

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Schedule 13D

Under the Securities Exchange Act of 1934

PNC BANK CORP.  
(Name of Issuer)

Common Stock, \$5.00 par value  
(Title of Class of Securities)

693475105  
(CUSIP Number)

Joseph H. Kott  
Executive Vice President and General Counsel  
Midlantic Corporation  
499 Thornall Street, Metro Park Plaza  
P.O. Box 600  
Edison, New Jersey 08818  
(908) 321-8000

(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)

Copy to:

William S. Rubenstein, Esq.  
Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
(212) 735-3000

July 10, 1995  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a  
statement on Schedule 13G to report the acquisition which  
is the subject of this Schedule 13D, and is filing this  
Schedule because of Rule 13d-1(b)(3) or (4), check the  
following box: [ ]

Check the following box if a fee is being paid  
with this statement: [ X ]

CUSIP No.

1. NAME OF REPORTING PERSON S.S. OR I.R.S.  
IDENTIFICATION NO. OF ABOVE PERSON.

Midlantic Corporation  
I.R.S. Identification No. 22-2699903

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) \_\_\_\_\_  
(b) \_\_\_\_\_

3. SEC USE ONLY

4. SOURCE OF FUNDS

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS  
REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

State of New Jersey  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING  
PERSON WITH

7. SOLE VOTING POWER  
45,500,000\*

8. SHARED VOTING POWER  
0

9. SOLE DISPOSITIVE POWER  
45,500,000\*

10. SHARED DISPOSITIVE POWER

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
45,500,000\*
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (X)
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
16.6 %
14. TYPE OF REPORTING PERSON  
CO

\* Beneficial ownership of 45,500,000 shares of PNC Bank Corp.'s Common Stock reported hereunder is being reported solely as a result of the option granted pursuant to the PNC Stock Option Agreement described in Item 4 hereof. However, Midlantic Corporation expressly disclaims any beneficial ownership of the 45,500,000 shares of PNC Common Stock which are obtainable by Midlantic upon exercise of the option, because the option is exercisable only in the circumstances set forth in Item 4, none of which has occurred as of the date hereof.

Item 1. Security and Issuer.

This statement relates to the common stock, par value \$5.00 per share (the "PNC Common Stock"), of PNC Bank Corp., a Pennsylvania corporation (the "Company"). The principal executive offices of the Company are located at One PNC Plaza, Pittsburgh, Pennsylvania 15265.

Item 2. Identity and Background.

(a)-(c) and (f) This statement is being filed by Midlantic Corporation, a New Jersey corporation ("Midlantic"). The principal executive offices of Midlantic are located at 499 Thornall Street, Metro Park Plaza, Edison, New Jersey 08818.

The principal business of Midlantic is to provide, through its bank subsidiary, comprehensive corporate, commercial and individual banking services, as well as personal and corporate trust services.

Information as to each of the executive officers and directors of Midlantic is set forth on Schedule I hereto. Each of such persons is a citizen of the United States.

(d) During the last five years, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

As more fully described in Item 4 below, pursuant to the terms of the PNC Stock Option Agreement (as defined below), Midlantic will have the right, upon the occurrence of specified events, to purchase up to 45,500,000 shares of PNC Common Stock from the Company at \$35.00 per share. Should Midlantic purchase PNC Common Stock pursuant to the PNC Stock Option Agreement, Midlantic intends to finance such purchase from the following sources: cash on hand and dividends from Midlantic subsidiaries.

With respect to other transactions being reported pursuant to this Schedule 13D, this item is regarded as not applicable.

Item 4. Purpose of Transaction.

On July 10, 1995, Midlantic, the Company and PNC Bancorp, Inc. ("PNC Sub"), entered into an Agreement and Plan of Reorganization (the "Reorganization Agreement") and an Agreement and Plan of Merger (the "Merger Agreement") providing, among other things, for the merger (the "Merger") of Midlantic with and into PNC Sub, with Merger Sub surviving the Merger.

Pursuant to the Merger Agreement, each share of the common stock, par value \$3.00 per share (the "Midlantic Common Stock"), of Midlantic outstanding on the date of the Merger (excluding shares of Midlantic Common Stock held by Midlantic as treasury stock or shares held by the Company or any of its subsidiaries, but including shares of Midlantic Common Stock (i) held directly or indirectly by the Company or Midlantic or any of their respective subsidiaries in a fiduciary capacity that are beneficially owned by third parties and (ii) held by the Company or Midlantic or any of their respective subsidiaries in respect of a debt previously contracted) will be converted into 2.05 shares of PNC Common Stock. No fractional shares of PNC Common Stock will be issued in the Merger, and Midlantic's stockholders who otherwise would be entitled to receive a fractional share of PNC Common Stock will receive a cash payment in lieu thereof.

Consummation of the Merger is subject to certain standard conditions, including, but not limited to, approval of the Merger Agreement by the holders of a majority of the shares of the Midlantic Common Stock cast at a meeting of such holders, approval of the issuance of shares of the PNC Common Stock in the Merger by the holders of a majority of the votes cast at a meeting of the holders of PNC Common Stock and the receipt of all required regulatory approvals without the imposition of a condition or requirement which in the reasonable opinion of the Board of Directors of the Company or Midlantic so materially and adversely affects the anticipated economic and business benefits to the Company or Midlantic, respectively, of the transactions contemplated by the Reorganization Agreement as to render consummation of such transactions inadvisable.

Following the Merger, the Company will increase the number of directors serving on its Board of Directors by four and will elect Garry J. Scheuring, the Chairman, President and Chief Executive Officer of Midlantic and three directors of Midlantic, selected by Midlantic and subject to approval by the Company, to serve on the Board of Directors of the Company.

The Merger Agreement and the Reorganization Agreement are attached hereto as Exhibit 1 and Exhibit 2, respectively, and are incorporated herein by reference in its entirety. The foregoing summaries of the Merger Agreement and the Reorganization Agreement do not purport to be complete and are qualified in its entirety by reference to such exhibits.

As a condition to the execution and delivery of the Merger Agreement and the Reorganization Agreement, on July 10, 1995, Midlantic and the Company entered into a Stock Option Agreement (the "PNC Stock Option Agreement"), a copy of which is attached hereto as Exhibit 3 and is incorporated herein by reference.

