
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-09718

The PNC Financial Services Group, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

25-1435979
(I.R.S. Employer Identification No.)

One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707
(Address of principal executive offices)
(Zip Code)

(412) 762-2000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 29, 2004, there were 282,638,497 shares of the registrant's common stock (\$5 par value) outstanding.

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CONSOLIDATED FINANCIAL HIGHLIGHTS
THE PNC FINANCIAL SERVICES GROUP, INC.

Dollars in millions, except per share data Unaudited	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
FINANCIAL PERFORMANCE				
Revenue				
Net interest income <i>(taxable-equivalent basis)</i> ^(a)	\$ 498	\$ 489	\$1,480	\$1,518
Noninterest income	838	825	2,659	2,396
Total revenue	\$1,336	\$ 1,314	\$4,139	\$3,914
Net income	\$ 258	\$ 281	\$ 890	\$ 727
Per common share				
Diluted earnings	\$.91	\$ 1.00	\$ 3.13	\$ 2.57
Cash dividends declared	\$.50	\$.48	\$ 1.50	\$ 1.44
SELECTED RATIOS				
Return on				
Average common shareholders' equity	14.42%	17.06%	16.86%	14.53%
Average assets	1.36	1.63	1.60	1.46
Net interest margin	3.19	3.44	3.22	3.70
Noninterest income to total revenue	63	63	64	61
Efficiency	74	63	68	67

See page 39 for a glossary of certain terms used in this report.

^(a) The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than a taxable investment. In order to provide accurate comparisons of yields and margins for all earning assets, we have increased the interest income earned on tax-exempt assets to make them fully equivalent to other taxable interest income investments. The following is a reconciliation of net interest income as reported in the Consolidated Statement of Income to net interest income on a taxable-equivalent basis (in millions):

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Net interest income, GAAP basis	\$ 491	\$ 487	\$ 1,466	\$ 1,511
Taxable-equivalent adjustment	7	2	14	7
Net interest income, taxable-equivalent basis	\$ 498	\$ 489	\$ 1,480	\$ 1,518

Unaudited	September 30 2004	December 31 2003	September 30 2003
BALANCE SHEET DATA (dollars in millions, except per share data)			
Assets	\$ 77,297	\$ 68,168	\$ 68,703
Earning assets	64,209	56,361	56,290
Loans, net of unearned income ^(c)	42,480	36,303	36,995
Allowance for loan and lease losses	581	632	648
Securities	16,824	15,690	14,907
Loans held for sale	1,582	1,400	1,531
Deposits	51,162	45,241	45,523
Borrowed funds	12,919	11,453	11,554
Allowance for unfunded loan commitments and letters of credit	96	91	90
Shareholders' equity	7,312	6,645	6,638
Common shareholders' equity	7,304	6,636	6,629
Book value per common share	25.89	23.97	23.93
Loans to deposits ^(c)	83%	80%	81%
ASSETS UNDER MANAGEMENT (billions) ^(b)	\$ 362	\$ 354	\$ 336
NONDISCRETIONARY ASSETS UNDER ADMINISTRATION (billions) ^(b)	\$ 91	\$ 87	\$ 86
FUND ASSETS SERVICED (billions)			
Accounting/administration net assets	\$ 667	\$ 654	\$ 622
Custody assets	418	401	384
CAPITAL RATIOS			
Tier 1 Risk-based	9.0%	9.5%	8.7%
Total Risk-based	12.5	13.8	12.0
Leverage	7.7	8.2	7.6
Tangible common	5.6	6.3	6.2
Shareholders' equity to assets	9.46	9.75	9.66
Common shareholders' equity to assets	9.45	9.73	9.65
ASSET QUALITY RATIOS			
Nonperforming assets to loans, loans held for sale and foreclosed assets ^(c)	.42%	.87%	1.03%
Nonperforming loans to loans ^(c)	.35	.73	.88
Net charge-offs to average loans <i>(for the three months ended)</i> ^(c)	.12	.53	.68
Allowance for loan and lease losses to loans ^(c)	1.37	1.74	1.75
Allowance for loan and lease losses to nonperforming loans	393	238	200

^(b) Balance at September 30, 2004 reflects the first quarter 2004 sale of certain activities of the investment consulting business of PNC Advisors' Hawthorn unit and the expected reduction of approximately \$6 billion of assets under management with approximately \$4.7 billion moving to nondiscretionary assets under administration.

^(c) Amounts and ratios for all periods presented reflect the third quarter 2004 reclassification of Market Street Funding Corporation purchased customer receivables to loans. See the Balance Sheet Highlights section of the Financial Review section of this Report for additional information.

FINANCIAL REVIEW

THE PNC FINANCIAL SERVICES GROUP, INC.

This Financial Review should be read together with our unaudited Consolidated Financial Statements and unaudited Statistical Information included elsewhere in this Report and Items 6, 7 and 8 of our 2003 Annual Report on Form 10-K ("2003 Form 10-K"). We have reclassified certain prior period amounts to conform with the current year presentation. The term "loans" in this report excludes loans held for sale and securities that represent interests in pools of loans. For information regarding certain business and regulatory risks, see the Risk Factors and Risk Management sections in this Financial Review and Items 1 and 7 of our 2003 Form 10-K. Also, see the Cautionary Statement Regarding Forward-Looking Information and Critical Accounting Policies And Judgments sections in this Financial Review for certain other factors that could cause actual results or future events to differ materially from those anticipated in forward-looking statements or from historical performance. PNC's business segments as reported in this Report reflect changes in our methodology for reporting business segment results as further described in our Current Report on Form 8-K dated April 5, 2004. See Note 17 Segment Reporting in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Report for a reconciliation of total business segment earnings to total PNC consolidated earnings as reported on a generally accepted accounting principles ("GAAP") basis.

EXECUTIVE SUMMARY

THE PNC FINANCIAL SERVICES GROUP, INC.

PNC is one of the largest diversified financial services companies in the United States, operating businesses engaged in regional community banking, wholesale banking, wealth management, asset management and global fund processing services. We operate directly and through numerous subsidiaries, providing certain products and services nationally and others in our primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. We also provide certain banking, asset management and global fund processing services internationally.

KEY STRATEGIC GOALS

Our strategy to enhance shareholder value centers on achieving growth in our lines of business underpinned by prudent risk and capital management. In each of our business segments, the primary drivers of growth are the acquisition, expansion and retention of customer relationships. We strive to achieve such market share growth by providing convenient banking options, leading technological systems and a broad range of asset management products and services. We also intend to grow through appropriate and targeted acquisitions and by expanding to new geographical markets.

In recent years, we have managed our balance sheet toward a moderate risk profile with limited exposure to earnings volatility resulting from interest rate fluctuations. Our actions have created a balance sheet characterized by significant flexibility to take advantage, where appropriate, of rising interest rates. We anticipate rising interest rates through 2005, and we expect that the overall impact of such an environment will be beneficial to our results in the latter part of 2004 and in 2005.

On August 26, 2004, our majority-owned subsidiary BlackRock entered into a definitive agreement to acquire SSRM Holdings Inc. ("SSRM"), the holding company for State Street Research & Management Company and SSR Realty Advisors Inc., from MetLife for total consideration at closing of \$375 million in cash and stock. Additional cash consideration, which could increase the purchase price by up to 25%, may be paid over 5 years contingent on certain measures. The addition of SSRM, which is expected to close in the first quarter of 2005, is expected to enhance BlackRock's investment management platform with additional U.S. equity, alternative investment and real estate equity management capabilities, expanding the universe of products offered to institutional and individual investors worldwide. Closing is subject to required regulatory and fund shareholder approvals and satisfaction of other customary closing conditions. See BlackRock's Current Report on Form 8-K dated August 30, 2004 for additional information on this pending acquisition.

On July 16, 2004, we entered into a definitive agreement to acquire Riggs National Corporation, ("Riggs") a Washington, D.C. based banking company. The transaction will give us a substantial presence on which to build a market leading franchise in the affluent Washington metropolitan area. The aggregate consideration is comprised of a fixed number of approximately 7.5 million shares of PNC common stock and \$319 million in cash, subject to adjustment. The merger is subject to closing conditions including, among others, receipt of regulatory approvals and the approval of Riggs shareholders. See Current Reports on Form 8-K dated July 16, 2004 and July 22, 2004 for additional information on this pending acquisition. The Agreement and Plan of Merger for this transaction is included as Exhibit 99.13 to this Report.

Additional information on the proposed acquisitions of Riggs and SSRM is included in Note 3 Acquisitions in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Report and in the Cautionary Statement Regarding Forward-Looking Information section of this Financial Review.

KEY FACTORS AFFECTING FINANCIAL PERFORMANCE

Our financial performance is substantially affected by several external factors outside of our control, including:

- General economic conditions,
- Industry trends,
- Loan demand,
- Customer preferences,
- Interest rates (including direction, timing and magnitude of movement),
- The shape of the interest rate yield curve, and
- The performance of the capital markets.

We seek a moderate risk profile in the management of our businesses to limit the risk of loss resulting from quickly changing economic and market conditions. We focus on the

development and management of our customer franchises to generate growth in revenue and earnings.

During the third quarter of 2004, we maintained our performance with a sound balance sheet and strong customer franchise.

Net interest income grew slightly in the third quarter of 2004 compared with the third quarter of 2003 primarily due to increased revenues attributable to growth in the loan portfolio and our core deposit funding base. Noninterest income increased \$13 million compared with the third quarter of 2003 as the impact of growth in our customer base in a number of key areas, along with higher equity management gains, more than offset lower gains on asset sales and lower trading revenue.

Given the increase in loans outstanding and anticipated increases in interest rates, we believe net interest income will increase in the fourth quarter of 2004 compared with the third quarter of 2004 and will be higher in 2005 compared with 2004.

In addition to changes in general economic conditions, including the direction, timing and magnitude of movement in interest rates and the performance of the capital markets, our success for the remainder of 2004 and into 2005 will depend upon, among other things:

- Further success in the acquisition, growth and retention of customers;
- Growth in market share across businesses;
- Disciplined expense control and improved efficiency;
- Maintaining strong overall asset quality; and
- Prudent risk and capital management.

SUMMARY FINANCIAL RESULTS

Consolidated net income for the first nine months of 2004 was \$890 million, or \$3.13 per diluted share, compared with net income of \$727 million, or \$2.57 per diluted share, for the first nine months of 2003. Return on average shareholders' equity was 16.86% for the first nine months of 2004 compared with 14.53% for the first nine months of 2003. Return on average assets was 1.60% for the first nine months of 2004 compared with 1.46% for the first nine months of 2003.

Consolidated net income for the third quarter of 2004 was \$258 million or \$0.91 per diluted share compared with \$281 million or \$1.00 per diluted share for the third quarter of 2003. Return on average common shareholders' equity was 14.42% for the third quarter of 2004 compared with 17.06% for the third quarter of 2003, while return on average assets was 1.36% for the third quarter of 2004 and 1.63% for the third quarter of 2003.

Results for the third quarter and first nine months of 2004 reflected the impact of a charge totaling \$42 million after taxes, or \$0.15 per diluted share, related to the 2002 BlackRock Long-Term Retention and Incentive Plan ("LTIP") that was recognized during the third quarter of 2004. See "2002 BlackRock Long-Term Incentive Plan" under the Critical Accounting Policies and Judgments section of this Financial Review and Note 13 Certain Employee Benefit and Stock-Based Compensation Plans in the Notes To Consolidated Financial Statements for further information. BlackRock and PNC each filed Current Reports on Form 8-K dated October 6, 2004 that contain additional information on the LTIP charge. Results for 2004 also reflect the impact of our acquisition of United National Bancorp, Inc. ("United National") that we closed effective January 1, 2004.

Results for the first nine months of 2003 included expenses totaling \$87 million after taxes, or \$0.31 per diluted share, in connection with the agreement with the United States Department of Justice ("DOJ"), including related legal and consulting costs. See "Agreement with Department of Justice" in the Financial Review section of our Quarterly Report on Form 10-Q for the second quarter of 2003 and our Current Report on Form 8-K dated June 23, 2004 for further information.

