential projects in Delaware and southeastern Pennsylvania.

At June 30, 2009, most commercial construction loans were for residential projects in Delaware. The increase in retail and office projects, on a percentage basis, reflected demand for services and amenities to support the growth of Delaware’s population, and its housing market, in recent years. Most of the commercial office projects we fund are for low-rise professional office buildings, such as offices for medical, legal, and accounting practices, and for warehouses and other industrial uses.

* * *

ASSET QUALITY, LOAN LOSS RESERVE, AND LOAN LOSS PROVISION

At June 30, 2009, loans accounted for 82% of our assets, and most of our asset quality remained tied to loan, or credit, quality.

* * *

We reserve an amount for loan losses that represents our best estimate of known and inherent estimated losses and we make subjective judgments about amounts we might be able to recover. We also consider loan growth, the results of the internal risk rating analysis, the levels of loan recoveries and repayments, the stability of the mid-Atlantic regional economy, market interest rates, and regulatory guidelines.
55. On October 23, 2009 Wilmington Trust announced its financial results for the third quarter ended September 30, 2009:

**WILMINGTON, Del. -- October 23, 2009**

Wilmington Trust Corporation (NYSE:WL) reported a loss of $5.9 million, or $0.15 per diluted common share, for the third quarter of 2009.

“The Corporate Client Services business recorded impressive revenue growth, the provision for loan losses declined, the net interest margin improved, and there were numerous other positive developments during the third quarter,” said Ted T. Cecala, Wilmington Trust chairman and chief executive officer. “Unfortunately, recessionary pressures reduced the value of some of our investment securities and triggered accounting rules that require us to write them down.”

* * *

**Credit quality**

Approximately 87% of total loans outstanding at September 30, 2009, were to clients in Delaware, southeastern Pennsylvania, and Maryland, where the economic downturn has not been as severe as in some other parts of the United States. According to the *October 2009 Business Outlook Survey* published by the Federal Reserve Bank of Philadelphia, trends suggest economic declines in the region have moderated.

These conditions produced mixed credit quality metrics. Compared to the 2009 second quarter, the provision for loan losses as well as net charge-offs and the net charge-off ratio were lower, while nonperforming assets and loans past due 90 days or more were higher.

The provision for loan losses was $38.7 million, which was 28% lower than the $54.0 million recorded for the 2009 second quarter. The reserve for loan losses was $201.8 million, up 9% from $184.9 million at June 30, 2009. The higher reserve reflected additional downgrades in the internal risk rating analysis, plus the increases in nonperforming assets and loans past due 90 days or more.

* * *

“We prefer to work with borrowers to resolve repayment problems instead of automatically charging off unpaid amounts. Consequently, loans may remain on nonaccruing status for longer periods,” Mr. Cecala said. “Compared to many other banks, our nonperforming asset levels are typically higher, but our net charge-offs are typically lower. We believe the net charge-off ratio is the most
meaningful measure of credit quality, and we believe our loan loss reserve is adequate.”

Net charge-offs for the 2009 third quarter were $21.8 million, which was 40% less than the $36.2 million recorded for the 2009 second quarter.

Nonperforming assets totaled $397.5 million, which was $67.2 million higher than at the end of the 2009 second quarter.

56. Also on October 23, 2009, Wilmington Trust held a conference call. In response to a statement from an analyst regarding migration between the internal risk rating categories that “it looks like you need to catch up [in terms of loan loss provisions], given what’s happening to the portfolio internally,” the Company responded, in part, as follows.

   Historically because of who we lent to and how we do business, and how we worked with folks that we know are not performing --as long as I’ve been here, has always run higher than our peers. At the end of the day, where the rubber meets the road, in terms of how much we get back or how much we don’t get back there is always compared favorably to the folks we measure up against. . . . [T]here isn’t always a direct correlation between bumping somebody we choose to put in nonperforming status relative to the ultimate collectability of a loan.

   *   *   *

   “[G]enerally . . . anything that’s going on substandard gets . . . a very close scrutiny and we will--based on the facts circumstances and size, we’ll put specific reserves against those loans.”

57. During the October 23, 2009 conference call, Defendant Gibson also stated that “I think the key to us is making sure that we have appropriate reserves against those loans and I think we do.”

58. On November 9, 2009, Wilmington Trust filed a quarterly report for the third quarter of 2009 on Form 10-Q (“Third Quarter 2009 10-Q”), reporting substantially the same financial information as set forth in the October 23, 2009 press release. The Third Quarter 2009 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices
prescribed for the banking industry.” The Third Quarter 2009 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶ 32 above.

59. The Third Quarter 2009 10-Q also states that loans account for 83% of Wilmington Trust’s total assets, that fifty four percent of Wilmington Trust’s commercial loans are concentrated in Delaware, and that the “Delaware market continued to account for the majority of total loans outstanding in the third quarter” of 2009. Additionally, the Third Quarter 10-Q went on to refer to “fragile economic conditions in the Mid-Atlantic” and that Regional Banking has the most exposure to economic risk, specifically “risk tied to economic conditions within the mid-Atlantic region, where our Regional Banking business is focused.” Despite these “fragile” economic conditions and increased risk in the geographic region where the Company’s loan activities were most concentrated, as noted above, in the third quarter of 2009 Wilmington Trust only reported a $38.7 million provision for loan losses, which was a 28% decrease over the prior quarter.