Pursuant to the PNC Stock Option Agreement, the Company granted Midlantic an option (the "Option") to purchase up to 45,500,000 authorized but unissued shares of PNC Common Stock for \$35.00 per share. The Option will become exercisable in whole or in part at any time prior to its expiration if (i) the Company or any of its subsidiaries, without the prior written consent of Midlantic and except as permitted by the Reorganization Agreement, enters into an agreement with any person (other than Midlantic or any of its subsidiaries) to effect (a) a merger, consolidation or similar transaction

involving the Company or any subsidiary of the Company, (b) the purchase, lease or other acquisition of all or substantially all of the assets of the Company or any subsidiary of the Company or (c) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of securities representing 20% or more of the voting power of the Company or any subsidiary of the Company (other than mergers, consolidations, purchases or similar transactions involving only the Company and its subsidiaries), (ii) any person (other than the Company, Midlantic or any of their respective subsidiaries and affiliates) acquires beneficial ownership of 20% or more of the then outstanding shares of PNC Common Stock, (iii) any person (other than the Company, Midlantic or any of their respective subsidiaries and affiliates) (x) shall have made a bona fide proposal to the Company by public announcement or written communication that is or becomes the subject of public disclosure to acquire the Company or any of its subsidiaries by merger, consolidation, purchase of all or substantially all of its assets or any other similar transaction, (y) shall have commenced a bona fide tender or exchange offer to purchase shares of the PNC Common Stock such that upon consummation of such offer such person would own or control 20% or more of the outstanding shares of the PNC Common Stock or (z) shall have filed an application or notice with the Federal Reserve Board or any other federal or state regulatory agency for clearance or approval to engage in any transaction described in clause (i) or (ii) above, and thereafter the holders of the PNC Common Stock shall have not approved the Merger Agreement, the Reorganization Agreement and the transactions contemplated thereby at the meeting of such stockholders held for such purpose or such meeting shall not have been held or shall have been cancelled prior to termination of the Merger Agreement and the Reorganization Agreement.

Except as set forth in this Item 4, the Merger Agreement, the Reorganization Agreement or the PNC Stock Option Agreement, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, has any plans or proposals which relate to or which would result in any of the actions specified in Clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a)-(b) By reason of its execution of the PNC Stock Option Agreement, pursuant to Rule 13d-3(d)(1)(i) promulgated under the Exchange Act, Midlantic may be deemed to have sole voting and dispositive power with respect to the PNC Common Stock subject to the Option and, accordingly, may be deemed to beneficially own 45,500,000 shares of PNC Common Stock, or approximately 16.6% of the PNC Common Stock outstanding on June 30, 1995 assuming exercise of the Option. However, Midlantic expressly disclaims any beneficial ownership of the 45,500,000 shares of PNC Common Stock which are obtainable by Midlantic upon exercise of the Option, because the Option is exercisable only in the circumstances set forth in Item 4, none of which has occurred as of the date hereof.

As of the date hereof, Arthur J. Kania, a director of Midlantic, Donald W. Ebbert, Jr., an executive officer of Midlantic, and James E. Kelly, an executive officer of Midlantic, own 50,000, 4,288 and 100 shares of PNC Common Stock, respectively; each representing less than 1% of the PNC Common Stock outstanding on June 30, 1995.

Except as set forth above, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, owns any PNC Common Stock.

(c) Mr. Kelly sold 200 shares of PNC Common Stock on May 24, 1995 in an open-market transaction at a price of \$26.125 per share. Except as set forth above, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, has effected any transaction in the PNC Common Stock during the past 60 days.

(d) So long as Midlantic has not purchased the PNC Common Stock subject to the Option, Midlantic does not have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any of the PNC Common Stock.

Each of Mr. Kania, Mr. Ebbert and Mr. Kelly has the right to receive and the power to direct the receipt of dividends from, or the proceeds from the sale of the 50,000, 4,288 and 1000 shares of PNC Common Stock, respectively, that he owns.

(e) Inapplicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The Reorganization Agreement contains certain customary restrictions on the conduct of the business of the Company pending the Merger, including certain customary restrictions relating to the PNC Common Stock. Except as provided in the Merger Agreement, the Reorganization Agreement or the PNC Stock Option Agreement or as set forth herein, neither Midlantic nor, to the best of Midlantic's knowledge, any of the individuals named in Schedule I hereto, has any contracts, arrangements, understandings or relationships (legal or otherwise), with any person with respect to any securities of the Company, including, but not limited to, transfer or voting of any securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

Item 7. Material to be filed as Exhibits.

Exhibit 1--	Agreement and Plan of Merger, dated as of July 10, 1995 by and among Midlantic Corporation, PNC Bank Corp. and PNC Bancorp Inc.
Exhibit 2--	Agreement and Plan of Reorganization, dated as of July 10, 1995 by and among Midlantic Corporation, PNC Bank Corp. and PNC Bancorp Inc.
Exhibit 3--	PNC Stock Option Agreement, dated as of July 10, 1995 by and among Midlantic Corporation and PNC Bank Corp.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: July 20, 1995

MIDLANTIC CORPORATION

By /s/ Joseph H. Kott

\_\_\_\_\_  
Joseph H. Kott  
Executive Vice President and  
General Counsel

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS  
OF MIDLANTIC CORPORATION

The name, business address, present principal occupation or employment, and the name, principal business and address of any corporation or other organization in which such employment is conducted, of each of the directors and executive officers of Midlantic Corporation ("Midlantic") is set forth below. If no business address is given, the director's or officer's

address is Midlantic Corporation, 499 Thornall Street, Metro Park Plaza, Edison, New Jersey 08818. Unless otherwise indicated, each occupation set forth opposite an executive officer's name refers to employment with Midlantic.