Our third quarter 2004 performance included the following accomplishments:

- Loan balances increased, highlighted by strong growth in consumer loans, increases in commercial loan demand and lower refinancings. Consumer loan balances increased over \$3.0 billion while commercial and commercial real estate loans were up in total over \$2.2 billion at September 30, 2004 compared with the amounts at December 31, 2003;
- Deposit balances increased \$1.2 billion as of September 30, 2004 compared with the balance at June 30, 2004 and increased \$5.9 billion compared with December 31, 2003;
- Taxable-equivalent net interest income increased \$13 million compared with the second quarter of 2004 primarily due to a larger base of loans outstanding and deposit funding and a higher yield on securities. Taxable-equivalent net interest income grew \$9 million compared with the third quarter of 2003 due to the increase in loans and deposit funding, which was partially attributable to the United National acquisition, and despite the loss of revenues from the sale of our vehicle leasing business during the second quarter of 2004;
- Asset quality continued to improve from already strong levels. Nonperforming loans as a percentage of loans fell to .35% at September 30, 2004, compared with .88% at September 30, 2003 and .41% at June 30, 2004; and
- Earnings in our Regional Community Banking segment increased 10% for the third quarter of 2004 compared with the third quarter of 2003. The earnings improvement in Regional Community Banking was driven by higher average loan and deposit balances from a growing customer base, and by higher gains on sales of education loans. Checking account relationships increased by 8% compared with September 30, 2003.

BALANCE SHEET HIGHLIGHTS

Total assets were \$77.3 billion at September 30, 2004 compared with \$68.2 billion at December 31, 2003. The impact of our January 2004 acquisition of United National and an increase in total loans, including the first quarter 2004 purchase of a portfolio of home equity loans, contributed to the increase in total assets at September 30, 2004.

Average interest-earning assets were \$60.9 billion for the first nine months of 2004 compared with \$54.5 billion for the first nine months of 2003. An increase in average loans and securities, due in part to the acquisition of United National, and the comparative impact of our adoption of Financial Accounting Standards Board Interpretation No. ("FIN") 46 (Revised 2003), "Consolidation of Variable Interest Entities," in the second half of 2003 were the primary drivers of the increase in average interest-earning assets.

During the third quarter of 2004, we reclassified on our Consolidated Balance Sheet certain assets related to the Market Street Funding Corporation ("Market Street") conduit from purchased customer receivables to loans. These amounts totaled \$1.8 billion at September 30, 2004, \$2.2 billion at December 31, 2003 and \$2.5 billion at September 30, 2003. The impact on our average total loans resulting from this change was an increase of \$1.7 billion for the third quarter of 2004, \$1.8 billion for the second quarter of 2004 and \$2.5 billion for the third quarter of 2003. For the nine months ended September 30, 2004 and 2003, our average total loans increased \$1.9 billion and \$.8 billion, respectively, as a result of this reclassification. These amounts are included in our Wholesale Banking segment. The asset quality ratios included in this Report reflect this reclassification for all periods presented.

Average total loans were \$40.2 billion for the first nine months of 2004, an increase of \$4.6 billion over the first nine months of 2003. Apart from the comparative impact of the Market Street reclassification described above, the increase in average total loans was primarily attributable to the addition of approximately \$1.9 billion of loans from the acquisition of United National and growth in home equity of approximately \$2.2 billion and commercial loans of approximately \$.3 billion, partially offset by a \$.5 billion decline in lease financing loans. During the second quarter of 2004, we sold our vehicle leasing portfolio as more fully described in the Consolidated Balance Sheet Review section of this Financial Review.

Average total deposits were \$48.9 billion for the first nine months of 2004, an increase of \$4.6 billion over the first nine months of 2003. The increase in deposits was attributable to the acquisition of United National that added approximately \$2.2 billion of average deposits and increased customer volumes. Average total deposits represented 66% of total sources of funds for the first nine months of 2004 and 2003. Average transaction deposits were \$35.5 billion for the first nine months of 2004 compared with \$ 32.7 billion for the first nine months of 2003.

Average borrowed funds were \$12.5 billion for the first nine months of 2004 and \$9.8 billion for the first nine months of 2003. The following contributed to this increase:

- The addition to our Consolidated Balance Sheet of \$1.2 billion of junior subordinated debentures at December 31, 2003 (\$300 million of which was issued in December 2003), the effective date that we deconsolidated our trust preferred securities under FIN 46,
- The comparative impact of the addition of commercial paper related to Market Street resulting from the adoption of FIN 46 in the second half of 2003,
- Our issuance of \$600 million of subordinated notes in November 2003, and
- An increase in short-term borrowings to fund asset growth.

These increases were partially offset by Federal Home Loan Bank maturities of \$1.3 billion and senior and subordinated debt maturities totaling \$.5 billion during the first nine months of 2004.

Shareholders' equity totaled \$7.3 billion at September 30, 2004, an increase of \$.7 billion from December 31, 2003. See the Consolidated Balance Sheet Review section of this Financial Review for additional information.

BUSINESS SEGMENT HIGHLIGHTS

Total business segment earnings were \$921 million for the first nine months of 2004 and \$853 million for the first nine months of 2003. Total business segment earnings for the third quarter of 2004 were \$265 million, compared with \$301 million for the third quarter of 2003.

Regional Community Banking

Regional Community Banking's earnings were \$361 million for the first nine months of 2004 and \$350 million for the first nine months of 2003. Earnings from Regional Community Banking totaled \$134 million for the third quarter of 2004 compared with \$122 million for the third quarter of 2003. Checking relationships as of September 30, 2004 grew 8% compared with September 30, 2003, while Regional Community Banking average loans grew 32% and average demand deposits grew 12% for the third quarter of 2004 compared with the third quarter of 2003. Earnings for 2004 reflected the acquisition of United National that was effective January 1, 2004, increased loan demand and focused efforts to increase and retain the customer base. The impact of these factors on results for the first nine months of 2004 was partially offset by higher noninterest expense, primarily attributable to United National, and a higher provision for credit losses driven by a change in charge-off policy and growth in the small business commercial loan portfolio.

Wholesale Banking

Earnings from Wholesale Banking were \$335 million for the first nine months of 2004 and \$274 million for the first nine months of 2003. Wholesale Banking reported third quarter 2004 earnings of \$100 million, an increase of \$3 million over the third quarter of 2003. The benefit of a lower provision for credit losses, reflecting overall improved asset quality, more than offset higher noninterest expense to support future growth.

PNC Advisors

PNC Advisors earned \$82 million in the first nine months of 2004 and \$69 million in the first nine months of 2003. Earnings for the first nine months of 2004 included a \$10 million pretax gain recognized in the first quarter from the sale of certain investment consulting activities of the Hawthorn unit. Earnings from PNC Advisors totaled \$24 million for the third quarter of 2004 and \$25 million for the third quarter of 2003. The decrease in earnings compared with the third quarter of 2003 was primarily due to lower client trading revenues partially offset by lower related expenses.

BlackRock

BlackRock reported earnings of \$93 million for the first nine months of 2004 compared with \$114 million for the first nine months of 2003. BlackRock reported a net loss of \$10 million for the third quarter of 2004 compared with earnings of \$40 million for the third quarter of 2003. Results for both the third quarter and first nine months of 2004 reflected the \$57 million after-tax impact of the LTIP charge recorded in the third quarter. Apart from the impact of the LTIP charge, results for both 2004 periods reflected higher revenue resulting from a growing base of assets under management. In addition, nine-month 2004 results included a \$9 million net income benefit recognized during the first quarter of 2004 associated with the resolution of an audit performed by New York State on state income tax returns filed from 1998 through 2001. BlackRock's assets under management totaled \$323 billion at September 30, 2004, an increase of 10% compared with the level at September 30, 2003. The increase was attributable to net new subscriptions and market appreciation.

PNC owns approximately 71% of BlackRock and we consolidate BlackRock into our financial statements. Accordingly, approximately 29% of BlackRock's earnings are recognized as minority interest expense in the Consolidated Statement of Income. BlackRock financial information included in the Financial Review section of this Report is presented on a stand-alone basis. The market value of our BlackRock shares was approximately \$3.3 billion at September 30, 2004.

PFPC

PFPC earned \$50 million for the first nine months of 2004 and \$46 million for the first nine months of 2003. Earnings from PFPC totaled \$17 million for both the third quarter of 2004 and the third quarter of 2003. The higher year-to-date earnings were primarily attributable to the divestiture of the retirement services business and the acquisition of ADVISORport, Inc., both executed in 2003, as well as the benefit derived from comparatively favorable market conditions. Improved results for 2004 also reflected new and expanded business, expense savings initiatives and debt management. PFPC's accounting/administration net fund assets increased 7% and custody fund assets increased 9% as of September 30, 2004 compared with the balances at September 30, 2003. The increases were driven by improved equity market conditions, net new business and asset inflows from existing clients.

CONSOLIDATED INCOME STATEMENT REVIEW

NET INTEREST INCOME AND NET INTEREST MARGIN

Changes in net interest income and net interest margin result from the interaction among the volume and composition of earning assets, related yields and associated funding costs. Accordingly, portfolio size, composition and yields earned and funding costs can have a significant impact on net interest income and margin.

See Balance Sheet Highlights in the Executive Summary section of this Financial Review and the Statistical Information-Average Consolidated Balance Sheet And Net Interest Analysis included in Part I, Item 1 of this Report for additional information.

Taxable-equivalent net interest income was \$1.480 billion for the first nine months of 2004 compared with \$1.518 billion for the first nine months of 2003. Taxable-equivalent net interest income totaled \$498 million for the third quarter of 2004 compared with \$489 million for the third quarter of 2003. Our Consolidated Financial Highlights section included in this Financial Review provides a reconciliation of net interest income as reported under GAAP to net interest income presented on a taxable-equivalent basis.

The net interest margin for the first nine months of 2004 was 3.22%, a decrease of 48 basis points compared with the first nine months of 2003. The net interest margin for the third quarter of 2004 was 3.19% compared with 3.44% for the third quarter of 2003. The following factors contributed to the decline in net interest margin for both the nine-month and third quarter comparisons:

- The low interest rate environment that persisted through 2004 resulted in the average yield on loans declining by 63 basis points for the first nine months of 2004 compared with the first nine months of 2003. However, the average rate paid on deposits declined by only 21 basis points over this period. The decline in loan yields was attributable to the level of interest rates, competitive pricing pressure on commercial loans, more aggressive pricing on home equity loans and the sale of the vehicle leasing portfolio.
- For the third quarter of 2004, the average yield on loans declined 36 basis points while the average rate on deposits increased two basis points compared with the year ago quarter.
- To the extent that securities were sold, prepaid or matured and were replaced, the average yield on our securities portfolio declined. This decline totaled 56 basis points for the first nine months of 2004 compared with the first nine months of 2003.
- For the third quarter of 2004, the average yield on securities declined four basis points compared with the year ago quarter.
- See Note 5 Capital Securities of Subsidiary Trusts in the Notes to the Consolidated Financial Statements under Part I, Item 1 of this Report and Note 20 Capital Securities of Subsidiary Trusts in Part II, Item 8 of our 2003 Form 10-K regarding the impact of Statement of Financial Accounting Standards No. ("SFAS") 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," and FIN 46 on the accounting for these instruments and the related impact on interest expense during 2003 and 2004. Consolidated net interest margin was negatively impacted by 13 basis points in both the first nine months and third quarter of 2004, three basis points for the first nine months of 2003 and 10 basis points for the third quarter of 2003 resulting from the accounting for these instruments.
- The impact of the consolidation of variable interest entities ("VIEs") due to the adoption of FIN 46 effective July 1, 2003 increased taxable-equivalent net interest income slightly in the third quarter and first nine months of 2004 compared with the respective 2003 periods. However, the impact of the consolidation of the VIEs reduced the net interest margin by eight basis points in the third quarter of 2004 compared with 15 basis points for the third quarter of 2003. For the first nine months of 2004, the consolidation of the VIEs reduced the net interest margin by 11 basis points, compared with eight basis points for the first nine months of 2003.