60. On January 29, 2010, Wilmington Trust announced its financial results for the fourth quarter and fiscal year ended December 31, 2009:

WILMINGTON, Del. -- January 29, 2010

Wilmington Trust Corporation (NYSE:WL) reported a loss of $11.2 million for the 2009 fourth quarter and a loss of $4.4 million for the 2009 full year.

*   *   *

Credit quality

Most of the trailing-quarter changes in net charge-offs, nonperforming loans, internal risk ratings, and other credit quality metrics were associated with commercial construction loans, primarily for residential land and construction projects in Delaware. Many of these changes reflected declines in collateral valuations.
“Delaware was among the 20 fastest-growing states in each of the past three years, and that population growth drove the increase in our commercial construction loan balances,” Mr. Cecala said. “Given the downturn in the housing market, it is no surprise that most of the deterioration we have seen in credit quality has been associated with construction borrowers in Delaware.

* * *

For the 2009 fourth quarter, the provision for loan losses was $82.8 million, compared with $38.7 million for the trailing quarter. For the 2009 full year, the provision was $205.0 million, compared with $115.5 million for 2008.

At December 31, 2009, the reserve for loan losses was $251.5 million, compared with $201.8 million at September 30, 2009, and $157.1 million at the end of 2008. The loan loss reserve ratio rose to 2.80%, compared with 2.24% at September 30, 2009, and 1.63% at the end of 2008.

More than half of the increases in the provision and reserve for loan losses were associated with commercial construction loans in Delaware.

61. According to the January 29, 2010 press release, the Company reported a loss of $11.2 million, or $0.23 per share on a fully diluted basis, for the fourth quarter 2009, and a loss of $4.4 million, or $0.33 per share on a fully diluted basis, for the 2009 full year. One of the main factors contributing to these results were “[i]ncreases in the provision for loan losses, which reduced net interest income. The provision reflected higher levels of nonperforming loans and charge-offs, as well as risk rating downgrades, primarily in the commercial construction portfolio.”

62. Also on January 29, 2010, Wilmington Trust held a conference call. On the call, Defendant Cecala stated that the Company “continued to see pressure in the Delaware housing market.”

maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The 2009 10-K includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to substantially the same statements alleged in ¶ 32 above.

64. The 2009 10-K also states, in part, as follows:

There were many positive developments at our company in 2009. Our capital position remained strong, we continued to attract new clients as well as more business from existing clients, and we kept a tight rein on expenses. . . .

These successes were not strong enough, however, to counter the recessionary pressures that affected all of our businesses, reduced revenue, and resulted in a net loss for the year of $4.4 million. After dividends and accretion on the preferred stock we issued to the U.S. Department of the Treasury in conjunction with our participation in the Capital Purchase Program (CPP), the 2009 net loss available to common shareholders was $22.7 million. The chief factors in this loss were:

• An increase in the provision for loan losses, which reduced net interest income. This increase reflected higher levels of nonperforming loans and loan losses, as sluggish economic conditions continued to pressure commercial borrowers, especially in Delaware. The provision was $205.0 million for 2009, up from $115.5 million for 2008. . . .

*   *   *

Economic conditions in the mid-Atlantic region remained challenging. There were pockets of improvement, but they were uneven, and there were few indications that abroad recovery was underway.

*   *   *

CREDIT QUALITY IN 2009 AND 2008

The economy in 2009 was slow to rebound from the sharp decline in activity that occurred late in 2008. Some pockets of stability were evident as 2009 progressed, but conditions remained uneven. In particular, the mid-Atlantic region, where our Regional Banking business is focused, generally has fared better than other parts of the United States, but it has not been immune to the effects of the economic downturn. In 2009, the protracted nature of this recession pressured borrowers and led to an increase in the number of troubled credits.
The effect of the economy's extended weakness was evident in our 2009 credit metrics. Compared to 2008, the percentage of credits with pass ratings declined. In addition, levels of nonperforming assets and net charge-offs increased, while loans past due 90 days or more declined modestly. Commercial construction loans accounted for approximately 50% of the increase in troubled credits.

We believe the increase in troubled credits resulted primarily from economic pressures.

65. The 2009 10-K also stated the following regarding loan loss reserves and loan loss provisions:

The reserve and provision for loan losses increased in 2009 primarily because of deterioration in the quality of the commercial real estate construction portfolio. The loan loss reserve ratio for 2009 was 2.80%, compared with 1.63% for 2008. The 2009 provision for loan losses was $205.0 million, up from $115.5 million for 2008.

The loan loss reserve and provision represent what we believe are reasonable assessments of our known, estimated, and inherent loan losses. . . .

We believe our process provides the best estimate of required reserves at each reporting date. The process we use to calculate the reserve has provided an appropriate reserve over an extended period of time, and we believe that our methodology is sound.

66. On April 23, 2010, Wilmington Trust announced its financial results for the first quarter ended March 31, 2010:

WILMINGTON, Del. -- April 23, 2010

Wilmington Trust Corporation (NYSE:WL) reported a loss of $29.2 million for the 2010 first quarter. After dividends and accretion on preferred stock, the net loss available to common shareholders was $33.8 million. On a fully diluted basis, the net loss available to common shareholders was $0.44 per share.

. . . Nonperforming assets were higher than for the 2009 fourth quarter, but the increase was the smallest since the 2008 third quarter. Net charge-offs and the net charge-off ratio were lower than for the 2009 fourth quarter.
Despite these positive trends, economic conditions in Delaware are improving more slowly than elsewhere in the mid-Atlantic region. Due to uncertainty about the pace of Delaware’s recovery, as well as credit risk rating downgrades, management added $48.3 million to the reserve for loan losses and recorded a provision for loan losses of $77.4 million. The amount of the provision, coupled with $18.0 million of investment securities impairment charges, reduced revenue and resulted in a net loss for the quarter.