Name	Present Principal Occupation or Employment and Address
Howard I. Atkins	Executive Vice President & Chief Financial Officer
Eugene R. Croisant	Director Consultant Winnetka, Illinois
Donald W. Ebbert, Jr.	Senior Vice President & Treasurer
Charles E. Ehinger	Director Retired
David F. Girard-diCarlo	Director Managing Partner Blank, Rome, Comisky & McCauley Philadelphia, Pennsylvania
Mary Ellen Gray	Executive Vice President
Jeffrey S. Griffie	Executive Vice President
Frederick C. Haab	Director President F.C. Haab Co., Inc. Philadelphia, Pennsylvania
Kevork S. Hovnanian	Director Chairman and Chief Executive Officer Hovnanian Enterprises, Inc. Red Bank, New Jersey
Arthur J. Kania	Director Principal Tri-Kan Associates Bala Cynwyd, Pennsylvania
James E. Kelly	Controller
Joseph H. Kott	Executive Vice President & General Counsel
Aubrey C. Lewis	Director Consultant Montclair, New Jersey
Bruce C. Lindsay	Director Chairman and Managing Director Brind-Lindsay & Co., Inc. Philadelphia, Pennsylvania
R. Ray Lockhart	Senior Vice President & General Auditor
James J. Lynch	Executive Vice President 1500 Market Street Philadelphia, Pennsylvania
David F. McBride	Director Chief Executive Officer McBride Enterprises, Inc. Franklin Lakes, New Jersey
Desmond P. McDonald	Director Retired
Eugene J. McNamara	Senior Vice President
Barbara Z. Parker	Executive Vice President
Roy T. Peraino	Director Retired
Ernest L. Ransome III	Director Chairman Giles and Ransome, Inc.

Bensalem, Pennsylvania

B. P. Russell                    Director  
                                  Consultant  
                                  Morristown, New Jersey

Garry J. Scheuring            Director  
                                  Chairman, President and  
                                  Chief Executive Officer  
                                  Midlantic Corporation  
                                  Midlantic Bank, N.A.  
                                  Edison, New Jersey

Alfred J. Schiavetti, Jr.    Executive Vice President &  
                                  Chief Credit Officer

Alan M. Silberstein         Executive Vice President &  
                                  Director of Retail Banking

Marcy Syms                    President  
                                  Syms Corp.  
                                  Secaucus, New Jersey

Frank T. Van Grofski        Executive Vice President

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Page
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3	PNC Stock Option Agreement, dated as of July 10, 1995 by and among Midlantic Corporation and PNC Bank Corp.	

PNC STOCK OPTION AGREEMENT

This PNC STOCK OPTION AGREEMENT ("Option Agreement") dated as of July 10, 1995, between MIDLANTIC CORPORATION ("MC"), a New Jersey corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended ("Bank Holding Company Act"), and PNC BANK CORP. ("PNC"), a Pennsylvania corporation registered as a bank holding company under the Bank Holding Company Act.

WITNESSETH

WHEREAS, the Boards of Directors of MC and PNC, together with the Board of Directors of PNC Bancorp, Inc., have approved an Agreement and Plan of Reorganization ("Reorganization Agreement") and have adopted a related Agreement and Plan of Merger dated as of the date hereof (together referred to herein as the "Merger Agreements"), providing for certain transactions pursuant to which MC would be merged with and into PNC Bancorp, Inc., a subsidiary of PNC;

WHEREAS, as a condition to MC's entry into the Merger Agreements and to induce such entry, PNC has agreed to grant to MC the option set forth herein to purchase authorized but unissued shares of PNC Common Stock;

NOW, THEREFORE, in consideration of the premises herein contained, the parties agree as follows:

1. Definitions.

Capitalized terms defined in the Merger Agreements and used herein shall have the same meanings as in the Merger Agreements.

2. Grant of Option.

Subject to the terms and conditions set forth herein, PNC hereby grants to MC an option ("Option") to purchase up to 45,500,000 shares of PNC Common Stock, at a price of \$35 per share payable in cash as provided in Section 4 hereof; provided, however, that in the event PNC issues or agrees to issue any shares of PNC Common Stock in breach of its obligations under the Merger Agreements at a price less than \$35 per share (as adjusted pursuant to Section 6 hereof), the exercise price shall be equal to such lesser price.

3. Exercise of Option.

(a) MC may exercise the Option, in whole or part, at any time or from time to time if a Purchase Event (as defined below) shall have occurred and be continuing; provided that to the extent the Option shall not have been exercised, it shall terminate and be of no further force and effect upon the earliest to occur of (i) the Effective Date of the Merger or (ii) termination of the Merger Agreements in accordance with the provisions thereof prior to the occurrence of a Purchase Event (other than a termination resulting from a willful breach by PNC of any covenant contained therein) or (iii) six months after termination of the Merger Agreements if such termination follows the occurrence of a Purchase Event or is due to a willful breach by PNC of any covenant contained therein; and provided further that any such exercise shall be subject to compliance with applicable provisions of law.

(b) As used herein, a "Purchase Event" shall mean any of the following events or transactions occurring after the date hereof:

- (i) PNC or any PNC Subsidiary, without having received MC's prior written consent and except as permitted by the Merger Agreements, shall have entered into an agreement with any person (other than MC or any MC Subsidiary) to (x) merge or consolidate, or enter into any similar transaction, with PNC or any PNC Subsidiary, (y) purchase, lease or



otherwise acquire all or substantially all of the assets of PNC or any PNC Subsidiary or (z) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 20% or more of the voting power of PNC or any PNC Subsidiary; provided, however, that in no event shall any merger, consolidation, purchase or similar transaction involving only PNC and one or more of its Subsidiaries or involving only any two or more of such Subsidiaries, be deemed to be a Purchase Event, provided any such transaction is not entered into in violation of the terms of the Merger Agreements;

- (ii) any person (other than PNC, any PNC Subsidiary, the PNC Subsidiaries in a fiduciary capacity MC, affiliates of MC or subsidiaries of MC in a fiduciary capacity) shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of PNC Common Stock (the term "beneficial ownership" for purposes of this Option Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act and the regulations promulgated thereunder); or
- (iii) any person (other than PNC, any PNC Subsidiary, MC or any MC affiliate) (x) shall have made a bona fide proposal to PNC by public announcement or written communication that is or becomes the subject of public disclosure to acquire PNC or any PNC Subsidiary by merger, consolidation, purchase of all or substantially all of its assets or any other similar transaction, (y) shall have commenced a bona fide tender or exchange offer to purchase shares of PNC Common Stock such that upon consummation of such offer such person would own or control 20% or more of the outstanding shares of PNC Common Stock, or (z) shall have filed an application or notice with the Federal Reserve Board or any other federal or state regulatory agency for clearance or approval to engage in any transaction described in clause (i) or (ii) above, and thereafter the holders of PNC Common Stock shall have not approved the Merger Agreements and the transactions contemplated thereby at the meeting of such stockholders held for such purpose or such meeting shall not have been held or shall have been cancelled prior to termination of the Merger Agreements.