The impact of the United National acquisition on 2004 taxable-equivalent net interest income and net interest margin mitigated the factors described above. United National added approximately \$93 million of net interest income and five basis points to the net interest margin during the first nine months of 2004 and approximately \$30 million of net interest income and five basis points to the net interest margin in the third quarter of 2004 compared with the year-earlier periods.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$33 million for the first nine months of 2004, a decline of \$110 million compared with the first nine months of 2003. The provision for credit losses decreased \$37 million, to \$13 million, for the third quarter of 2004 compared with the third quarter of 2003. The significant decline in the provision for credit losses in both 2004 periods primarily reflected an overall improvement in the credit quality of the loan portfolio in 2004 compared with the prior year periods. The improved credit quality reflected both a decline in nonperforming loans and a reduction in problems related to performing credits. The favorable impact of these factors on the provision was partially offset by the impact of overall loan growth in 2004.

See Allowance for Loan And Lease Losses And Unfunded Loan Commitments And Letters Of Credit in the Credit Risk Management portion of the Risk Management section of this Financial Review for additional information regarding factors impacting the provision for credit losses.

NONINTEREST INCOME

Summary

Noninterest income increased \$263 million, to \$2.659 billion, for the first nine months of 2004 compared with \$2.396 billion for the first nine months of 2003. Noninterest income totaled

\$838 million for the third quarter of 2004 compared with \$825 million for the third quarter of 2003.

Higher noninterest income for both 2004 periods reflected the following:

- Equity management gains compared with equity management losses in the year-earlier periods,
- Increases in asset management, fund servicing fees, service charges on deposits, brokerage and consumer services revenue, and
- The impact of the United National acquisition, which contributed approximately \$16 million to noninterest income in the first nine months of 2004, including approximately \$3 million in the third quarter.

Pretax gains amounting to \$57 million arising from three transactions in the first half of 2004 as further described below also contributed to the increase in noninterest income for the first nine months of 2004.

Lower gains from asset sales and lower net securities gains in 2004 partially offset these increases for both the third quarter and nine-month comparisons to 2003.

Additional Analysis

Combined asset management and fund servicing fees totaled \$1.348 billion for the first nine months of 2004, up \$147 million compared with \$1.201 billion for the first nine months of 2003. Combined asset management and fund servicing fees amounted to \$442 million for the third quarter of 2004, an increase of \$38 million over the prior year third quarter. These increases reflected growth in assets managed and serviced, partially due to improved equity market conditions that began in 2003 and continued into 2004. Assets under management at September 30, 2004 totaled \$362 billion, up \$26 billion compared with the level at September 30, 2003 primarily due to growth in assets managed by BlackRock. PFPC provided fund accounting/administration services for \$667 billion of net fund investment assets and provided custody services for \$418 billion of fund investment assets at September 30, 2004, compared with \$622 billion and \$384 billion, respectively, at September 30, 2003. Net new business, comparatively improved equity market conditions and asset inflows from existing clients all contributed to the increases in the PFPC statistics.

Service charges on deposits grew \$10 million, to \$187 million, for the first nine months of 2004 compared with the prior year period. For the third quarter of 2004, service charges on deposits totaled \$65 million compared with \$60 million in the third quarter of 2003. Additional checking relationships, which increased 8% as of September 30, 2004 compared with September 30, 2003, drove the improvement in this category.

Brokerage fees totaled \$166 million for the first nine months of 2004, up \$33 million compared with the first nine months of 2003. Third quarter 2004 brokerage fees amounted to \$52 million, an increase of \$6 million compared with the prior year quarter. The impact of overall higher trading volumes resulting from comparatively improved market conditions contributed to the increases in both comparisons.

Consumer services fees were \$196 million for the first nine months of 2004 compared with \$188 million for the prior year-to-date period. For the third quarter of 2004, consumer services fees totaled \$66 million, up slightly compared with the third quarter of 2003. Higher fees for 2004 were partially due to additional fees from debit card transactions that reflected higher volumes, including the impact of United National customers, partially offset by the impact of the sale of certain out-of-footprint ATMs.

As previously reported, Visa settled litigation in 2003 with major retailers regarding pricing and usage of customer debit cards. The settlement effectively lowered prices paid by merchants to Visa and its member banks beginning August 1, 2003. Although PNC was not a defendant in the litigation, the settlement lowered future revenue from certain debit card transactions. The lost revenue impact to PNC for the first nine months of 2004 was approximately \$7 million. For the third quarter of 2004, the lost revenue impact was approximately \$2 million. As a result of subsequent changes in the pricing structure with Visa during 2004, the lost revenue impact of the settlement for full year 2004 is estimated to be \$10 million.

Corporate services revenue totaled \$353 million for the first nine months of 2004, a decline of \$9 million compared with the first nine months of 2003. For the third quarter of 2004, corporate services revenue totaled \$100 million compared with \$132 million for the third quarter of 2003. Net gains in excess of valuation adjustments related to our liquidation of institutional loans held for sale totaled \$50 million in the first nine months of 2004 compared with \$53 million for the first nine months of 2003. For the third quarter of 2004, these gains amounted to \$5 million compared with \$23 million for the prior year third quarter. We expect these gains to continue to decline as the liquidation of institutional loans held for sale nears completion. In addition to these declines, corporate services revenue decreased in both 2004 comparisons primarily due to lower gains on sales of commercial mortgages partially offset by higher servicing fees related to an increase in the commercial mortgage servicing portfolio and higher letters of credit fees.

Equity management (private equity) net gains on portfolio investments totaled \$58 million for the first nine months of 2004 compared with net losses of \$25 million for the first nine months of 2003. For the third quarter of 2004, net gains on portfolio investments totaled \$16 million compared with net losses of \$4 million in the third quarter of 2003.

Net securities gains totaled \$45 million for the first nine months of 2004 compared with \$101 million for the first nine months of 2003. Net securities gains for the first nine months of 2003 included \$25 million related to the liquidation of the three entities formed in 2001 in the PAGIC transactions. Net securities gains were \$16 million for the third quarter of 2004, down from \$19 million in the prior year quarter.

Other noninterest income totaled \$306 million for the first nine months of 2004 compared with \$259 million for the first nine months of 2003. Other noninterest income typically fluctuates from period to period depending on the nature and magnitude of transactions completed. Other noninterest income for the first nine months of 2004 included the following items:

- A \$34 million pretax gain related to the sale of our modified coinsurance contracts, as further described under Noninterest Income in the Consolidated Income Statement Review included in the Financial

Review section of Part I, Item 2 of our first quarter 2004 Quarterly Report on Form 10-Q,

- \$21 million of private equity dividends,
- A \$13 million pretax gain recognized during the second quarter of 2004 in connection with BlackRock's sale of its interest in Trepp LLC, and
- A \$10 million pretax gain related to the first quarter 2004 sale of certain investment consulting activities of the Hawthorn unit of PNC Advisors.

Partially offsetting the impact of these items was a \$30 million decline in the component of trading revenue included in other noninterest income for the first nine months of 2004. See Trading Risk within the Risk Management section of this Financial Review and Note 7 Trading Activities in the Notes to Consolidated Financial Statements included under Part I, Item 1 of this Report for additional information.

Other noninterest income was \$81 million for the third quarter of 2004, a decline of \$22 million compared with the third quarter of 2003. The impact of an \$11 million increase in gains on sales of education loans was more than offset by lower trading revenue in the third quarter of 2004 compared with the prior year quarter.

PRODUCT REVENUE

Wholesale Banking offers treasury management, capital markets, commercial loan servicing and equipment leasing products that are marketed by several businesses across our Corporation.

Treasury management revenue, which includes fees as well as revenue from customer deposit balances, totaled \$274 million for the first nine months of 2004 compared with \$270 million for the first nine months of 2003. Treasury management revenue for the third quarter of 2004 totaled \$95 million compared with \$90 million for the third quarter of 2003. In September 2004, we changed our deposit earnings methodology to reflect the longer term nature of treasury management deposits. The impact in the third quarter of 2004 was an increase in revenue of approximately \$3 million. Excluding this methodology change, treasury management revenue has increased slightly despite a declining value of deposits and the industry shift to a more electronic-based platform, which has lower revenue per item than a paper-based platform. We have been able to offset these revenue declines by increasing other treasury management product sales.

Consolidated revenue from capital markets totaled \$96 million for the first nine months of 2004 and \$87 million for the first nine months of 2003. The revenue growth was driven primarily by increased derivative and syndication activity and increased trading revenue. For the third quarter of 2004, consolidated revenue from capital markets decreased \$5 million, to \$27 million, compared with the prior year third quarter. The decrease in revenue was driven primarily by lower results in trading and decreased customer volumes.

Midland Loan Services offers servicing and technology solutions for the commercial real estate finance industry. Midland's revenue, which includes fees as well as revenue from servicing deposit balances, totaled \$81 million for the first nine months of 2004 compared with \$73 million for the first nine months of 2003. Midland's revenue for the third quarter of 2004 totaled \$29 million compared with \$26 million for the third quarter of 2003. The revenue growth was driven primarily by growth in the servicing portfolio and related services.

Consolidated revenue from equipment leasing products totaled \$63 million for the first nine months of 2004 and \$62 million for the first nine months of 2003. Consolidated revenue from equipment leasing products totaled \$21 million for the third quarter of 2004 compared with \$23 million for the third quarter of 2003. The decline in third quarter 2004 equipment leasing revenue reflected a change in product mix as we no longer engage in higher spread, cross-border leases but have shifted to more traditional lower-spread leasing products.

As a component of our advisory services to clients, we provide a select set of insurance products to fulfill specific customer financial needs. Primary insurance offerings include:

- annuities,
- life,
- health,
- disability, and
- commercial lines coverage.

Client segments served by these insurance products include those in PNC Advisors, Regional Community Banking and Wholesale Banking. Insurance products are sold by PNC-licensed insurance agents and through licensed third-party arrangements. We recognized revenue from our insurance sales activities of \$50 million in the first nine months of 2004 and \$41 million in the first nine months of 2003. Revenue from our insurance sales activities totaled \$17 million for the third quarter of 2004 and \$10 million for the third quarter of 2003. We expect revenue from these activities to level off in 2005 compared with 2004.

NONINTEREST EXPENSE

Year-to-date September 30, 2004 and 2003

Total noninterest expense was \$2.786 billion for the first nine months of 2004, an increase of \$168 million compared with \$2.618 billion for the first nine months of 2003. The efficiency ratio was 68% for the first nine months of 2004 compared with 67% for the first nine months of 2003.

Noninterest expense for the first nine months of 2004 included the following:

- A \$96 million pretax charge associated with the BlackRock LTIP, including a \$91 million impact on the "Staff" and a \$5 million impact on the "Other" noninterest expense line items on the Consolidated Statement of Income;
- Costs totaling approximately \$63 million resulting from our first quarter 2004 acquisition of United National, including approximately \$11 million of costs considered one-time in nature. The impact of these costs was reflected in several noninterest expense line items in our Consolidated Statement of Income and was included almost entirely in the Regional Community Banking business segment;
- FIN 46-related expenses amounting to \$50 million related primarily to low income housing tax credit investments;
- Expenses totaling \$8 million in connection with the sale of our vehicle leasing business during the second quarter of 2004; and

- A \$6 million impairment charge on an intangible asset related to the orderly liquidation of a particular fund managed by BlackRock. We recognized this charge during the first quarter of 2004.

Noninterest expense for the first nine months of 2003 included the following:

- Expenses totaling \$120 million recognized in connection with a subsidiary's second quarter 2003 agreement with the DOJ, including \$5 million of related legal and consulting costs;
- Costs totaling \$29 million paid in connection with our first quarter 2003 liquidation of the three entities formed in 2001 in the PAGIC transactions. The impact of these costs was mostly offset by related net securities gains included in noninterest income;
- We adopted FIN 46 effective July 1, 2003. FIN 46-related expenses for the third quarter of 2003 totaled \$19 million;
- Distributions on capital securities totaling \$28 million; and
- A first quarter 2003 facilities charge of \$23 million related to leased space.