..."These positives were muted by the reserve and provision for loan losses, which we increased because Delaware’s economy is lagging the improvements seen elsewhere in the United States. While there are some encouraging signs, they are uneven and not broad-based."

**Credit quality**

Nonperforming assets increased during the 2010 first quarter, but the increase was the lowest since the 2008 third quarter. Compared to the trailing quarter, the reserve for loan losses was higher, while the provision for loan losses, net charge-offs, and the net charge-off ratio were lower.

Nonaccruing loans were $468.9 million at March 31, 2010, which was $13.3 million higher than at year-end 2009. Nonaccruing commercial real estate/construction loans decreased, while other categories of nonaccruing loans increased.

Most of the increase in nonaccruing loans was in commercial mortgage loans, which rose $14.3 million in the 2010 first quarter.

* * *

Nonperforming commercial real estate/construction loans decreased $18.0 million during the 2010 first quarter. Charge-offs accounted for approximately $12.1 million of this decrease. The remainder reflected transfers to other real-estate owned (OREO).

Also on April 23, 2009, Wilmington Trust held a conference call. On the call, Defendant Gibson represented, in part, as follows:

While we believe that our region will perform better than the rest of the country, we still see pockets of weakness, rather than broad-based recovery. It appears that parts of New Jersey and Pennsylvania in our banking footprint have shown improvement, but that has not occurred to the same extent in Delaware, where we have the greatest exposure to real estate. . . . [T]he growth of our problem credits appeared to have moderated somewhat this quarter, but we cannot conclude that this is a trend. Criticized assets continued to grow during the quarter, and we increased the reserve by $48 million. Reserve to loan ratio increased to 3.44%,
from 2.80% at year-end. Non-accruing loans rose $13 million. And overall, non-performing assets increased $32 million due to increases in OREO and restructured credits. This is the smallest increase in NPAs [non-performing assets] since the third quarter of 2008.

68. Defendant Cecala added, “while we see signs that Delaware’s economy may be stabilizing, we remain cautious about the near term outlook.”

69. In response to questions from Macquarie Capital Markets analyst Tom Alonso’s about what is holding back the Delaware economy, Defendant Cecala answered that

It’s a function of a couple of things. One, it went into this recession a little later than other parts of the country. So far for us, we have always been very proud of the fact that we had a dominant market share of the commercial banking business in Delaware, and that obviously is going to hold that back, a little bit in terms of the recovery. We just need to have some more consistent performance. We’ve seen some pockets that look very encouraging, but at the same time we just can’t declare any victory whatsoever.

70. On April 26, 2010, Janney Capital Markets issued an equity research note stating “[w]e remain concerned that Wilmington Trust will have to increase reserves in future quarters as the amount appears inadequate relative to non-performing loans and potential problem loans.”

71. On May 10, 2010, Wilmington Trust filed its quarterly report for the first quarter 2010 on Form 10-Q with the SEC (“First Quarter 2010 10-Q”) reporting substantially the same financial information as set forth in the April 23, 2010 press release. The First Quarter 2010 10-Q states that “[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry.” The First Quarter 2010 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Cecala and Gibson, whereby each of the signatories certified to the same statements alleged in ¶ 32 above.

72. Among other things, the First Quarter 2010 10-Q stated as follows:

Economic conditions in the mid-Atlantic region remained mixed. Despite some improving trends, economic conditions in Delaware are improving more slowly
than elsewhere in the mid-Atlantic region, and remained uncertain. The severity and duration of the recession continued to affect loan balances and our credit metrics during the 2010 first quarter.

* * *

Nonperforming assets increased during the 2010 first quarter, as did loans past due 90 days or more. The provision for loan losses, net charge-offs, and the net charge-off ratio, although higher than the 2009 first quarter, were all lower than for the 2009 fourth quarter. Despite some positive trends in the economy, economic conditions in Delaware are improving more slowly than elsewhere in the mid-Atlantic region.

* * *

A combination of risk rating downgrades, higher nonperforming loans, and continued uncertainty in parts of the mid-Atlantic economy, led to increases in both the reserve and provision for loan losses. The reserve for loan loss as a percentage of total loans was 3.44% at March 31, 2010, compared to 2.80% at year-end 2009, while the provision for loan losses was $77.4 million for the 2010 first quarter, compared to $29.5 million for the prior year first quarter.

73. On June 4, 2010, the day after the Company announced Defendant Cecala’s retirement from his position as CEO effective immediately on June 3, 2010, the Company held a conference call to address questions about the change in management and continued to make false and misleading statements in response to analyst questions as to whether the Company was adequately provisioning for loan losses. In this regard, Justin Maurer, a Lord Abbett analyst, asked:

[Re]lative to the last couple of quarters of taking extra provision and credit quality being as such, you guys have talked more recently about feeling like unemployment level has leveled off some, you’re feeling better in the last couple of months about things, that you didn’t want to be surprised again from a credit perspective. Can you sit here today and kind of reassure us that those variables are still in place given the news that we’re talking about today?