If more than one of the transactions giving rise to a Purchase Event under this Section 3(b) is undertaken or effected, then all such transactions shall give rise only to one Purchase Event, which Purchase Event shall be deemed continuing for all purposes hereunder until all such transactions are abandoned. As used in this Option Agreement, "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(c) In the event MC wishes to exercise the Option, it shall send to PNC a written notice (the date of which being herein referred to as "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise, and (ii) a place and date not earlier than three business days nor later than 60 business days from the Notice Date for the closing of such purchase ("Closing Date"); provided that if prior notification to or approval of any federal or state regulatory agency is required in connection with such purchase, MC shall promptly file the required notice or application for approval and shall expeditiously process the same and the period of time that otherwise would run pursuant to this sentence shall run instead from the date

on which any required notification period has expired or been terminated or such approval has been obtained and any requisite waiting period shall have passed.

4. Payment and Delivery of Certificates.

(a) At the closing referred to in Section 3 hereof, MC shall pay to PNC the aggregate purchase price for the shares of PNC Common Stock purchased pursuant to the exercise of the Option in immediately available funds by a wire transfer to a bank account designated by PNC.

(b) At such closing, simultaneously with the delivery of cash as provided in subsection (a), PNC shall deliver to MC a certificate or certificates representing the number of shares of PNC Common Stock purchased by MC, and MC shall deliver to PNC a letter agreeing that MC will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Option Agreement.

(c) Certificates for PNC Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend which shall read substantially as follows:

"The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and PNC Bank Corp. and to resale restrictions arising under the Securities Act of 1933, as amended, a copy of which agreement is on file at the principal office of PNC Bank Corp. A copy of such agreement will be provided to the holder hereof without charge upon receipt by PNC Bank Corp. of a written request."

It is understood and agreed that the above legend shall be removed by delivery of substitute certificate(s) without such legend if MC shall have delivered to PNC a copy of a letter from the staff of the Commission, or an opinion of counsel, in form and substance satisfactory to PNC, to the effect that such legend is not required for purposes of the Securities Act.

5. Representations.

PNC hereby represents, warrants and covenants to MC as follows:

(a) PNC shall at all times maintain sufficient authorized but unissued shares of PNC Common Stock so that the Option may be exercised without authorization of additional shares of PNC Common Stock.

(b) The shares to be issued upon due exercise, in whole or in part, of the Option, when paid for as provided herein, will be duly authorized, validly issued, fully paid and nonassessable.

6. Adjustment Upon Changes in Capitalization.

In the event of any change in PNC Common Stock by reason of stock dividends, split-ups, recapitalizations, combinations, exchanges of shares or the like, the type and number of shares subject to the Option, and the purchase price per share, as the case may be, shall be adjusted appropriately. In the event that any additional shares of PNC Common Stock are issued or otherwise become outstanding after the date of this Option Agreement (other than pursuant to this Option Agreement), the number of shares of PNC Common Stock subject to the Option shall be adjusted so that, after such issuance, it equals 19.99% of the number of shares of PNC Common Stock then issued and outstanding without giving effect to any shares subject or issued pursuant to the Option. Nothing contained in this Section 6 shall be deemed to authorize PNC to breach any provision of the Merger Agreements.

## 7. Registration Rights.

PNC shall, if requested by MC, as expeditiously as possible following the occurrence of a Purchase Event and prior to the second anniversary thereof, file a registration statement on a form of general use under the Securities Act if necessary in order to permit the sale or other disposition of the shares of PNC Common Stock that have been acquired upon exercise of the Option in accordance with the intended method of sale or other disposition requested by MC. MC shall provide all information reasonably requested by PNC for inclusion in any registration statement to be filed hereunder. PNC will use its best efforts to cause such registration statement first to become effective and then to remain effective for such period not in excess of 180 days from the day such registration statement first becomes effective as may be reasonably necessary to effect such sales or other dispositions. The obligations of PNC hereunder to file a registration statement and to maintain its effectiveness may be suspended for one or more periods of time not exceeding 60 days in the aggregate if the Board of Directors of PNC shall have determined that the filing of such registration statement or the maintenance of its effectiveness would require disclosure of nonpublic information that would materially and adversely affect PNC. The first registration effected under this Section 7 shall be at PNC's expense except for underwriting commissions and the fees and disbursements of MC's counsel attributable to the registration of such PNC Common Stock. A second registration may be requested hereunder at MC's expense. In no event shall PNC be required to effect more than two registrations hereunder. The filing of any registration statement hereunder may be delayed for such period of time as may reasonably be required to facilitate any public distribution by PNC of PNC Common Stock. If requested by MC, in connection with any such registration, PNC will become a party to any underwriting agreement relating to the sale of such shares, but only to the extent of obligating itself in respect of representations, warranties, indemnities and other agreements customarily included in such underwriting agreements. Upon receiving any request from MC or assignee thereof under this Section 7, PNC agrees to send a copy thereof to MC and to any assignee thereof known to PNC, in each case by promptly mailing the same, postage prepaid, to the address of record of the persons entitled to receive such copies.

## 8. Severability.

If any term, provision, covenant or restriction contained in this Option Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Option Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Option will not permit the holder to acquire the full number of shares of PNC Common Stock provided in Section 2 hereof (as adjusted pursuant to Section 6 hereof), it is the express intention of PNC to allow the holder to acquire or to require PNC to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

## 9. Miscellaneous.

(a) Expenses. Except as otherwise provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

(b) Entire Agreement. Except as otherwise expressly provided herein, this Option Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral.

Notwithstanding anything to the contrary contained in this Agreement or the Merger Agreements, this Agreement shall be deemed to amend the Confidentiality Agreement so as to permit MC to enter into this Agreement and exercise all of its rights hereunder, including its right to acquire PNC Common Stock upon exercise of the Option. The terms and conditions of this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Option Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Option Agreement, except as expressly provided herein.