Apart from the impact of the items described above, noninterest expense increased \$164 million during the first nine months of 2004 compared with the same period in 2003. The higher expenses were primarily attributable to higher sales-based compensation, stock-based incentive compensation and marketing costs in 2004. These charges more than offset the benefit of lower pension expense in the comparison and a \$74 million incremental benefit in the first nine months of 2004 from efficiency initiatives.

Third quarter 2004 and 2003

Total noninterest expense was \$981 million for the third quarter of 2004, up \$154 million compared with the third quarter of 2003. The efficiency ratio was 74% for the third quarter of 2004 compared with 63% for the third quarter of 2003.

Noninterest expense for the third quarter of 2004 reflected the BlackRock LTIP charge described above and included \$14 million of ongoing costs related to United National. Apart from the impact of these items, noninterest expense increased \$44 million in the third quarter of 2004 compared with the third quarter of 2003 primarily due to higher incentive compensation. These charges more than offset the benefit of a \$21 million incremental benefit in the third quarter of 2004 from efficiency initiatives.

Average full-time equivalent employees totaled approximately 23,700 in the first nine months of 2004 and 23,400 for the first nine months of 2003. The increase was primarily in Regional Community Banking, reflecting the United National acquisition, partially offset by decreases at PNC Advisors and PFPC.

EFFECTIVE TAX RATE

Our effective tax rate for the first nine months of 2004 was 31.5% compared with 34.3% for the first nine months of 2003. For the third quarter of 2004, the effective tax rate was 26.9% compared with 34.9% for the third quarter of 2003. The decrease in the effective rate for the first nine months of 2004 was primarily attributable to the impact of the \$8 million tax effect of the non-deductible component of the second quarter 2003 DOJ agreement, the \$9 million first quarter 2004 tax benefit recorded as a result of resolving a BlackRock New York State audit and a \$14 million third quarter 2004 reduction in income tax expense following our determination that we no longer required an income tax reserve related to bank-owned life insurance. This determination was also the principal reason for the reduction in the effective tax rate from the third quarter of 2003 to the third quarter of 2004. We made this determination based on:

- The completion of a national Internal Revenue Service ("IRS") initiative to evaluate bank-owned life insurance that we believe concluded that the type of bank-owned life insurance we hold fully complies with existing tax law, and
- The status of our current IRS examination.

CONSOLIDATED BALANCE SHEET REVIEW

BALANCE SHEET DATA

In millions	September 30 2004	December 31 2003
Assets		
Loans, net of unearned income	\$ 42,480	\$ 36,303
Securities	16,824	15,690
Loans held for sale	1,582	1,400
Other	16,411	14,775
Total assets	\$ 77,297	\$ 68,168
Liabilities		
Funding sources	\$ 64,081	\$ 56,694
Other	5,405	4,367
Total liabilities	69,486	61,061
Minority and noncontrolling interests in consolidated entities	499	462
Total shareholders' equity	7,312	6,645
Total liabilities, minority and noncontrolling interests and shareholders' equity	\$ 77,297	\$ 68,168

Our Consolidated Balance Sheet is presented in Part I, Item 1 on page 43 of this Report.

Total assets were \$77.3 billion at September 30, 2004 compared with \$68.2 billion at December 31, 2003. Our acquisition of United National that was effective January 1, 2004, organic growth in loan demand and the first quarter 2004 purchase of approximately \$660 million of home equity loans drove the increase in total assets. Total funding sources at September 30, 2004 increased \$7.4 billion from the balance at December 31, 2003 primarily due to higher deposits resulting from the United National acquisition, increased checking relationships and an increase in short-term borrowings.

An analysis of changes in certain balance sheet categories follows.

LOANS, NET OF UNEARNED INCOME

Loans increased \$6.2 billion, to \$42.5 billion at September 30, 2004, compared with the balance at December 31, 2003. The increase in total loans was driven by the addition of \$1.9 billion of loans related to our United National acquisition, growth in demand for commercial loans and the purchase of approximately \$660 million of home equity loans in the first quarter of 2004. These were partially offset by the impact of the sale of the vehicle leasing portfolio and the comparative impact of the Market Street reclassification described under Balance Sheet Highlights in the Executive Summary section of this Financial Review.

Details Of Loans

In millions	September 30 2004	December 31 2003
Commercial		
Retail/wholesale	\$ 4,855	\$ 4,327
Manufacturing	4,033	3,786
Service providers	2,047	1,867
Real estate related	1,706	1,303
Financial services	1,214	1,169
Health care	473	403
Communications	98	93
Other	2,689	2,134
Total commercial	17,115	15,082
Commercial real estate		
Real estate projects	1,513	1,392
Mortgage	527	432
Total commercial real estate	2,040	1,824
Consumer		
Home equity	12,377	9,790
Automobile	842	585
Other	1,684	1,480
Total consumer	14,903	11,855
Residential mortgage	4,672	2,886
Lease financing		
Equipment	3,949	3,935
Vehicle	228	1,212
Total lease financing	4,177	5,147
Other	504	518
Unearned income	(931)	(1,009)
Total, net of unearned income	\$ 42,480	\$ 36,303

As the table above indicates, the loans that we hold continued to be diversified among numerous industries and types of businesses. The loans that we hold are also diversified across the geographic areas where we do business.

As shown in the table below, the types of Wholesale Banking commercial loans and unfunded commitments that we have remained concentrated in investment grade equivalent exposure and secured lending.

Wholesale Lending Statistics ^(a)

<u>Dollars in millions</u>	<u>September 30 2004</u>	<u>December 31 2003</u>
Portfolio composition-total exposure		
Investment grade equivalent or better	53%	52%
Non-investment grade (secured lending)	24	25
Non-investment grade (other)	23	23
Total	100%	100%
Client relationships >\$50 million-total exposure	\$ 12,986	\$ 12,396
Client relationships >\$50 million-customers	148	138

^(a) Includes amounts for customers of Market Street Funding Corporation.

Leasing Activities

The equipment lease portfolio totaled \$3.9 billion at September 30, 2004 and included approximately \$1.7 billion of cross-border leases. Cross-border leases are primarily leveraged leases of equipment located in foreign countries, primarily in western Europe and Australia. We no longer enter into new cross-border lease transactions.

Aggregate residual value at risk on the total commercial lease portfolio at September 30, 2004 was \$1.2 billion. We have taken steps to mitigate \$.7 billion of this residual risk, including residual value insurance coverage with third parties, third party guarantees, and other actions. Approximately \$.5 billion of this risk was unmitigated at September 30, 2004.

As discussed in our prior filings, differing versions of legislation had been passed in the United States Senate and House of Representatives that affected cross-border lease transactions. The differing legislation was reconciled in the American Jobs Creation Act of 2004 (the "Act") which was signed into law on October 22, 2004. The Act impacts only cross-border lease transactions entered into after March 12, 2004. All of our cross-border lease transactions were entered into prior to this date. While only transactions entered into after March 12, 2004 are specifically impacted, the Act is clear that no inference should be drawn as to the proper tax treatment of transactions entered into on or before this date. Thus, the tax treatment of existing transactions is still subject to challenge by the IRS.

As part of the audit of our 1998-2000 consolidated federal income tax returns, the IRS has proposed adjustments to the following cross-border lease transactions that we have previously entered into:

- Two lease-in, lease-out transactions,
- Seven qualified technological equipment leases, and
- Three lease-to-service contract transactions.

The proposed adjustments would reverse the tax treatment of these transactions as we reported them on our filed tax returns. We believe the method used to report these transactions in our filed tax returns is supported by appropriate tax law and intend to pursue resolution of the matter through the appropriate IRS administrative appeal remedies. While we cannot predict with certainty the result of pursuing the administrative appeal remedies, any resolution would most likely involve a change in the timing of tax deductions which, in turn, depending on the exact resolution, could significantly impact the economics of these types of transactions.

Two other lease-to-service contract transactions that we were party to were structured as partnerships for tax purposes. We have been informed that the partnerships are under audit by the IRS.

During the second quarter of 2004, we completed the sale of our subsidiary, PNC Vehicle Leasing LLC, and the related vehicle lease portfolio and other assets. In connection with this transaction, we also terminated our related residual insurance policies with our residual insurance carrier. As a result of these actions, we have completed the exit of the consumer vehicle leasing business, including our related exposures to the used vehicle market and the payment of future residual insurance claims. We recognized a pretax net loss of \$3 million related to the sale during the second quarter of 2004.

On September 1, 2004, we acquired the business of the Aviation Finance Group, LLC ("AFG"), an Idaho-based company that specializes in loans to finance private aircraft. By combining the business of AFG with our existing business, we expect to increase our ability to offer a variety of loans and leasing products to corporate aircraft customers. See Note 3 Acquisitions in the Notes to Consolidated Financial Statements under Part I, Item 1 of this Report for additional information regarding our acquisition of the business of AFG.

Net Unfunded Credit Commitments

In millions	September 30 2004	December 31 2003
Commercial	\$ 19,016	\$ 18,065
Consumer	7,440	5,774
Commercial real estate	1,049	767
Lease financing	154	85
Education loans	278	252
Institutional lending repositioning	3	85
Other	32	155
Total	\$ 27,972	\$ 25,183

Commitments to extend credit represent arrangements that we have to lend funds or provide liquidity subject to specified contractual conditions. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling \$5.4 billion at September 30, 2004 and \$6.4 billion at December 31, 2003.

The increase in consumer net unfunded commitments at September 30, 2004 compared with the balance at December 31, 2003 was primarily due to net unfunded commitments related to our first quarter 2004 purchase of a portfolio of home equity loans and the acquisition of United National.

Unfunded credit commitments related to Market Street totaled \$930 million at September 30, 2004 and \$911 million at December 31, 2003 and are included in the preceding table primarily within the "Commercial" and "Consumer" categories. See the Off-Balance Sheet Arrangements And Consolidated VIEs section of this Financial Review and Note 2 Variable Interest Entities in the Notes to Consolidated Financial Statements in Part I, Item 1 of this Report for further information regarding Market Street.

In addition to credit commitments, our net outstanding standby letters of credit totaled \$3.5 billion at September 30, 2004 and \$4.0 billion at December 31, 2003. Standby letters of credit commit us to make payments on behalf of our customers if specified future events occur.

SECURITIES

Details Of Securities

<u>In millions</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
September 30, 2004		
<i>SECURITIES AVAILABLE FOR SALE</i>		
Debt securities		
U.S. Treasury and government agencies	\$ 4,789	\$ 4,784
Mortgage-backed	7,226	7,163
Commercial mortgage-backed	2,275	2,281
Asset-backed	2,171	2,167
State and municipal	174	176
Other debt	33	33
Corporate stocks and other	217	219
Total securities available for sale	\$ 16,885	\$16,823
<i>SECURITIES HELD TO MATURITY</i>		
Debt securities		
Asset-backed	\$ 1	\$ 1
Total securities held to maturity	\$ 1	\$ 1
December 31, 2003		
<i>SECURITIES AVAILABLE FOR SALE</i>		
Debt securities		
U.S. Treasury and government agencies	\$ 3,402	\$ 3,416
Mortgage-backed	5,889	5,814
Commercial mortgage-backed	3,248	3,310
Asset-backed	2,698	2,692
State and municipal	133	135
Other debt	55	57
Corporate stocks and other	259	264
Total securities available for sale	\$ 15,684	\$15,688
<i>SECURITIES HELD TO MATURITY</i>		
Debt securities		
Asset-backed	\$ 2	\$ 2
Total securities held to maturity	\$ 2	\$ 2

Securities represented 22% of total assets at September 30, 2004 and 23% of total assets at December 31, 2003. The increase in total securities compared with December 31, 2003 was primarily due to increases in U.S. Treasury and government agencies and mortgage-backed securities, partially offset by declines in commercial mortgage-backed and asset-backed securities.