In response, Defendant Foley stated:

Well, the economy continues to improve and right now it’s a little early to give you any prediction. ... we’re just at the beginning of June so its hard to predict, but we are, as all the economic statistics point out, we are seeing some positive things occur.
On June 7, 2010, RBC Capital Markets issued a research report in light of the change in management at Wilmington Trust. RBC stated that “[w]e still remain hopeful that the credit tide has finally turned for the Company; however, the manner in which the recent change in management occurred has raised our concerns as to the factors that brought about the change.”

THE TRUTH BEGINS TO EMERGE

On June 23, 2010, SunTrust Robinson Humphrey issued a research report downgrading the Company’s stock following a field trip with the Company’s management whereby SunTrust Robinson Humphrey learned that the quality of Wilmington Trust’s loan portfolio, after having undergone a third party review, was worse than previously disclosed. The SunTrust Robinson Humphrey report stated, in part:

WL recently hired a third party firm to perform a detailed loan review in preparation for the company’s upcoming regulatory exam. It appears the review will result in deteriorating credit metrics as the company attempts to more aggressively deal with its credit challenges. We also expect NCOs [net charge offs] to pick up materially in the near term. While we applaud a more aggressive credit stance, the results were likely not incorporated in our or Street estimates.

Following the issuance of this research report, the price of Wilmington Trust stock declined approximately 11%, on very heavy trading volume, as a portion of the artificial inflation came out of Wilmington’s stock price.

On June 24, 2010, RBC Capital Markets issued a research report also commenting that the Company has hired an independent credit review firm, which RBC believes will find “much higher than anticipated credit deterioration, particularly in the construction loan portfolio” and “will discover inadequacies in the company’s loan loss reserving methodology, outdated appraisals and optimistic credit loss assumptions.” RBC’s report concluded that “[t]he road will be very bumpy through the remainder of the year but we believe the market has already ‘baked’ in large credit losses for the company.”
On July 23, 2010, Wilmington Trust announced its financial results for the second quarter ended June 30, 2010:

WILMINGTON, Del. -- July 23, 2010

Wilmington Trust Corporation (NYSE: WL) reported a loss of $116.4 million for the 2010 second quarter. After dividends and accretion on preferred stock, the net loss available to common shareholders was $120.9 million, or $1.33 per share.

The primary cause of the loss was the amount of the provision for loan losses, which rose to $205.2 million, following increases in nonperforming loans, loan charge-offs, and loans with unfavorable risk ratings. Other contributing factors were $18.8 million of credit-related expenses and $7.7 million of securities losses.

The negative trends in credit reflected continuing economic pressures, particularly in southern Delaware, that weakened the financial condition of some borrowers and caused commercial real estate valuations to decline significantly. Management’s assessment of these factors and economic conditions overall led to an increase in the reserve for loan losses and other actions to reduce risk in the loan portfolio.

“My priority is to return our company to profitability and position our businesses for future growth, but first we must continue to deal with the lingering effects of a weak economy and housing market. Our second quarter results demonstrate we are doing that,” said Donald E. Foley, Wilmington Trust’s chairman and chief executive officer. “We are fully committed to working through our credit issues, relying on robust risk management tools and analyses.

* * *

CHARGE-OFFS

The financial condition of some borrowers weakened in the second quarter, especially in southern Delaware, where signs of economic recovery remain tentative. In addition, updated real estate appraisals received during the quarter revealed significant declines in collateral valuations. These factors led management to increase loan loss estimates, charge off more loans, downgrade risk ratings, and add $74.0 million to the reserve for loan losses.

* * *

Commercial real estate/construction loans accounted for approximately two-thirds of the trailing quarter increase in net charge-offs. Most of these loans were for residential projects in southern Delaware, and largely for parcels of land in various stages of development.
"In addition to increasing the loan loss reserve, lowering risk ratings, and recognizing losses, we made management changes in the lending and credit review areas, added loan work-out staff, and continued aggressive work-out strategies. Also, to validate our own examination of the portfolio, we engaged an independent third-party credit review firm to take an objective look at our policies, procedures, and risk ratings, and their review and analysis supported our conclusions," Mr. Foley said. "It is difficult to predict how quickly the economy and collateral values will stabilize and allow us to put these problems behind us. In the meantime, our rigorous scrutiny of credit risk continues."

79. Also on July 23, 2010, Wilmington Trust held a conference call. During the call, Defendant Foley explained that the provision for loan losses rose to $205 million, from $77 million recorded in the prior quarter, due to economic pressures particularly in southern Delaware, where real estate appraisals showed severe reductions in collateral valuations and where updated financial records from the Company’s borrowers showed significant weakening in the wake of the prolonged recession. Additionally, Foley talked at length about Wilmington Trust’s credit issues. He stated, in part:

I can assure you that the negative trends in our credit metrics have my full attention. What I would like to do this morning is talk about what happened in the second quarter, what we're doing about it, and where we think we're headed.

Our sense is that the economic downturn hit Delaware later than it hit other areas. And it appears that our recovery will likewise lag the improvements seen elsewhere. To date, while Delaware's unemployment rate began to abate somewhat, we still have not seen any widespread sign of economic improvement.

Throughout the second quarter, appraisals continued to reflect significant declines, and collateral evaluations became more severe. And the financial condition of some of our borrowers continued to weaken. Our evaluation of these indicators increased our estimates of potential loan losses, and led us to take decisive action in recognizing losses, classifying loans in the internal risk rating analysis, and increasing the reserve for loan losses.

Our recognition of losses resulted in $135 million of charge-offs in the second quarter, compared with $31 million in the first quarter. After recoveries, net charge-offs for the second quarter were $131 million, more than 4 times higher than that of the first quarter. The net charge-off ratio went from 33 basis points for
the first quarter to 153 basis points for the second quarter. Bringing it to 6% on an annualized basis.