(c) Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Option Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Purchase Event shall have occurred and be continuing MC may assign in whole or in part its rights and obligations hereunder; provided, however, that until the date 30 days following the date on which the Federal Reserve Board approves an application by MC under the Bank Holding Company Act to acquire the shares of PNC Common Stock subject to the Option, MC may not assign its rights under the Option except in (i) a widely dispersed public distribution, (ii) a private placement in which no one party acquires the right to purchase in excess of 2% of the voting shares of PNC, (iii) an assignment to a single party (e.g., a broker or investment banker) for the purpose of conducting a widely dispersed public distribution on MC's behalf, or (iv) any other manner approved by the Federal Reserve Board.

(d) Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by overnight express or by registered or certified mail, postage prepaid, addressed as provided in the Reorganization Agreement. A party may change its address for notice purposes by written notice to the other party hereto.

(e) Counterparts. This Option Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(f) Specific Performance. The parties agree that damages would be an inadequate remedy for a breach of the provisions of this Option Agreement by either party hereto and that this Option Agreement may be enforced by either party hereto through injunctive or other equitable relief.

(g) Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of Pennsylvania applicable to agreements made and entirely to be performed within such state and such federal laws as may be applicable.

IN WITNESS WHEREOF, each of the parties hereto has executed this Option Agreement as of the day and year first written above.

PNC BANK CORP.

By /s/ Thomas H. O'Brien

\_\_\_\_\_  
Thomas H. O'Brien  
Chairman and Chief  
Executive Officer

MIDLANTIC CORPORATION

By /s/ Garry J. Scheuring

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Garry J. Scheuring  
Chairman, President and  
Chief Executive Officer



PNC STOCK OPTION AGREEMENT

This PNC STOCK OPTION AGREEMENT ("Option Agreement") dated as of July 10, 1995, between MIDLANTIC CORPORATION ("MC"), a New Jersey corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended ("Bank Holding Company Act"), and PNC BANK CORP. ("PNC"), a Pennsylvania corporation registered as a bank holding company under the Bank Holding Company Act.

WITNESSETH

WHEREAS, the Boards of Directors of MC and PNC, together with the Board of Directors of PNC Bancorp, Inc., have approved an Agreement and Plan of Reorganization ("Reorganization Agreement") and have adopted a related Agreement and Plan of Merger dated as of the date hereof (together referred to herein as the "Merger Agreements"), providing for certain transactions pursuant to which MC would be merged with and into PNC Bancorp, Inc., a subsidiary of PNC;

WHEREAS, as a condition to MC's entry into the Merger Agreements and to induce such entry, PNC has agreed to grant to MC the option set forth herein to purchase authorized but unissued shares of PNC Common Stock;

NOW, THEREFORE, in consideration of the premises herein contained, the parties agree as follows:

1. Definitions.

Capitalized terms defined in the Merger Agreements and used herein shall have the same meanings as in the Merger Agreements.

2. Grant of Option.

Subject to the terms and conditions set forth herein, PNC hereby grants to MC an option ("Option") to purchase up to 45,500,000 shares of PNC Common Stock, at a price of \$35 per share payable in cash as provided in Section 4 hereof; provided, however, that in the event PNC issues or agrees to issue any shares of PNC Common Stock in breach of its obligations under the Merger Agreements at a price less than \$35 per share (as adjusted pursuant to Section 6 hereof), the exercise price shall be equal to such lesser price.

3. Exercise of Option.

(a) MC may exercise the Option, in whole or part, at any time or from time to time if a Purchase Event (as defined below) shall have occurred and be continuing; provided that to the extent the Option shall not have been exercised, it shall terminate and be of no further force and effect upon the earliest to occur of (i) the Effective Date of the Merger or (ii) termination of the Merger Agreements in accordance with the provisions thereof prior to the occurrence of a Purchase Event (other than a termination resulting from a willful breach by PNC of any covenant contained therein) or (iii) six months after termination of the Merger Agreements if such termination follows the occurrence of a Purchase Event or is due to a willful breach by PNC of any covenant contained therein; and provided further that any such exercise shall be subject to compliance with applicable provisions of law.

(b) As used herein, a "Purchase Event" shall mean any of the following events or transactions occurring after the date hereof:

- (i) PNC or any PNC Subsidiary, without having received MC's prior written consent and except as permitted by the Merger Agreements, shall have entered into an agreement with any person (other than MC or any MC Subsidiary) to (x) merge or consolidate, or enter into any similar transaction, with PNC or any PNC Subsidiary, (y) purchase, lease or

otherwise acquire all or substantially all of the assets of PNC or any PNC Subsidiary or (z) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 20% or more of the voting power of PNC or any PNC Subsidiary; provided, however, that in no event shall any merger, consolidation, purchase or similar transaction involving only PNC and one or more of its Subsidiaries or involving only any two or more of such Subsidiaries, be deemed to be a Purchase Event, provided any such transaction is not entered into in violation of the terms of the Merger Agreements;

- (ii) any person (other than PNC, any PNC Subsidiary, the PNC Subsidiaries in a fiduciary capacity MC, affiliates of MC or subsidiaries of MC in a fiduciary capacity) shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of PNC Common Stock (the term "beneficial ownership" for purposes of this Option Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act and the regulations promulgated thereunder); or
- (iii) any person (other than PNC, any PNC Subsidiary, MC or any MC affiliate) (x) shall have made a bona fide proposal to PNC by public announcement or written communication that is or becomes the subject of public disclosure to acquire PNC or any PNC Subsidiary by merger, consolidation, purchase of all or substantially all of its assets or any other similar transaction, (y) shall have commenced a bona fide tender or exchange offer to purchase shares of PNC Common Stock such that upon consummation of such offer such person would own or control 20% or more of the outstanding shares of PNC Common Stock, or (z) shall have filed an application or notice with the Federal Reserve Board or any other federal or state regulatory agency for clearance or approval to engage in any transaction described in clause (i) or (ii) above, and thereafter the holders of PNC Common Stock shall have not approved the Merger Agreements and the transactions contemplated thereby at the meeting of such stockholders held for such purpose or such meeting shall not have been held or shall have been cancelled prior to termination of the Merger Agreements.