At September 30, 2004, the securities available for sale balance included a net unrealized loss of \$62 million, which represented the difference between fair value and amortized cost. The comparable amount at December 31, 2003 was a net unrealized gain of \$4 million. The impact of an increase in interest rates during the second and third quarters of 2004 was reflected in the net unrealized loss position at September 30, 2004.

The fair value of securities available for sale decreases when interest rates increase and vice versa. Further increases in interest rates after September 30, 2004, if sustained, will adversely impact the fair value of securities available for sale going forward compared with the balance at September 30, 2004. Net unrealized gains and losses in the securities available for sale portfolio are included in shareholders' equity as accumulated other comprehensive income or loss, net of tax.

The expected weighted-average life of securities available for sale was 2 years and 9 months at September 30, 2004 and 2 years and 11 months at December 31, 2003.

We estimate the effective duration of securities available for sale is 2.6 years for an immediate 50 basis points parallel increase in interest rates and 2.3 years for an immediate 50 basis points parallel decrease in interest rates.

Mortgage-backed securities comprise 43% of available for sale securities or \$7.2 billion. These securities are predominantly collateralized mortgage obligations and securitized pools of hybrid adjustable rate mortgages. At September 30, 2004, we held approximately \$716 million of 30- and 15- year fixed-rate pass-through securities.

We carry securities classified as held to maturity at amortized cost. Securities classified as held to maturity at September 30, 2004 and December 31, 2003 were related to Market Street and were consolidated due to our adoption of FIN 46 effective July 1, 2003. These securities represent a static pool of lottery payments purchased as a private placement. The expected weighted-average life of securities held to maturity was 10 months at September 30, 2004 and 2 years and 7 months at December 31, 2003.

LOANS HELD FOR SALE

Details Of Loans Held For Sale

<u>In millions</u>	<u>September 30 2004</u>	<u>December 31 2003</u>
Education loans	\$ 1,170	\$ 1,014
Institutional lending repositioning	14	70
Other	398	316
Total loans held for sale	\$ 1,582	\$ 1,400

We classify substantially all of our education loans as loans held for sale. Generally, we sell education loans when the loans are placed into repayment status. Gains on sales of

education loans totaled \$15 million for the third quarter of 2004 and \$17 million for the first nine months of 2004. The corresponding amounts for 2003 totaled \$4 million and \$12 million. These gains are reflected in the results of the Regional Community Banking segment.

Our liquidation of institutional loans held for sale resulted in net gains in excess of valuation adjustments of \$5 million for the third quarter of 2004 and \$50 million for the first nine months of 2004. The corresponding amounts for 2003 were \$23 million and \$53 million. These gains are reflected in the results of the Wholesale Banking business segment. We expect these gains to continue to decline as the liquidation of institutional loans held for sale nears completion.

OTHER ASSETS

The increase of \$1.6 billion in "Assets-Other" in the preceding "Balance Sheet Data" table includes the impact of an increase in receivables related to trade-date accounting for securities sold but not settled as of September 30, 2004 and an increase in goodwill. Goodwill recorded in connection with the 2004 United National acquisition totaled \$564 million and \$35 million of goodwill recorded during the third quarter of 2004 related to the AFG acquisition.

CAPITAL AND FUNDING SOURCES

Details Of Funding Sources

In millions	September 30 2004	December 31 2003
Deposits		
Money market	\$ 21,017	\$ 19,398
Demand	15,319	14,861
Retail certificates of deposit	9,434	8,142
Savings	2,766	2,114
Other time	953	380
Time deposits in foreign offices	1,673	346
Total deposits	51,162	45,241
Borrowed funds		
Federal funds purchased	2,008	169
Repurchase agreements	1,595	1,081
Bank notes and senior debt	2,997	2,823
Federal Home Loan Bank borrowings	96	1,115
Subordinated debt	3,569	3,729
Commercial paper ^(a)	1,805	2,226
Other borrowed funds	849	310
Total borrowed funds	12,919	11,453
Total	\$ 64,081	\$ 56,694

^(a) Attributable to Market Street.

Total deposits increased \$5.9 billion from December 31, 2003. This increase was primarily attributable to our first quarter 2004 acquisition of United National. Total borrowed funds increased \$1.5 billion from December 31, 2003 due to an increase in short-term borrowings.

Capital

We manage our capital position by making adjustments to our balance sheet size and composition, issuing debt and equity instruments, making treasury stock transactions, maintaining dividend policies and retaining earnings.

Total shareholders' equity was \$7.3 billion at September 30, 2004, an increase of \$.7 billion from December 31, 2003. The increase in total shareholders' equity at September 30, 2004 compared with December 31, 2003 was primarily attributable to higher retention of shareholders' equity in anticipation of the pending acquisitions of Riggs and SSRM. Partially offsetting the increase in shareholders' equity was a decline in the fair value of securities available for sale and cash flow hedge derivatives due to the impact of rising interest rates during the second and third quarters of 2004. These fair value changes are captured in the accumulated other comprehensive (loss) income component of shareholders' equity. See Note 15 Shareholders' Equity And Comprehensive Income in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Report for additional information.

Common shares outstanding at September 30, 2004 were 282 million, an increase of 5 million over December 31, 2003, principally due to the issuance of common shares for the acquisition of United National in early 2004.

As previously reported, in February 2004 the PNC board of directors authorized the repurchase of up to 20 million shares of common stock. During the third quarter of 2004, we repurchased .3 million common shares under this program at a total cost of \$12 million. During the first nine months of 2004, we purchased 3.5 million common shares at a total cost of \$193 million under the 2004 repurchase program and under the prior program. The extent and timing of share repurchases during the remainder of the program will depend on a number of factors, including, among others, market and general economic conditions, regulatory and economic capital considerations, alternative uses of capital and the potential impact on PNC's credit rating. The pending acquisition of Riggs and BlackRock's pending acquisition of SSRM will cause us to constrain share repurchases over the next several quarters as we seek to maintain our capital position.

Risk-Based Capital

Dollars in millions	September 30 2004	December 31 2003
Capital components		
Shareholders' equity		
Common	\$ 7,304	\$ 6,636
Preferred	8	9
Trust preferred capital securities ^(a)	1,194	1,148
Minority interest	217	246
Goodwill and other intangibles	(3,125)	(2,498)
Net unrealized securities (gains) losses	40	(3)
Net unrealized (gains) on cash flow hedge derivatives	(9)	(48)
Equity investments in nonfinancial companies	(31)	(34)
Other, net	(16)	(19)
Tier 1 risk-based capital	5,582	5,437
Subordinated debt	1,524	1,742
Eligible allowance for credit losses	678	716
Other, net		2
Total risk-based capital	\$ 7,784	\$ 7,897
Assets		
Risk-weighted assets, including off-balance sheet instruments and market risk equivalent assets	\$ 61,998	\$ 57,271
Adjusted average total assets	72,261	66,591

Capital ratios		
Tier 1 risk-based ^(b)	9.0%	9.5%
Total risk-based ^(b)	12.5	13.8
Leverage	7.7	8.2
Tangible common	5.6	6.3

^(a) See Note 5 Capital Securities Of Subsidiary Trusts in the Notes to Consolidated Financial Statements of Part I, Item 1 of this Report regarding the deconsolidation of trust preferred securities at December 31, 2003 under GAAP. However, these securities remained a component of Tier 1 risk-based capital at September 30, 2004 and December 31, 2003 based upon guidance provided to bank holding companies from the Federal Reserve.

^(b) The federal banking agencies jointly issued a final rule amending their risk-based capital standards regarding the capital treatment for certain asset-backed commercial paper programs. This final rule ended the regulatory capital relief previously granted through July 1, 2004 with respect to the Market Street conduit. The impact on our risk-based capital ratios with respect to the Market Street conduit is minimal at September 30, 2004 but the ratios may decrease slightly after the transition period ends (9/30/05).

The access to, and cost of, funding for new business initiatives including acquisitions, the ability to engage in expanded business activities, the ability to pay dividends, the level of deposit insurance costs, and the level and nature of regulatory oversight depend, in part, on a financial institution's capital strength. The declines in the capital ratios at September 30, 2004 compared with the ratios at December 31, 2003 reflected the addition of goodwill associated with the United National acquisition. At September 30, 2004, each of our banking subsidiaries was considered "well-capitalized" based on regulatory capital ratio requirements.

OFF-BALANCE SHEET ARRANGEMENTS AND CONSOLIDATED VIES

As is the case with most larger financial services companies, we conduct a portion of our business activities through limited purpose entities known as “special purpose entities.” Most of these activities involve financial products distributed to customers, trust and custody services, and processing and funds transfer services. The amounts involved in these activities can be quite large in relation to our assets, equity and earnings. While some of these special purpose entities are not included on our Consolidated Balance Sheet, under FIN 46 those special purpose entities defined as VIEs and for which we are considered the primary beneficiary must be consolidated by us for financial reporting purposes.

As discussed in our 2003 Form 10-K and our first quarter 2004 Form 10-Q, we consolidated certain VIEs effective in 2003 for which we were determined to be the primary beneficiary. These consolidated VIEs and relationships with PNC are described in our 2003 Form 10-K and first quarter 2004 Form 10-Q.

At September 30, 2004, and December 31, 2003, the aggregate assets and debt of VIEs that we have consolidated in our financial statements are as follows:

Consolidated VIEs - PNC Is Primary Beneficiary

In millions	Aggregate Assets	Aggregate Debt
September 30, 2004		
Market Street Funding Corporation	\$ 1,730	\$ 1,730
Partnership interests in low income housing projects	517	517
Other	11	9
Total consolidated VIEs	\$ 2,258	\$ 2,256
December 31, 2003		
Market Street Funding Corporation	\$ 2,146	\$ 2,146
Partnership interests in low income housing projects	436	436
Total consolidated VIEs	\$ 2,582	\$ 2,582

We also hold significant variable interests in other VIEs that have not been consolidated because we are not considered the primary beneficiary. Information on these VIEs follows:

Non-Consolidated VIEs - Significant Variable Interests

In millions	Aggregate Assets	Aggregate Debt	PNC Equity/Maximum Equity Exposure
September 30, 2004			
Collateralized debt obligations ^(a)	\$ 3,020	\$ 2,627	\$ 35
Private investment funds ^(a)	1,175	672	33
Partnership interests in low income housing projects	37	28	5
Total significant variable interests	\$ 4,232	\$ 3,327	\$ 73
December 31, 2003			
Collateralized debt obligations ^(a)	\$ 2,740	\$ 2,370	\$ 38
Private investment funds ^(a)	375	227	5
Partnership interests in low income housing projects	41	41	5
Private investment funds (managed by Hawthorn unit) ^(b)	1,144	1,144	3
Total significant variable interests	\$ 4,300	\$ 3,782	\$ 51

^(a) Held by BlackRock.

^(b) Management of the funds was transferred as part of the sale of certain investment consulting activities of PNC Advisors’ Hawthorn unit during first quarter 2004.

We also have subsidiaries that invest in and act as the investment manager for a private equity fund that is organized as a limited partnership as part of our equity management activity. As permitted by FIN 46, we have deferred applying the provisions of the interpretation for this entity pending further action by the Financial Accounting Standards Board. Information on this entity follows:

Investment Company Accounting – Deferred Application

In millions	Aggregate Assets	Aggregate Equity	PNC Equity/Maximum Equity Exposure
September 30, 2004			
Private Equity Fund	\$ 61	\$ 61	\$ 15
December 31, 2003			
Private Equity Fund	\$ 53	\$ 52	\$ 13

REVIEW OF BUSINESSES

We operate five major businesses engaged in banking, asset management and global fund processing services. Banking businesses include regional community banking, wholesale banking and wealth management.

Our treasury management activities, which include cash and investment management, receivables management, disbursement services and global trade services; capital markets products, which include foreign exchange, derivatives trading and loan syndications; and equipment leasing products are offered through Wholesale Banking and sold by several of our businesses.