Nearly two-thirds of the loans we charged off in the second quarter were commercial real estate construction loans. Most of these loans were for projects in Southern Delaware for parcels of land that are in various stages of development. In the internal risk rating analysis, loans with watch list ratings increased $92 million, and loans with sub-standard classifications increased $362 million. As you know, the sub-standard classification includes accruing as well as non-accruing loans, and approximately 92% of the increase in sub-standard loans were loans that continue to accrue interest. Of the $362 million increase, $166.3 million was for commercial, financial and agricultural loans, $149.1 million was for commercial real estate construction loans, and $48.3 million were for commercial mortgage loans. Consumer and other retail loans with substandard ratings decreased by $1.5 million in the second quarter.

Obviously, the risk rating downgrades and charge-off trends were critical factors in our loan loss reserve calculation. In addition, we looked at trends in loans, past due 90 days or more, as well as non-accruing loans. And even with the high degree of charge-offs, non-accruing loans continued to increase. We charged off $119 million of non-accruing loans in the second quarter, but the inflow of new non-accruing loans was $130 million. Of these new non-accruing loans, approximately half were in commercial real estate and construction loans, approximately 25% were commercial, financial and agricultural loans and approximately 25% were commercial mortgage loans. More than half of the commercial mortgage loans in our portfolio are for properties located in Delaware and more than half of the loans in the portfolio are for owner-occupied properties. Those properties are mainly low rise office buildings that house medical practice, law offices, accounting firms and other professional services.

* * *

Regarding the reserve calculation, all of these negative trends along with some qualitative judgments were made, and led us to add $74 million to the loan loss reserve.

This brought the reserve to $374 million, as I said before, 4.46% of total loans outstanding. In comparison, the loan loss reserve ratio for the first quarter was 3.44%.

I want to be very clear about what happened with credit in the second quarter. Our methodology for evaluating credit risk did not change in the second quarter. What changed were the data points supporting our evaluation. We saw a substantial amount of negative data, like the magnitude of declines in collateral valuation, the negative trends in the financial conditions of some of our borrower, the lack of widespread economic improvement in Delaware, and the increases in loans past
due 90 days or more, and non-accruing loans. In other words, the data points changed our conclusion. It was not our methodology.

So, while our methodology remain the same, there have been changes in some of the ways we think about credit risk.

For example, we know that we need to watch some of the credits more closely and we have to look at some of them for frequently. In addition we have taken steps to help us manage and reduce credit risk. We have added staff, made management changes, tightened underwriting standards, and taken other actions.

80. On the same call, following these remarks, and in response to a question from an analyst at Suntrust Robinson Humphrey about the risk that the increased amount of watchlist and substandard loans would flow into non-accrual, Defendant Gibson asserted “I think we are reserving appropriately given that risk.”

81. Moreover, during the July 23 conference call, when defendant Foley explained that the commercial construction loans for single family development projects in Delaware were responsible for the much of the decline in the valuation of the Company’s loan portfolio, one analyst said “Well, hasn’t that turned down a long time ago?”

82. Also during the July 23 conference call, another analyst asked about the deferred tax asset and how investors could get comfortable that auditors are not going to make the Company write it down next quarter, stating that the Company is in a “three-year cum[ulative]-loss position.” In response, Gibson answered, “I think we have lots of positive evidence in terms of our business model, and future prospects for operating income. . . . [T]he largest negative thing that would happen is if we would have a large loss. And at this point, I am not going to say that is or not going to happen . . .” In response and astonishment to Gibson’s comment, the analyst pointed out that the Company was continuing its pattern of misleading statements in the face of deteriorating credit trends, and the following conversation ensued:
<Q>: So I'm just wondering how — so you're saying hopefully you don't have another large loss, but I mean the credit's going the wrong way. I mean we could easily have this quarter again next quarter and two quarters, no?

<A - David Gibson>: I think that's a pretty simple analysis, though I think on a complex question. I think the substandard accruing credits, we essentially have doubled our allocation of reserve to those substandard loans based on appraisal. So...

<Q>: You've got to remember, though, that people have been asking this question since you guys did the capital raise, and even a month ago when Ted left, everybody asked you if credit was okay, and you said we're fine, we're fine, we're fine. And then you come out with this $140 million loss, whatever it is, and that's why people are going back and saying why can't you have more losses when your reserves are still only 25% of your substandard loans? You guys don't see that?

<A - David Gibson>: Casey, all I can point to is that we've done a very rigorous job at pushing these valuations through our process.

83. Despite the skepticism of analysts, at the close of the July 23 call, Defendant Gibson stated “we wanted to make sure that you understood that Wilmington Trust is a fundamentally strong institution” and “[w]hile no one can predict when the economy will turn for the better, we believe we can manage the credit challenges effectively over the coming months, and begin to position the company to capitalize fully on its many strengths.”

84. An analyst report issued on July 23, 2010 by Janney Capital Markets indicated that Wilmington Trust still had not fully disclosed the true impairment of its loan portfolio by stating “[w]e remain concerned that Wilmington Trust will have to increase reserves in future quarters as the amount appears light relative to non-performing loans and potential problem loans.”

85. However, other analysts believed Wilmington Trust’s propaganda. For example, on July 26, 2010, RBC Capital Markets issued a research report stating that the Federal Reserve’s safety and soundness examination of Wilmington Trust, which started that summer, is not likely to lead to a repeat of the second quarter losses in the third quarter, as the independent
consultant hired by the Company to evaluate its loan portfolio in June likely provided a comparable examination.