If more than one of the transactions giving rise to a Purchase Event under this Section 3(b) is undertaken or effected, then all such transactions shall give rise only to one Purchase Event, which Purchase Event shall be deemed continuing for all purposes hereunder until all such transactions are abandoned. As used in this Option Agreement, "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(c) In the event MC wishes to exercise the Option, it shall send to PNC a written notice (the date of which being herein referred to as "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise, and (ii) a place and date not earlier than three business days nor later than 60 business days from the Notice Date for the closing of such purchase ("Closing Date"); provided that if prior notification to or approval of any federal or state regulatory agency is required in connection with such purchase, MC shall promptly file the required notice or application for approval and shall expeditiously process the same and the period of time that otherwise would run pursuant to this sentence shall run instead from the date

on which any required notification period has expired or been terminated or such approval has been obtained and any requisite waiting period shall have passed.

4. Payment and Delivery of Certificates.

(a) At the closing referred to in Section 3 hereof, MC shall pay to PNC the aggregate purchase price for the shares of PNC Common Stock purchased pursuant to the exercise of the Option in immediately available funds by a wire transfer to a bank account designated by PNC.

(b) At such closing, simultaneously with the delivery of cash as provided in subsection (a), PNC shall deliver to MC a certificate or certificates representing the number of shares of PNC Common Stock purchased by MC, and MC shall deliver to PNC a letter agreeing that MC will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Option Agreement.

(c) Certificates for PNC Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend which shall read substantially as follows:

"The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and PNC Bank Corp. and to resale restrictions arising under the Securities Act of 1933, as amended, a copy of which agreement is on file at the principal office of PNC Bank Corp. A copy of such agreement will be provided to the holder hereof without charge upon receipt by PNC Bank Corp. of a written request."

It is understood and agreed that the above legend shall be removed by delivery of substitute certificate(s) without such legend if MC shall have delivered to PNC a copy of a letter from the staff of the Commission, or an opinion of counsel, in form and substance satisfactory to PNC, to the effect that such legend is not required for purposes of the Securities Act.

5. Representations.

PNC hereby represents, warrants and covenants to MC as follows:

(a) PNC shall at all times maintain sufficient authorized but unissued shares of PNC Common Stock so that the Option may be exercised without authorization of additional shares of PNC Common Stock.

(b) The shares to be issued upon due exercise, in whole or in part, of the Option, when paid for as provided herein, will be duly authorized, validly issued, fully paid and nonassessable.

6. Adjustment Upon Changes in Capitalization.

In the event of any change in PNC Common Stock by reason of stock dividends, split-ups, recapitalizations, combinations, exchanges of shares or the like, the type and number of shares subject to the Option, and the purchase price per share, as the case may be, shall be adjusted appropriately. In the event that any additional shares of PNC Common Stock are issued or otherwise become outstanding after the date of this Option Agreement (other than pursuant to this Option Agreement), the number of shares of PNC Common Stock subject to the Option shall be adjusted so that, after such issuance, it equals 19.99% of the number of shares of PNC Common Stock then issued and outstanding without giving effect to any shares subject or issued pursuant to the Option. Nothing contained in this Section 6 shall be deemed to authorize PNC to breach any provision of the Merger Agreements.



## 7. Registration Rights.

PNC shall, if requested by MC, as expeditiously as possible following the occurrence of a Purchase Event and prior to the second anniversary thereof, file a registration statement on a form of general use under the Securities Act if necessary in order to permit the sale or other disposition of the shares of PNC Common Stock that have been acquired upon exercise of the Option in accordance with the intended method of sale or other disposition requested by MC. MC shall provide all information reasonably requested by PNC for inclusion in any registration statement to be filed hereunder. PNC will use its best efforts to cause such registration statement first to become effective and then to remain effective for such period not in excess of 180 days from the day such registration statement first becomes effective as may be reasonably necessary to effect such sales or other dispositions. The obligations of PNC hereunder to file a registration statement and to maintain its effectiveness may be suspended for one or more periods of time not exceeding 60 days in the aggregate if the Board of Directors of PNC shall have determined that the filing of such registration statement or the maintenance of its effectiveness would require disclosure of nonpublic information that would materially and adversely affect PNC. The first registration effected under this Section 7 shall be at PNC's expense except for underwriting commissions and the fees and disbursements of MC's counsel attributable to the registration of such PNC Common Stock. A second registration may be requested hereunder at MC's expense. In no event shall PNC be required to effect more than two registrations hereunder. The filing of any registration statement hereunder may be delayed for such period of time as may reasonably be required to facilitate any public distribution by PNC of PNC Common Stock. If requested by MC, in connection with any such registration, PNC will become a party to any underwriting agreement relating to the sale of such shares, but only to the extent of obligating itself in respect of representations, warranties, indemnities and other agreements customarily included in such underwriting agreements. Upon receiving any request from MC or assignee thereof under this Section 7, PNC agrees to send a copy thereof to MC and to any assignee thereof known to PNC, in each case by promptly mailing the same, postage prepaid, to the address of record of the persons entitled to receive such copies.

## 8. Severability.

If any term, provision, covenant or restriction contained in this Option Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Option Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Option will not permit the holder to acquire the full number of shares of PNC Common Stock provided in Section 2 hereof (as adjusted pursuant to Section 6 hereof), it is the express intention of PNC to allow the holder to acquire or to require PNC to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

## 9. Miscellaneous.

(a) Expenses. Except as otherwise provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

(b) Entire Agreement. Except as otherwise expressly provided herein, this Option Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral.

Notwithstanding anything to the contrary contained in this Agreement or the Merger Agreements, this Agreement shall be deemed to amend the Confidentiality Agreement so as to permit MC to enter into this Agreement and exercise all of its rights hereunder, including its right to acquire PNC Common Stock upon exercise of the Option. The terms and conditions of this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Option Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Option Agreement, except as expressly provided herein.

(c) Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Option Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Purchase Event shall have occurred and be continuing MC may assign in whole or in part its rights and obligations hereunder; provided, however, that until the date 30 days following the date on which the Federal Reserve Board approves an application by MC under the Bank Holding Company Act to acquire the shares of PNC Common Stock subject to the Option, MC may not assign its rights under the Option except in (i) a widely dispersed public distribution, (ii) a private placement in which no one party acquires the right to purchase in excess of 2% of the voting shares of PNC, (iii) an assignment to a single party (e.g., a broker or investment banker) for the purpose of conducting a widely dispersed public distribution on MC's behalf, or (iv) any other manner approved by the Federal Reserve Board.

(d) Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by overnight express or by registered or certified mail, postage prepaid, addressed as provided in the Reorganization Agreement. A party may change its address for notice purposes by written notice to the other party hereto.