Results of individual businesses are presented based on our management accounting practices and our management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of individual businesses are not necessarily comparable with similar information for any other company. We refine our methodologies from time to time as our management accounting practices are enhanced and our businesses change. Financial results are presented, to the extent practicable, as if each business operated on a stand-alone basis.

As more fully described in our Current Report on Form 8-K dated April 5, 2004, we changed our financial reporting for our business segments beginning with first quarter 2004 reporting and restated all prior period amounts to conform with the new methodology. The principal changes to our segment reporting are as follows:

- We replaced the assignment of securities or funds to balance net assets for each business segment with a funds transfer pricing methodology.
- We removed the impact of our asset and liability management function from the business segments. This is now reflected in the results of "Other."
- The Wholesale Banking business segment captures the results that were previously reported separately as Corporate Banking, PNC Real Estate Finance and PNC Business Credit to more accurately reflect the manner in which this business is now managed.
- We have implemented a new capital measurement methodology based on the concept of economic capital for Regional Community Banking, Wholesale Banking, PNC Advisors and PFPC. However, we increased the capital assigned to Regional Community Banking to 6% of funds to reflect the capital required for well-capitalized banks and to approximate market comparables for this business. The capital for BlackRock reflects legal entity shareholders' equity consistent with BlackRock's separate public financial statement disclosures.

We have allocated the allowance for loan and lease losses based on our assessment of risk inherent in the loan portfolios. Our allocation of the costs incurred by support areas not directly aligned with the businesses is primarily based on the use of services.

Total business segment financial results differ from total consolidated results. The impact of these differences is primarily reflected in minority interest in income of BlackRock and in the "Other" category in the table below. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, related net securities gains, equity management activities, differences between business segment performance reporting and financial statement reporting (GAAP), corporate overhead and intercompany eliminations. Business segment results, including inter-segment revenues, are included in Note 17 Segment Reporting included in the Notes To Consolidated Financial Statements under Part I, Item 1 of this Report.

The "Other" loss for the first nine months of 2004 declined \$87 million compared with the year-ago period loss as the impact of lower net securities gains in 2004 was more than offset by equity management gains in 2004 and the comparative effect of the \$87 million of after-tax charges related to the DOJ agreement reflected in the 2003 amounts. The decline in "Other" revenue for the first nine months of 2004 compared with the prior year period was primarily due to a decline in net interest income from asset and liability management activities and the impact of the second quarter 2004 sale of our vehicle leasing business.

"Other Information" included in the tables that follow is presented as of period end, except for the following which represent amounts for the periods presented: net charge-offs and the related annualized net charge-off percentage; home equity portfolio credit statistics; gains on sales of education loans; average small business deposits; consolidated revenue from treasury management, capital markets and Midland Loan Services; and average full-time equivalent employees (FTEs). FTE statistics as reported by business reflect staff directly employed by the respective businesses and exclude corporate and shared services employees. Prior period FTE amounts generally are not restated for organizational changes.

RESULTS OF BUSINESSES

Nine months ended September 30 - dollars in millions	Earnings		Revenue		Return on Capital ^(b)		Average Assets ^(c)	
	2004	2003	2004	2003	2004	2003	2004	2003
Banking businesses								
Regional Community Banking	\$361	\$350	\$1,537	\$1,403	20%	21%	\$21,461	\$16,570
Wholesale Banking	335	274	938	952	26	18	21,844	20,689
PNC Advisors	82	69	475	456	35	29	2,727	2,732
Total banking businesses	778	693	2,950	2,811	24	20	46,032	39,991
Asset management and fund processing businesses								
BlackRock	93	114	537	437	17	22	1,077	920
PFPC	50	46	605	568	25	20	2,043	1,884
Total asset management and fund processing businesses	143	160	1,142	1,005	19	21	3,120	2,804
Total business segment results	921	853	4,092	3,816	23	20	49,152	42,795
Minority interest in income of BlackRock	(27)	(35)						
Other	(4)	(91)	47	98			24,936	23,872
Total consolidated^(a)	\$890	\$727	\$4,139	\$3,914	17	14	\$74,088	\$66,667

(a) Business revenue is presented on a taxable-equivalent basis except for BlackRock and PFPC. BlackRock in 2003 and PFPC for both years are presented on a book (GAAP) basis. A reconciliation of total consolidated revenue on a book basis to total consolidated revenue on a taxable-equivalent basis follows:

Nine months ended September 30 - in millions	2004	2003
Total consolidated revenue, book (GAAP) basis	\$4,125	\$3,907
Taxable-equivalent adjustment	14	7
Total consolidated revenue, taxable-equivalent basis	\$4,139	\$3,914

(b) Percentages for BlackRock reflect return on equity.

(e) Period-end balances for BlackRock.

REGIONAL COMMUNITY BANKING

Nine months ended September 30
Taxable-equivalent basis
Dollars in millions

	2004	2003
INCOME STATEMENT		
Net interest income	\$ 1,015	\$ 909
Noninterest income		
Service charges on deposits	180	169
Investment products	85	89
Other	257	236
Total noninterest income	522	494
Total revenue	1,537	1,403
Provision for credit losses	48	26
Noninterest expense		
Staff expense	398	362
Net occupancy and equipment	200	185
Other	321	279
Total noninterest expense	919	826
Pretax earnings	570	551
Income taxes	209	201
Earnings	\$ 361	\$ 350
AVERAGE BALANCE SHEET		
Loans		
Consumer		
Home equity	\$ 10,501	\$ 8,069
Indirect	830	466
Other consumer	576	522
Total consumer	11,907	9,057
Commercial		
Floor plan	3,971	3,222
Residential mortgage	974	844
Other	776	492
Total loans	17,653	13,639
Goodwill	1,001	426
Loans held for sale	1,170	1,166
Other assets	1,637	1,339
Total assets	\$ 21,461	\$ 16,570
Deposits		
Noninterest-bearing demand		
Interest-bearing demand	\$ 6,483	\$ 5,498
Money market	6,923	6,211
Total transaction deposits	12,311	12,358
Savings	25,717	24,067
Certificates of deposit	2,572	2,025
Total deposits	8,587	8,749
Total deposits	36,876	34,841
Other liabilities	270	175
Capital	2,367	2,235
Total funds	\$ 39,513	\$ 37,251
PERFORMANCE RATIOS		
Return on capital	20%	21%
Noninterest income to total revenue	34	35
Efficiency	60	59

Nine months ended September 30
Dollars in millions

	2004	2003
OTHER INFORMATION		
Total nonperforming assets ^(a)	\$ 85	\$ 72
Net charge-offs ^(b)	\$ 52	\$ 32
Annualized net charge-off %	.39%	.31%
Home equity portfolio credit statistics:		
% of first lien positions	51%	50%
Weighted average loan-to-value ratios	71%	70%
Weighted average FICO scores	717	712
Loans 90 days past due	.22%	.23%

Gains on sales of education loans ^(c)	\$ 17	\$ 12
Average FTEs	10,300	9,555
ATMs	3,555	3,664
Branches	774	715
Checking relationships	1,732,000	1,606,000
Consumer DDA households using online banking	690,000	570,000
% of consumer DDA households using online banking	44%	39%
Consumer DDA households using online bill pay	108,000	58,000
% of consumer DDA households using online bill payment	7%	4%
Small business deposits:		
Demand deposits	\$ 5,491	\$ 4,857
Money market	\$ 2,669	\$ 2,076
Certificates of deposit	\$ 309	\$ 346

(a) Includes nonperforming loans of \$74 million at September 30, 2004 and \$62 million at September 30, 2003.

(b) During the first quarter of 2004, management changed its policy for recognizing charge-offs on smaller nonperforming commercial loans. This change resulted in the recognition of an additional \$24 million of gross charge-offs for the first quarter of 2004. The impact of this change in future periods is not expected to be significant.

(c) Included in other noninterest income.

Regional Community Banking earnings were \$361 million for the first nine months of 2004 compared with \$350 million for the same period in 2003. Performance highlights for Regional Community Banking for the first nine months of 2004 include:

- A 14% increase in average demand deposits over 2003, which was driven by an 8% increase in checking account relationships. Approximately 60% of this net growth in account relationships was from new customers with the remainder attributable to the acquisition of United National.
- Average loans for the first nine months of 2004 increased \$4 billion or 29% over 2003 levels driven by the United National acquisition; consumer, small business and dealer loan demand; and the purchase of approximately \$660 million of home equity loans in the first quarter of 2004.
- A continuation of investments in the expansion and upgrade of the branch network. During the third quarter of 2004, six new branches were opened to access new trade areas or relocate to better sites within existing markets. Most of this activity has been concentrated in New Jersey to complement the acquisition of the United National franchise. Also, in an effort to manage the efficiency of the branch network, we continually look for branch consolidation, relocation or divestiture opportunities. During the third quarter of 2004, seven branches were removed from the network related to consolidation and relocation opportunities.

The percentage of our customers banking with us online continued to increase. As of September 2004, 44% of our consumer checking relationships were utilizing web-based banking options compared with 39% a year earlier.

Taxable-equivalent net interest income increased \$106 million primarily due to the 29% increase in loan balances. The benefits of the loan growth were partially offset by lower value of deposits and additional carrying costs related to goodwill associated with United National. All of the goodwill associated with the United National acquisition is reflected in the Regional Community Banking segment.

Noninterest income increased \$28 million for the first nine months of 2004 compared with the same period last year. The growth was driven by the increase in checking relationships, higher usage of related payment products such as debit card and merchant services and higher gains on sales of education loans. These increases were partially offset by a decline in ATM surcharge revenue related to our strategic downsizing of out-of-footprint ATMs. Investment revenues decreased \$4 million due to lower client trading volume and a reduced customer demand for fixed annuity products. Additionally, debit card revenue growth was hindered by last year's Visa/retailer settlement.

The provision for credit losses increased \$22 million for the first nine months of 2004 compared with the first nine months of 2003 primarily due to management's decision earlier in 2004 to change the charge-off policy related to smaller nonperforming commercial loans and, to a lesser extent, provision associated with the growing commercial loan portfolio. Overall credit quality indicators showed continued improvement. Home equity FICO scores and the percentage of first lien positions improved. We update FICO scores for each account on a quarterly basis.

Noninterest expenses in 2004 included \$62 million of costs related to the acquisition of United National, including \$11 million of costs considered "one-time" in nature. Approximately \$15 million in expense growth can be attributed to the build-out of our branch network (in-store branches associated with the Stop & Shop initiative and standalone branch sites), expansion of the small business sales force, increased marketing and sales activities, as well as higher technology expenditures related to investments in teller and back-office operations to increase productivity, improve service and strengthen risk management processes.

We have adopted a relationship-based lending strategy to target homeowners, small businesses and auto dealerships while seeking to maintain a moderate risk profile in the loan portfolio.

- Home equity loans grew by \$2.4 billion or 30% on average for the first nine months of 2004 compared to the prior year. The increase is primarily attributable to continued strength in loan demand, the United National acquisition and the purchase of a \$660 million portfolio in the first quarter of 2004.
- Average commercial loans have grown 23% on the strength of increased loan demand from existing customers, the United National acquisition and an increase in the rate of small business customer acquisition.
- Floor plan and indirect loan portfolios grew 15% and 78% respectively over 2003 levels due to managed increases in our dealer portfolio through new relationships, the United National acquisition and a renewed emphasis on indirect lending.
- Residential mortgage loans increased \$284 million due to the addition of a \$530 million portfolio associated with the United National acquisition. The overall portfolio is decreasing as payoffs occur.

Growth in core deposits as a low cost source of funding is one of the primary objectives of our checking relationship growth strategy. Average total deposits increased \$2 billion or 6% in the first nine months of 2004 compared with the prior year. The deposit growth was driven by increases in the number of checking and savings relationships and the United National acquisition.