86. On August 9, 2010, the Company filed its quarterly report for the second quarter 2010 on Form 10-Q with the SEC ("Second Quarter 2010 10-Q"), reporting substantially the same financial information as set forth in the same July 23, 2010 press release. The Second Quarter 2010 10-Q states that "[w]e maintain our accounting records and prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP) and reporting practices prescribed for the banking industry." The Second Quarter 2010 10-Q includes certifications pursuant to the Sarbanes-Oxley Act of 2002 signed by Defendants Foley and Gibson, whereby each of the signatories certified to the same statements alleged in ¶ 32 above.

87. The Second Quarter 2010 10-Q stated, in part, as follows:

As of June 30, 2010, we had a $238.4 million net deferred tax asset that we do not have a valuation allowance against because we believe that it is more likely than not that the deferred tax asset will be realized in the future. Although realization is not assured, we anticipate that realization of this asset will occur through a combination of significant loss carry-backs, reversal of taxable temporary differences, and future taxable earnings.

*   *   *

The primary cause of [the $116.4 million net loss] was the amount of the provision for loan losses, which was $205.2 million for the second quarter and $282.6 million for the first six months of 2010. The extent and duration of the recession continued to affect the credit quality of our loan portfolio. There were significant declines in collateral values and continued financial difficulty for many of our borrowers, particularly in southern Delaware. In response to these conditions, we reevaluated collateral values, obtained updated appraisals, refined our risk rating designations, and revised some of the credit quality factors on our performing portfolio. In total, lower collateral values, increased delinquencies, and the continued intensity of the recession caused increases in charge-offs, increases in non-accruing loans, internal risk rating downgrades, and the increase in our reserve for loan losses.

*   *   *
The loan loss reserve and provision represent what we believe are reasonable assessments of our known, estimated, and inherent loan losses.

We believe our process provides a reasonable estimate of required reserves at each reporting date, and that our methodology is sound.

88. The statements referenced in ¶ 31-87 were materially false and/or misleading because, unknown to investors as alleged below, during the Class Period, Wilmington Trust knowingly or recklessly failed to disclose that (1) its loan portfolio was impaired to a much larger extent than the Company had disclosed, (2) the Company had failed to properly record losses for its impaired assets by adequately provisioning for loan losses each quarter in light of its known concentrations of loans in the commercial sector and in the struggling Delaware region, and that as result of the foregoing, (3) the Company’s financial statements were materially false and misleading and not prepared in accordance with GAAP, including overstating the value of the Company’s assets, understating its provisions for loan losses and understating the Company’s income tax expense; and (4) Defendants lacked a reasonable basis for their positive statements about the Company, its prospects and growth.

89. On November 1, 2010, Wilmington Trust announced the merger with M&T, as well as the Company’s third quarter 2010 results. As noted above in ¶ 8, pursuant to the merger agreement executed by Wilmington Trust and M&T, M&T will acquire Wilmington Trust in a stock-for-stock exchange that values each Wilmington Trust share at a mere $3.84 per share. On October 29, 2010, the last trading day before this announcement, Wilmington Trust shares closed at $7.11, making the merger price a 45.9% discount.

90. That same day, Wilmington Trust issued a press release announcing its financial results for the quarter ended September 30, 2010, in which the Company reported a loss of $365.3 million, or $4.06 per share and explained that the primary causes of the loss were the
increased loan loss provision resulting from the Company’s exposure to Delaware construction
loans and the establishment of a valuation allowance on deferred tax assets:

WILMINGTON, Del. -- November 01, 2010

Wilmington Trust Corporation (NYSE: WL) reported a loss of $365.3 million for
the 2010 third quarter. After dividends and accretion on preferred stock, the net
loss available to common shareholders was $369.9 million, or $4.06 per share.

The primary causes of the loss were:

- Continued deterioration in commercial credit quality, which resulted in a
  loan loss provision of $281.5 million.
- Income tax expense of $100.7 million, as the company established a
  valuation allowance on deferred tax assets.

* * *

“Our third quarter loss was primarily the result of two factors. First, we continued
to see credit deterioration in our loan portfolio, reflecting the extent of our
exposure to real estate construction lending and its concentration in Delaware.
Second, our continued losses required us to establish a significant tax valuation
allowance. The result of both of these developments was a loss that clearly
exceeded our expectations,” said Donald E. Foley, Wilmington Trust chairman
and chief executive officer.

* * *

- The effects of the protracted recessionary environment continued to
  pressure Delaware’s economy. Commercial loan repayment problems
  intensified, appraisals continued to reflect additional declines in collateral
  valuations and the financial condition of more borrowers weakened. As a
  result, the amount of nonaccruing loans increased, and the risk ratings of
  more loans were downgraded to substandard status.

- Total nonperforming assets were $988.6 million, a 77% increase from the
  2010 second (trailing) quarter. Total nonperforming assets reached 12.1%
  of total loans and other real estate owned (OREO).

- Loans with substandard risk ratings totaled $1.99 billion, a 37% increase
  from the trailing quarter.

- Due to the downgrades and the increase in nonaccruing loans, the
  provision for loan losses rose 37% from the trailing quarter to $281.5
  million.
• The company added $136.6 million to the reserve for loan losses, which brought the reserve to $510.4 million, or 6.28% of total loans outstanding.