(e) Counterparts. This Option Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(f) Specific Performance. The parties agree that damages would be an inadequate remedy for a breach of the provisions of this Option Agreement by either party hereto and that this Option Agreement may be enforced by either party hereto through injunctive or other equitable relief.

(g) Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of Pennsylvania applicable to agreements made and entirely to be performed within such state and such federal laws as may be applicable.

IN WITNESS WHEREOF, each of the parties hereto has executed this Option Agreement as of the day and year first written above.

PNC BANK CORP.

By /s/ Thomas H. O'Brien

\_\_\_\_\_  
Thomas H. O'Brien  
Chairman and Chief  
Executive Officer

MIDLANTIC CORPORATION

By /s/ Garry J. Scheuring

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Garry J. Scheuring  
Chairman, President and  
Chief Executive Officer



PNC STOCK OPTION AGREEMENT

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WITNESSETH

WHEREAS, the Boards of Directors of MC and PNC, together with the Board of Directors of PNC Bancorp, Inc., have approved an Agreement and Plan of Reorganization ("Reorganization Agreement") and have adopted a related Agreement and Plan of Merger dated as of the date hereof (together referred to herein as the "Merger Agreements"), providing for certain transactions pursuant to which MC would be merged with and into PNC Bancorp, Inc., a subsidiary of PNC;

WHEREAS, as a condition to MC's entry into the Merger Agreements and to induce such entry, PNC has agreed to grant to MC the option set forth herein to purchase authorized but unissued shares of PNC Common Stock;

NOW, THEREFORE, in consideration of the premises herein contained, the parties agree as follows:

1. Definitions.

Capitalized terms defined in the Merger Agreements and used herein shall have the same meanings as in the Merger Agreements.

2. Grant of Option.

Subject to the terms and conditions set forth herein, PNC hereby grants to MC an option ("Option") to purchase up to 45,500,000 shares of PNC Common Stock, at a price of \$35 per share payable in cash as provided in Section 4 hereof; provided, however, that in the event PNC issues or agrees to issue any shares of PNC Common Stock in breach of its obligations under the Merger Agreements at a price less than \$35 per share (as adjusted pursuant to Section 6 hereof), the exercise price shall be equal to such lesser price.

3. Exercise of Option.

(a) MC may exercise the Option, in whole or part, at any time or from time to time if a Purchase Event (as defined below) shall have occurred and be continuing; provided that to the extent the Option shall not have been exercised, it shall terminate and be of no further force and effect upon the earliest to occur of (i) the Effective Date of the Merger or (ii) termination of the Merger Agreements in accordance with the provisions thereof prior to the occurrence of a Purchase Event (other than a termination resulting from a willful breach by PNC of any covenant contained therein) or (iii) six months after termination of the Merger Agreements if such termination follows the occurrence of a Purchase Event or is due to a willful breach by PNC of any covenant contained therein; and provided further that any such exercise shall be subject to compliance with applicable provisions of law.

(b) As used herein, a "Purchase Event" shall mean any of the following events or transactions occurring after the date hereof:

- (i) PNC or any PNC Subsidiary, without having received MC's prior written consent and except as permitted by the Merger Agreements, shall have entered into an agreement with any person (other than MC or any MC Subsidiary) to (x) merge or consolidate, or enter into any similar transaction, with PNC or any PNC Subsidiary, (y) purchase, lease or

otherwise acquire all or substantially all of the assets of PNC or any PNC Subsidiary or (z) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 20% or more of the voting power of PNC or any PNC Subsidiary; provided, however, that in no event shall any merger, consolidation, purchase or similar transaction involving only PNC and one or more of its Subsidiaries or involving only any two or more of such Subsidiaries, be deemed to be a Purchase Event, provided any such transaction is not entered into in violation of the terms of the Merger Agreements;

- (ii) any person (other than PNC, any PNC Subsidiary, the PNC Subsidiaries in a fiduciary capacity MC, affiliates of MC or subsidiaries of MC in a fiduciary capacity) shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of PNC Common Stock (the term "beneficial ownership" for purposes of this Option Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act and the regulations promulgated thereunder); or
- (iii) any person (other than PNC, any PNC Subsidiary, MC or any MC affiliate) (x) shall have made a bona fide proposal to PNC by public announcement or written communication that is or becomes the subject of public disclosure to acquire PNC or any PNC Subsidiary by merger, consolidation, purchase of all or substantially all of its assets or any other similar transaction, (y) shall have commenced a bona fide tender or exchange offer to purchase shares of PNC Common Stock such that upon consummation of such offer such person would own or control 20% or more of the outstanding shares of PNC Common Stock, or (z) shall have filed an application or notice with the Federal Reserve Board or any other federal or state regulatory agency for clearance or approval to engage in any transaction described in clause (i) or (ii) above, and thereafter the holders of PNC Common Stock shall have not approved the Merger Agreements and the transactions contemplated thereby at the meeting of such stockholders held for such purpose or such meeting shall not have been held or shall have been cancelled prior to termination of the Merger Agreements.

If more than one of the transactions giving rise to a Purchase Event under this Section 3(b) is undertaken or effected, then all such transactions shall give rise only to one Purchase Event, which Purchase Event shall be deemed continuing for all purposes hereunder until all such transactions are abandoned. As used in this Option Agreement, "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(c) In the event MC wishes to exercise the Option, it shall send to PNC a written notice (the date of which being herein referred to as "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise, and (ii) a place and date not earlier than three business days nor later than 60 business days from the Notice Date for the closing of such purchase ("Closing Date"); provided that if prior notification to or approval of any federal or state regulatory agency is required in connection with such purchase, MC shall promptly file the required notice or application for approval and shall expeditiously process the same and the period of time that otherwise would run pursuant to this sentence shall run instead from the date

on which any required notification period has expired or been terminated or such approval has been obtained and any requisite waiting period shall have passed.

4. Payment and Delivery of Certificates.

(a) At the closing referred to in Section 3 hereof, MC shall pay to PNC the aggregate purchase price for the shares of PNC Common Stock purchased pursuant to the exercise of the Option in immediately available funds by a wire transfer to a bank account designated by PNC.