- Average demand deposits grew 14% over last year driven by the growth in our customer base and the acquisition of United National. The growth rate in balances exceeded the growth rate in relationships as customers were hesitant to move funds into perceived higher risk alternatives such as equities, bonds or long-term CDs during a period of low interest rates and economic uncertainty. Given the expected increase in interest rates, we expect that average demand deposit balances will decrease as customers use excess liquidity for investment.
- Customer integration and retention efforts for United National have been successful as evidenced by a stable customer base and deposit portfolio during the nine months since the transaction was completed.
- Checking relationship retention has improved and benefited from the increased penetration rates of debit card, online banking and online bill payment products and services.
- Customer balances in other deposit products including savings, money market and certificates of deposit increased \$339 million primarily due to the United National acquisition. These portfolios grew during the third quarter of 2004 as the rise in interest rates began to attract funds back into certificates of deposits after an extended period of portfolio declines in a low interest rate environment.

Regional Community Banking provides deposit, lending, cash management and investment services to 2.2 million consumer and small business customers within our primary geographic area. Products and services offered to our customers include:

- Checking accounts,
- Savings, money market and certificates of deposit,
- Personal and business loans,
- Cash management, collection and payment services, and
- Investment and insurance services.

WHOLESALE BANKING

Nine months ended September 30
 Taxable-equivalent basis
 Dollars in millions except as noted

	2004	2003
INCOME STATEMENT		
Net interest income	\$ 512	\$ 508
Net interest income – FIN 46	3	2
Total net interest income	515	510
Noninterest income		
Net commercial mortgage banking		
Net gains on loan sales	30	38
Servicing and other fees, net of amortization	35	30
Net gains on institutional loans held for sale	50	53
Other – FIN 46	12	6
Other	296	315
Noninterest income	423	442
Total revenue	938	952
Provision for credit losses	(4)	112
Noninterest expense	445	448
Noninterest expense – FIN 46	45	19
Pretax earnings	452	373
Noncontrolling interests in income of consolidated entities	(32)	(13)
Income taxes	149	112
Earnings	\$ 335	\$ 274
AVERAGE BALANCE SHEET		
Loans		
Corporate banking ^(a)	\$ 9,773	\$ 9,133
Commercial real estate	1,838	1,948
Commercial – real estate related	1,594	1,422
PNC Business Credit	3,745	3,515
Total loans ^(a)	16,950	16,018
Loans held for sale	442	580
Other assets	4,452	4,091
Total assets	\$21,844	\$20,689
Deposits	\$ 7,188	\$ 6,258
Commercial paper	1,868	843
Other liabilities	3,444	3,095
Capital	1,700	2,011
Total funds	\$14,200	\$12,207
PERFORMANCE RATIOS		
Return on capital	26%	18%
Noninterest income to total revenue	45	46
Efficiency	52	49
COMMERCIAL MORTGAGE SERVICING PORTFOLIO (in billions)		
Beginning of period	\$ 83	\$ 74
Acquisitions/additions	29	17
Repayments/transfers	(19)	(11)
End of period	\$ 93	\$ 80
OTHER INFORMATION		
Consolidated revenue from treasury management	\$ 274	\$ 270
Consolidated revenue from capital markets	\$ 96	\$ 87
Consolidated revenue from Midland Loan Services	81	73
Total loans ^{(a)(b)}	\$17,650	\$17,478
Total nonperforming assets ^{(b)(c)}	\$ 82	\$ 311
Net charge-offs	\$ 46	\$ 124
Average FTEs	3,070	2,995
Net carrying amount of commercial mortgage servicing rights ^(b)	\$ 229	\$ 200

(a) Reflects reclassification to loans related to Market Street conduit. See Balance Sheet Highlights in this Report.

(b) Presented as of period end.

(c) Includes nonperforming loans of \$60 million at September 30, 2004 and \$251 million at September 30, 2003.

Wholesale Banking earnings were \$335 million for the first nine months of 2004 compared with \$274 million for the first nine months of 2003. The 22% increase was primarily due to the improved overall credit quality of our loan portfolio, which is reflected through lower provision for credit losses.

Highlights of the first nine months of 2004 for Wholesale Banking include:

- Loans at September 30, 2004 increased by over \$1.2 billion since December 31, 2003 due to new customers, an increase in credit utilization, the acquisition of United National and an overall increase in loan demand.
- Client acquisition and retention results exceeded our expectations.
- Credit quality continued to strengthen.

Taxable-equivalent net interest income for the first nine months of 2004 increased slightly compared with the prior year period, primarily due to loan growth throughout the year. Apart from the comparative impact of the Market Street conduit reclassification described under the Balance Sheet Highlights, loans increased approximately \$1.6 billion since December 31, 2003.

As economic expansion continues, we expect our customers to require additional lending facilities and to increase utilization of existing facilities. Although competition for high-quality customers has increased, we believe we can compete effectively through competitive pricing and the strength of our product offerings, such as treasury management and capital markets. We are winning new clients both within our primary geographic footprint and across the nation and this expansion is being accomplished within our risk/return parameters. Our national secured lending businesses, business credit and real estate finance, have benefited from improving economic conditions and improved sale efforts, resulting in significant loan growth.

The provision for credit losses was a negative \$4 million for the first nine months of 2004 primarily due to improved overall credit quality, demonstrated by a \$78 million or 63% reduction in net charge-offs and a \$229 million or 74% reduction in nonperforming assets compared with the first nine months of 2003.

Noninterest income for the first nine months of 2003 included securities gains of \$23 million related to the liquidation of two entities formed in 2001 in connection with the PAGIC transactions. Apart from the impact of this item, noninterest income increased \$4 million in 2004 as a reduction in net gains on loan sales and net gains on institutional loans held for sale was more than offset by an increase in commercial loan servicing fees and the recognition of nine months of income related to the 2003 adoption of FIN 46 compared with three months of such income in 2003.

Noninterest expense for the first nine months of 2003 included a \$22 million impact related to the liquidation of two of the entities formed in 2001 in the PAGIC transactions and three months of noninterest expense related to the adoption of FIN 46

while noninterest expense for 2004 included nine months of expense related to the adoption of FIN 46. Apart from these items, noninterest expense increased \$19 million in the first nine months of 2004 as a result of our ongoing effort to add revenue-producing employees in anticipation of future growth.

We consolidated several entities in 2003 under FIN 46, which, while increasing certain balance sheet and income statement line items, had no impact on earnings. See Note 2 Variable Interest Entities in Part II, Item 8 of our 2003 Form 10-K for further information regarding the entities consolidated as of December 31, 2003 and related line items impacted.

Average deposits in the first nine months of 2004 increased 15% over the same period of 2003. This increase was primarily due to:

- Successful sales of treasury management products,
- Our customer base experiencing increased liquidity,
- Increased commercial mortgage servicing portfolio, which grew 16% compared with the first nine months of 2003, and
- Large loan payoffs, as Midland Loan Services received cash for loan payoffs which can be sporadic and in most cases were deposited at PNC Bank, N.A. until remitted to securitization trustees or third party investors.

See the additional product revenue discussion regarding treasury management, capital markets, Midland Loan Services and equipment leasing on page 9.

Nonperforming assets at September 30, 2004 declined \$229 million or 74% since September 30, 2003 due to overall improvements in credit quality, continued liquidation of the institutional loans held for sale portfolio and the resolution of the two largest nonperforming assets in PNC Business Credit. With the increase in the loan portfolio, we do not expect this decline in nonperforming assets to continue.

Through Wholesale Banking we provide lending, treasury management, capital markets-related products and services, and commercial loan servicing to mid-sized corporations, government entities and selectively to large corporations. Wholesale Banking provides products and services generally within PNC's primary geographic markets and provides certain products and services nationally.

Lending products include:

- Secured and unsecured loans
- Letters of credit
- Equipment leases

Treasury management services include:

- Cash and investment management
- Receivables management
- Disbursement services
- Funds transfer services
- Information reporting
- Global trade services

Capital markets products include:

- Foreign exchange
- Derivatives
- Loan syndications
- Securities underwriting and distribution

PNC ADVISORS

Nine months ended September 30

Taxable-equivalent basis

Dollars in millions

	2004	2003
INCOME STATEMENT		
Net interest income	\$ 83	\$ 80
Noninterest income		
Investment management and trust	237	232
Brokerage	83	72
Other	72	72
Total noninterest income	392	376
Total revenue	475	456
Provision for credit losses		2
Noninterest expense	346	346
Pretax earnings	129	108
Income taxes	47	39
Earnings	\$ 82	\$ 69
AVERAGE BALANCE SHEET		
Loans		
Consumer	\$1,477	\$1,299
Residential mortgage	137	268
Commercial	414	446
Other	295	286
Total loans	2,323	2,299
Other assets	404	433
Total assets	\$2,727	\$2,732
Deposits	\$2,247	\$2,129
Other liabilities	272	258
Capital	310	316
Total funds	\$2,829	\$2,703
PERFORMANCE RATIOS		
Return on capital	35%	29%
Noninterest income to total revenue	83	82
Efficiency	73	76
ASSETS UNDER ADMINISTRATION (in billions) ^{(a) (b) (c)}		
Assets under management		
Personal	\$ 39	\$ 42
Institutional	9	9
Total	\$ 48	\$ 51
Asset type		
Equity	\$ 28	\$ 28
Fixed income	14	16
Liquidity/other	6	7
Total	\$ 48	\$ 51
Nondiscretionary assets under administration		
Personal	\$ 27	\$ 23
Institutional	64	63
Total	\$ 91	\$ 86
Asset type		
Equity	\$ 31	\$ 30
Fixed income	32	29
Liquidity/Other	28	27
Total	\$ 91	\$ 86
OTHER INFORMATION ^(b)		
Total nonperforming assets	\$ 10	\$ 11
Brokerage assets administered (in billions)	\$ 23	\$ 22
Full service brokerage offices	75	77
Financial consultants	435	458
Margin loans	\$ 267	\$ 257

- (a) Excludes brokerage assets administered.
- (b) Presented as of period-end, except for average FTEs.
- (c) Balance at September 30, 2004 reflects the first quarter 2004 sale of certain activities of the investment consulting business of the Hawthorn unit and the expected reduction of approximately \$6 billion of assets under management with approximately \$4.7 billion moving to nondiscretionary assets under administration.

PNC Advisors earned \$82 million for the first nine months of 2004 compared with \$69 million in the first nine months of 2003 period. The increase in earnings included a \$10 million pretax gain recognized during the first quarter of 2004 from the sale of certain investment consulting activities of the Hawthorn unit. The increase in earnings also reflected the impact of comparatively stronger equity markets and increased brokerage-related fees compared to the prior year period.

Business highlights for the first nine months of 2004 for PNC Advisors include:

- Personal and institutional investment management and trust sales increased compared with the comparable reporting period of 2003.
- Beginning in the second quarter of 2004, Hilliard Lyons experienced declining retail trading volumes in line with the experience of other brokerage firms.
- Average consumer loans increased 14% in the first nine months of 2004 compared with the first nine months of 2003 due to home equity loan and line of credit volume.

Excluding the effect of the Hawthorn transaction which reduced assets under management by \$6 billion, assets under management at September 30, 2004 increased \$3 billion compared with the balance at September 30, 2003. The effect of comparatively higher equity markets and the acquisition of United National more than offset net client asset outflows in 2004. Net client asset outflows are the result of ordinary course distributions from trust and investment management accounts and account closures exceeding investment additions from new and existing clients.

Investment management and trust revenue increased \$5 million in the first nine months of 2004 compared with the first nine months of 2003 primarily due to the comparatively higher equity markets. Brokerage revenue in the first nine months of 2004 increased \$11 million compared to the first nine months of 2003 primarily due to increased fees. Excluding the effect of the Hawthorn transaction, other noninterest income declined \$10 million through year-to-date September 2004 compared to the same period in 2003 primarily due to lower client-related trading.

Noninterest expense was flat period to period as variable expenses associated with higher brokerage revenue offset expense efficiencies.