• As a result of the third quarter loss, the company set aside $189.5 million as a valuation allowance against its net deferred tax asset.

• As a result of the valuation allowance, income tax expense increased to $100.7 million.

* * *

INCOME TAXES AND DEFERRED TAX ASSET

Continued net losses and uncertainty about how credit quality problems might affect the company's financial performance in the future led management to conclude that it was no longer more likely than not that a portion of the deferred tax asset would be realizable. To plan for this possibility, management established a valuation allowance of $189.5 million against the deferred tax asset. This caused income tax expense to increase in the 2010 third quarter.

91. In a “Chairman’s Bulletin” from Defendant Foley, attached to a second press release dated November 1, 2010, Foley tried to explain the rationale for the merger:

I suspect that “why now?” is the key question that many of you may be asking. Given our 107-year history of independence, it is, of course, a fair one. The answer is that as the financial realities associated with the credit quality of our loan portfolio intensified, our losses increased. Although we are well capitalized today, loan losses have not slowed. As a result, we haven’t been able to look to the future and believe with assurance that we could remain well capitalized indefinitely. With no meaningful economic recovery on the horizon, it became increasingly clear that we needed to explore all strategic alternatives. Fortunately, in M&T we found a like-minded partner and, as a result, we’ll be able to move forward in serving our clients from a position of strength, as we have customarily been able to do.

92. The Company also held a conference call on November 1, 2010 in which executives from both Wilmington Trust and M&T participated. During the call, Defendant Foley claimed that “additional credit quality problems emerged during the quarter” which caused Wilmington Trust to increase its provision for loan losses by 37% from the prior quarter to $282 million. Foley went on to admit that because the $265 million pre-tax loss for the quarter was the sixth consecutive quarter of losses, Wilmington Trust needed to establish a valuation
allowance of $189 million against its deferred tax asset, which caused the company to record a tax expense of $101 million for the quarter. Defendant Foley further stated, in part, as follows in an attempt to attribute the new disclosures regarding increased loan losses and the establishment of the valuation allowance for the deferred tax asset on economic uncertainty and deterioration in Delaware, although this was not a new trend:

... The negative effects of the protracted recessionary environment in Delaware, and how these pressures are challenging the financial health of many of our borrowers, simply cannot be overstated. In the third quarter evidence mounted that things were getting worse for some of our borrowers, and even some of our strongest clients began to feel the pressure. The financial conditions of more of our borrowers weakened, their cash flows tightened, and appraisals continued to show significant declines in collateral valuation. These issues manifested themselves in our credit metrics to a significantly greater degree than in the second quarter.

Geographically, the highest concentration of problem loans remained in southern Delaware, but there was also an increase in the percentage of problem loans in northern Delaware. Most of our credit problems continued to be in the commercial real estate construction portfolio, but we started to see problems spread to the commercial, financial, and agricultural portfolio in the third quarter. There is much more detail on credit quality in our press release.

We have been working diligently over the past year to de-risk the portfolio. By the end of the third quarter we had evaluated more than 92% of our commercial real estate construction and mortgage loans and the trend line is not encouraging. It appears to us that there is no significant economic or real estate recovery on the horizon. This gives us little assurance that our loan portfolio will strengthen significantly in the near term, and that our capital position will not erode further. (Emphasis added.)

These risks increase the possibility of downgrades by the credit rating agencies and adverse regulatory actions. Either, or both of which, could compromise the value of our franchise, particularly in our two fee-based businesses, which continue to perform well. They are established leaders in their markets and they have solid growth prospects. For all of these reasons, our board and management carefully studied Wilmington Trust's strategic options and we reviewed a wide range of alternatives. Ultimately, the board determined that the best option for our shareholders, as well as our clients and employees of Wilmington Trust, was a merger with M&T.
93. Also during the November 1, 2010 conference call, in response to an analyst comment that “the magnitude of the increase in non-performers still was pretty surprising,” Defendant Foley further stated, “[w]hat we saw was an acceleration in the deterioration of the credit quality of may of our customers over this quarter, received a lot in terms of the appraisal information that we gathered, all indicating that both the magnitude and the velocity of this credit deterioration was very significant for us.” Additionally, another analyst also commented on the shocking nature of the disclosures by stating:

The loans – the construction loans’ deterioration is no big surprise. But C&I, or CF&A [commercial, financial & agricultural] I guess as you guys put it, what’s going on there? How come – I mean it’s awfully late in the cycle to suddenly discover problems in that portfolio.

94. As noted above in ¶ 9, the Company also discussed the merger, or takeunder by M&T, during the November 1, 2010 conference call and the rationale for agreeing to a transaction price that values Wilmington Trust shares at a mere $3.84 per share, about 54% of the per share value the day before the announcement. The alarmingly low value of $3.84 per share, among other things, was the result of the $282 million loan loss provision, the new admission of the trend of losses that triggered the need for the Company to establish a valuation allowance of $189 million against its deferred tax asset, the fact that the estimated fair value mark for Wilmington Trust’s loan portfolio was suddenly revealed to be only $1 billion, or 13% of loans, and the fact that M&T estimates an aggregate of $1 billion in future credit losses on Wilmington Trust’s loan portfolio.

95. On November 1, 2010, in an article entitled “Wilmington Trust Deal May Be a Sign of Trouble,” the New York Times stated that:

[T]he general impression was that while loan losses would hurt the bank for some time, Wilmington had taken its lumps at the end of the second quarter. No wonder, then, that its decision on Monday to sell to M&T for $351 million was
shocking. The price, a 45 percent discount to Friday’s close, makes it one of the biggest so-called “take-unders” in recent Wall Street memory.