(b) At such closing, simultaneously with the delivery of cash as provided in subsection (a), PNC shall deliver to MC a certificate or certificates representing the number of shares of PNC Common Stock purchased by MC, and MC shall deliver to PNC a letter agreeing that MC will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Option Agreement.

(c) Certificates for PNC Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend which shall read substantially as follows:

"The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and PNC Bank Corp. and to resale restrictions arising under the Securities Act of 1933, as amended, a copy of which agreement is on file at the principal office of PNC Bank Corp. A copy of such agreement will be provided to the holder hereof without charge upon receipt by PNC Bank Corp. of a written request."

It is understood and agreed that the above legend shall be removed by delivery of substitute certificate(s) without such legend if MC shall have delivered to PNC a copy of a letter from the staff of the Commission, or an opinion of counsel, in form and substance satisfactory to PNC, to the effect that such legend is not required for purposes of the Securities Act.

5. Representations.

PNC hereby represents, warrants and covenants to MC as follows:

(a) PNC shall at all times maintain sufficient authorized but unissued shares of PNC Common Stock so that the Option may be exercised without authorization of additional shares of PNC Common Stock.

(b) The shares to be issued upon due exercise, in whole or in part, of the Option, when paid for as provided herein, will be duly authorized, validly issued, fully paid and nonassessable.

6. Adjustment Upon Changes in Capitalization.

In the event of any change in PNC Common Stock by reason of stock dividends, split-ups, recapitalizations, combinations, exchanges of shares or the like, the type and number of shares subject to the Option, and the purchase price per share, as the case may be, shall be adjusted appropriately. In the event that any additional shares of PNC Common Stock are issued or otherwise become outstanding after the date of this Option Agreement (other than pursuant to this Option Agreement), the number of shares of PNC Common Stock subject to the Option shall be adjusted so that, after such issuance, it equals 19.99% of the number of shares of PNC Common Stock then issued and outstanding without giving effect to any shares subject or issued pursuant to the Option. Nothing contained in this Section 6 shall be deemed to authorize PNC to breach any provision of the Merger Agreements.

## 7. Registration Rights.

PNC shall, if requested by MC, as expeditiously as possible following the occurrence of a Purchase Event and prior to the second anniversary thereof, file a registration statement on a form of general use under the Securities Act if necessary in order to permit the sale or other disposition of the shares of PNC Common Stock that have been acquired upon exercise of the Option in accordance with the intended method of sale or other disposition requested by MC. MC shall provide all information reasonably requested by PNC for inclusion in any registration statement to be filed hereunder. PNC will use its best efforts to cause such registration statement first to become effective and then to remain effective for such period not in excess of 180 days from the day such registration statement first becomes effective as may be reasonably necessary to effect such sales or other dispositions. The obligations of PNC hereunder to file a registration statement and to maintain its effectiveness may be suspended for one or more periods of time not exceeding 60 days in the aggregate if the Board of Directors of PNC shall have determined that the filing of such registration statement or the maintenance of its effectiveness would require disclosure of nonpublic information that would materially and adversely affect PNC. The first registration effected under this Section 7 shall be at PNC's expense except for underwriting commissions and the fees and disbursements of MC's counsel attributable to the registration of such PNC Common Stock. A second registration may be requested hereunder at MC's expense. In no event shall PNC be required to effect more than two registrations hereunder. The filing of any registration statement hereunder may be delayed for such period of time as may reasonably be required to facilitate any public distribution by PNC of PNC Common Stock. If requested by MC, in connection with any such registration, PNC will become a party to any underwriting agreement relating to the sale of such shares, but only to the extent of obligating itself in respect of representations, warranties, indemnities and other agreements customarily included in such underwriting agreements. Upon receiving any request from MC or assignee thereof under this Section 7, PNC agrees to send a copy thereof to MC and to any assignee thereof known to PNC, in each case by promptly mailing the same, postage prepaid, to the address of record of the persons entitled to receive such copies.

## 8. Severability.

If any term, provision, covenant or restriction contained in this Option Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Option Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Option will not permit the holder to acquire the full number of shares of PNC Common Stock provided in Section 2 hereof (as adjusted pursuant to Section 6 hereof), it is the express intention of PNC to allow the holder to acquire or to require PNC to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

## 9. Miscellaneous.

(a) Expenses. Except as otherwise provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

(b) Entire Agreement. Except as otherwise expressly provided herein, this Option Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral.

Notwithstanding anything to the contrary contained in this Agreement or the Merger Agreements, this Agreement shall be deemed to amend the Confidentiality Agreement so as to permit MC to enter into this Agreement and exercise all of its rights hereunder, including its right to acquire PNC Common Stock upon exercise of the Option. The terms and conditions of this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Option Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Option Agreement, except as expressly provided herein.

(c) Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Option Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Purchase Event shall have occurred and be continuing MC may assign in whole or in part its rights and obligations hereunder; provided, however, that until the date 30 days following the date on which the Federal Reserve Board approves an application by MC under the Bank Holding Company Act to acquire the shares of PNC Common Stock subject to the Option, MC may not assign its rights under the Option except in (i) a widely dispersed public distribution, (ii) a private placement in which no one party acquires the right to purchase in excess of 2% of the voting shares of PNC, (iii) an assignment to a single party (e.g., a broker or investment banker) for the purpose of conducting a widely dispersed public distribution on MC's behalf, or (iv) any other manner approved by the Federal Reserve Board.

(d) Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by overnight express or by registered or certified mail, postage prepaid, addressed as provided in the Reorganization Agreement. A party may change its address for notice purposes by written notice to the other party hereto.

(e) Counterparts. This Option Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(f) Specific Performance. The parties agree that damages would be an inadequate remedy for a breach of the provisions of this Option Agreement by either party hereto and that this Option Agreement may be enforced by either party hereto through injunctive or other equitable relief.

(g) Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of Pennsylvania applicable to agreements made and entirely to be performed within such state and such federal laws as may be applicable.

IN WITNESS WHEREOF, each of the parties hereto has executed this Option Agreement as of the day and year first written above.

PNC BANK CORP.

By /s/ Thomas H. O'Brien

\_\_\_\_\_  
Thomas H. O'Brien  
Chairman and Chief  
Executive Officer

MIDLANTIC CORPORATION

By /s/ Garry J. Scheuring

\_\_\_\_\_  
Garry J. Scheuring  
Chairman, President and  
Chief Executive Officer