In reality, the valuation is not that bad given the bank’s dismal third-quarter results. At around tangible book value, it is not that out of line with where healthier banks have been trading. But until the deal was announced, investors thought Wilmington’s tangible book was worth twice as much.

What changed that was losses taken after the bank — under mounting pressure from regulators — reassessed its assumptions about its mortgage and construction loan book. Worryingly, these were mostly loans made in Wilmington’s own backyard, where M&T guesses it could lose another $1 billion.

Wilmington was more exposed than most, with almost half its loans extended to construction and real estate. But that it only now, under new leadership and regulatory pressure, recognized that it was worth far less than previously thought could elicit concern that other banks have more dross on the books than they’re letting on.

96. In a November 2, 2010 article, “M&T To Acquire Ailing Wilmington Trust,” the Wall Street Journal explained that:

Industry analysts and investment bankers were puzzled by the magnitude of Wilmington Trust's deterioration, which was attributed to continued weakness in its construction-loan portfolio. The bank said Monday that it wrote off $145 million in bad loans in the third quarter, up from $22 million a year earlier. Nonperforming assets, mostly loans for which repayment is doubtful, rose 150% to almost $990 million. And the loan-loss provisions surged to $281.5 million from $38.7 million a year earlier.

People familiar with Wilmington Trust's strategy said the company had lent heavily to developers who were building homes in southern Delaware, particularly near beach communities that were expected to attract second-home buyers. Much of that anticipated demand evaporated.

97. On November 1, 2010 following the Company’s disclosures, the Wilmington Trust’s common stock price fell 41% to close at $4.21 on unusually high volume, and continued to fall to $4.11 on November 2, 2010.

ADDITIONAL SCIENTER ALLEGATIONS

98. As alleged herein, the Wilmington Defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of
the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Wilmington Defendants, by virtue of their receipt of information reflecting the true facts regarding Wilmington Trust, their control over, and/or receipt and/or modification of Wilmington Trust’s allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Wilmington Trust, participated in the fraudulent scheme alleged herein.

99. The Wilmington Defendants knew or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Officer Defendants.

100. The Wilmington Defendants had the motive and opportunity to perpetrate the fraudulent scheme and course of business described herein because the Officer Defendants were the most senior officers of Wilmington Trust, issued statements and press releases on behalf of Wilmington Trust and had the opportunity to commit the fraud alleged herein.

**LOSS CAUSATION/ECONOMIC LOSS**

101. During the Class Period, as detailed herein, the Wilmington Defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated Wilmington Trust’s stock price and operated as a fraud or deceit on Class Period purchasers of Wilmington
Trust's common stock by misrepresenting the Company's operating condition and future business prospects. The Wilmington Defendants achieved this by making positive statements about Wilmington Trust's business and financial results while they knew or recklessly disregarded that the Company was improperly provisioning and reserving for loan losses. Later, however, when the Company and the Individual Defendant's prior misrepresentations were disclosed and became apparent to the market, the price of Wilmington Trust's common stock fell precipitously as the prior artificial inflation came out of Wilmington Trust's stock price. As a result of their purchases of Wilmington Trust common stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, i.e., damages under the federal securities laws.

**FRAUD ON THE MARKET**

102. At all relevant times, the market for Wilmington Trust's common stock was an efficient market for the following reasons, among others:

(a) The Company's common stock was actively traded on the NYSE in a highly efficient market;

(b) As a regulated issuer, the Company filed periodic public reports with the SEC;

(c) The Company was covered regularly by securities analysts; and

(d) The Company regularly issued press releases which were carried by national news wires. Each of these releases was publicly available and entered the public marketplace.

103. As a result, the market for the Company's common stock promptly digested current information with respect to Wilmington Trust from all publicly available sources and
reflected such information in the price of the Company's securities. Under these circumstances, all purchasers of the Company's common stock during the Class Period suffered similar injury through their purchase of the common stock of Wilmington Trust at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

104. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Wilmington Trust who knew that those statements were false when made.

CLAIMS FOR RELIEF

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against the Wilmington Defendants

105. Plaintiff incorporates ¶¶ 1-104 by reference.
106. During the Class Period, the Wilmington Defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were materially false and misleading in that they contained material 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.

107. The Wilmington Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) Employed devices, schemes and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made not misleading; or

(c) 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 Wilmington Trust common stock during the Class Period.

108. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Wilmington Trust’s common stock. Plaintiff and the Class would not have purchased Wilmington Trust 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.

109. As a direct and proximate result of these defendants’ wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Wilmington Trust common stock during the Class Period.
COUNT II

Violation of Section 20(a) of the Exchange Act
Against the Officer Defendants

110. Plaintiff incorporates ¶¶ 1-104 by reference.

111. The Officer Defendants acted as controlling persons of Wilmington Trust within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, participation in and/or awareness of the Company's operations and/or intimate knowledge of the statements filed by the Company with the SEC and disseminated to the investing public, the Officer Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Officer Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

112. In particular, the Officer Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

113. As set forth above, Wilmington Trust and the Officer Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions each as a controlling person, the Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of
Wilmington Trust’s and the Officer Defendants’ wrongful conduct, plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company’s common stock during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows: declaring this action to be a proper class action; awarding damages, including interest; awarding reasonable costs, including attorneys’ fees; and such equitable/injunctive relief as the Court may deem proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: December 10, 2010

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