PNC Advisors provides a broad range of tailored investment, trust and private banking products and services to affluent individuals and families, including services to the ultra-affluent through its Hawthorn unit, and provides full-service brokerage through J.J.B. Hilliard, W.L. Lyons, Inc. ("Hilliard Lyons"). We also serve as investment manager and trustee for employee benefit plans and charitable and endowment assets and provide nondiscretionary defined contribution plan services and investment options through our Vested Interest® product. We provide services to individuals and corporations primarily within PNC's primary geographic markets.

BLACKROCK

Nine months ended September 30
Dollars in millions except as noted

	2004	2003
INCOME STATEMENT ^(a)		
Investment advisory and administration fees	\$ 470	\$ 388
Other income	67	49
Total revenue	537	437
Other expense	311	246
Operating expense – LTIP expense	91	
Fund administration and servicing costs	25	24
Total expense	427	270
Operating income	110	167
Nonoperating income	28	17
Pretax earnings	138	184
Minority interest	4	
Income taxes	41	70
Earnings	\$ 93	\$ 114
PERIOD-END BALANCE SHEET		
Goodwill and other intangible assets	\$ 184	\$ 192
Other assets	893	728
Total assets	\$1,077	\$ 920
Liabilities	\$ 342	\$ 223
Stockholders' equity	735	697
Total liabilities and stockholders' equity	\$1,077	\$ 920
PERFORMANCE DATA		
Return on equity	17%	22%
Operating margin ^(b)	36	40
Diluted earnings per share	\$ 1.42	\$ 1.73
ASSETS UNDER MANAGEMENT (in billions) ^(c)		
Separate accounts		
Fixed income	\$ 211	\$ 178
Liquidity	8	6
Liquidity – securities lending	9	10
Equity	8	9
Alternative investment products	7	7
Total separate accounts	243	210
Mutual funds ^(d)		
Fixed income	24	23
Liquidity	51	58
Equity	5	3
Total mutual funds	80	84
Total assets under management	\$ 323	\$ 294
OTHER INFORMATION		
Average FTEs	998	954

^(a) Presented on a taxable-equivalent basis for 2004 and on a book basis for 2003.

^(b) Calculated as operating income, adjusted for LTIP expense, divided by total revenue less fund administration and servicing costs. The following is a reconciliation of this presentation to operating margin calculated on a GAAP basis (operating income divided by total revenue) in millions:

Operating income, GAAP basis	\$110	\$167
Add back: LTIP expense	91	
Less: BlackRock portion of LTIP expense, funding portion	(17)	
Operating income, as adjusted	\$184	\$167
Total revenue, GAAP basis	\$537	\$437
Less fund administration and servicing costs	25	24
Revenue used for operating margin calculation, as reported	\$512	\$413
Operating margin, as reported	36%	40%

We believe that operating margin, as reported, is a more relevant indicator of management's ability to effectively employ BlackRock's resources. The portion of the LTIP expense associated with awards to be met with the contribution of shares of BlackRock stock by PNC has been excluded from operating income because, exclusive of impact related to LTIP participants' option to put awarded shares to BlackRock, this non-cash charge will not impact BlackRock's book value. We have excluded fund administration and servicing costs from the operating margin calculation because these costs are a fixed, asset-based expense which can fluctuate based on the discretion of a third party.

(c) At September 30.

(d) Includes BlackRock Funds, BlackRock Liquidity Funds, BlackRock Closed End Funds, Short Term Investment Fund and BlackRock Global Series Funds.

BlackRock is listed on the New York Stock Exchange under the symbol BLK. Additional information about BlackRock is available in its SEC filings at www.sec.gov and on its website at www.blackrock.com.

BlackRock earned \$93 million for the first nine months of 2004 compared with \$114 million for the first nine months of 2003, an 18% decrease. Earnings for the first nine months of 2004 reflect the \$57 million after-tax impact of the third quarter 2004 LTIP charge. See "BlackRock Long-Term Retention and Incentive Plan" within the Critical Accounting Policies and Judgments section of this Financial Review for further information. Apart from the impact of the LTIP charge, earnings for the first nine months of 2004 would have increased \$36 million, or 32%, compared with the first nine months of 2003. An increase of \$29 billion in assets under management at September 30, 2004 compared with September 30, 2003 was reflected in the 2004 earnings. In addition, BlackRock recognized a \$9 million net income benefit during the first quarter of 2004 associated with the resolution of an audit performed by New York State on state income tax returns filed from 1998 through 2001.

Excluding the impact of the LTIP charge, operating income for the first nine months of 2004 increased \$34 million compared with the first nine months of 2003. Operating results in 2004 were characterized by strong growth in base fee revenue and a significant rise in performance fees partially offset by higher expenses, including a \$6 million impairment charge on intangible assets associated with an orderly liquidation of a fund due to the resignation of the fund's portfolio manager.

Total revenue for the first nine months of 2004 increased \$100 million, to \$537 million, compared with the first nine months of 2003. Separate account revenue increased \$67 million, mutual fund revenues increased \$16 million and other income increased \$17 million compared with the first nine months of 2003. The growth in separate account fees resulted primarily from an increase in alternative investment product performance fees of \$27 million and an increase in base fees of \$40 million driven by the increase in assets under management. The increase in mutual fund revenue consisted of increases in closed-end fund revenue of \$15 million and BlackRock Funds revenue of \$3 million. Other income increased primarily due to strong sales of BlackRock Solutions® products and services.

Total expenses for the first nine months of 2004 increased \$157 million compared with the first nine months of 2003. The increase was primarily attributable to the \$91 million pretax LTIP charge in the third quarter of 2004 as well as a \$42 million increase in employee compensation and benefits and the recognition of a \$6 million impairment on an intangible asset referred to above during the first nine months of 2004. The higher employee compensation reflected higher incentive compensation related to alternative investment product performance fees and \$7 million of incentive compensation costs related to the sale of BlackRock's interest in Trepp LLC and an increase in full-time equivalent employees compared with the first nine months of 2003.

Nonoperating income for the first nine months of 2004 included the impact of the \$13 million pretax gain on the sale of BlackRock's equity interest in Trepp LLC recorded during the second quarter of 2004.

In August 2004, BlackRock entered into a definitive agreement to acquire SSRM, the holding company of State Street Research & Management Company and SSR Realty Advisors Inc., from MetLife, Inc. for total consideration at closing of \$375 million in cash and stock. Additional cash consideration, which could increase the purchase price by up to 25%, may be paid over 5 years contingent on certain measures. The acquisition is expected to close in early 2005 pending required regulatory and fund shareholder approvals and satisfaction of other customary closing conditions. The acquisition of SSRM is expected to enhance BlackRock's investment management platform with additional United States equity, alternative investment and real estate equity management capabilities, expanding the universe of products offered to institutional and individual investors worldwide. Closing is subject to required regulatory and fund shareholder approvals and satisfaction of other customary closing conditions. In addition, the transaction is expected to expand the scale and scope of BlackRock's mutual fund products and distribution capabilities. See Note 3 Acquisitions in the Notes to Consolidated Financial Statements in Part I, Item 1 of this Report and Cautionary Statement Regarding Forward-Looking Information in this Financial Review for further information.

BlackRock is one of the largest publicly traded investment management firms in the United States. BlackRock manages assets on behalf of institutions and individual investors worldwide through a variety of fixed income, liquidity and equity mutual funds, separate accounts and alternative investment products. Mutual funds include the flagship fund families, BlackRock Funds and BlackRock Liquidity Funds (formerly BlackRock Provident Institutional Funds). In addition, BlackRock provides risk management and investment system services and products to institutional investors under the BlackRock Solutions[®] brand name and financial advisory services to institutional investors.

PFPC

Nine months ended September 30
Dollars in millions except as noted

	2004	2003
INCOME STATEMENT		
Fund servicing revenue	\$ 605	\$ 568
Operating expense	483	463
(Accretion)/amortization of other intangibles, net	(1)	(14)
Operating income	123	119
Nonoperating income ^(a)	3	11
Debt financing	42	53
Pretax earnings	84	77
Income taxes	34	31
Earnings	\$ 50	\$ 46
AVERAGE BALANCE SHEET		
Goodwill and other intangible assets	\$1,024	\$1,038
Other assets	1,019	846
Total assets	\$2,043	\$1,884
Debt financing	\$1,134	\$1,290
Other liabilities, net	647	291
Capital	262	303
Total funds	\$2,043	\$1,884
PERFORMANCE RATIOS		
Return on capital	25%	20%
Operating margin ^(b)	20	21
SERVICING STATISTICS ^(c)		
Accounting/administration net fund assets (in billions)		
Domestic	\$ 609	\$ 581
Foreign ^(d)	58	41
Total	\$ 667	\$ 622
<i>Asset type</i>		
Money market	\$ 322	\$ 342
Equity	203	159
Fixed income	97	88
Other	45	33
Total	\$ 667	\$ 622
Custody fund assets (in billions)	\$ 418	\$ 384
Shareholder accounts (in millions)		
Transfer agency	21	21
Subaccounting	34	29
Total	55	50
OTHER INFORMATION		
Average FTEs	4,780	5,175

^(a) Net of nonoperating expense.

^(b) Operating income divided by total fund servicing revenue.

^(c) At September 30.

^(d) Represents net assets serviced offshore.

For the first nine months of 2004, PFPC earned \$50 million compared with \$46 million for the first nine months of 2003, a 9% increase. The increase was attributable to the divestiture of the retirement services business and the acquisition of ADVISORport, Inc., both executed in 2003, as well as comparatively favorable market conditions, new and expanded business, expense savings initiatives, and active debt management. These benefits more than offset reduced accretion and increases in other expenses to support increasing business demands. Fund servicing revenue and operating expense in 2004 also reflected increases of \$17 million related to amounts passed through to clients as out-of-pocket expenditures, primarily in support of our mutual fund distribution services and print mail activities.

Fund servicing revenue increased \$20 million in the first nine months of 2004 compared with the first nine months of 2003, excluding the impact of the out-of-pocket items. The positive impact of new sales of both domestic and offshore accounting/ administration fund services, including alternative investment services, improved equity market conditions and the ADVISORport, Inc. acquisition more than offset the impact of competitive market conditions and the loss of revenue due to the divestiture of the retirement services business. Since December 31, 2003, ADVISORport, Inc. has grown client assets in our emerging managed account services program to \$23 billion, an increase of \$6 billion, or 35%. To mitigate the pressure on pricing in traditional businesses, we continue to monitor the revenue/expense relationship.

Excluding the impact of the out-of-pocket items, operating expenses increased \$3 million compared with the first nine months of 2003. Efficiency initiatives and the sale of the retirement services business have driven a net decrease of 395 full-time equivalent employees compared with the first nine months of 2003. These savings largely offset increased expenses associated with ADVISORport, Inc. and increasing business demands.

Operating income for the first nine months of 2004 also reflected \$11 million in accretion of a discounted client contract liability. Accretion for the prior year period was \$25 million. This liability has been fully satisfied and the related accretion has ended as the original underlying contract matured during the second quarter of 2004.

Results for the first nine months of 2004 were favorably impacted by an \$11 million decrease in debt financing costs due to the retirement of \$125 million of debt with PNC and the refinancing of certain remaining debt obligations, also with PNC, at more favorable rates, both in December 2003. During the first nine months of 2004, PFPC retired an additional \$90 million of such debt. PFPC has paid \$120 million in aggregate principal and interest to PNC during this period.

Increases in both accounting/administration and custody fund asset statistics at September 30, 2004 compared with September 30, 2003 reflected net new business, comparatively favorable equity market conditions and asset inflows from existing clients. Much of this new business is attributable to sales of our alternative investment services, which comprises both accounting/administration and investor support services specifically for hedge funds and partnerships, the statistics of which are reported as a component of accounting/administration net fund assets. Compared to September 30, 2003, net assets in our domestic and offshore alternative investment services business have collectively grown to \$40 billion at September 30, 2004, an increase of \$12 billion, or 43%. Total fund assets serviced were \$1.7 trillion at September 30, 2004 compared with \$1.5 trillion at September 30, 2003.

Our performance is partially dependent on the underlying performance of our mutual fund clients and, in particular, their ability to attract and retain customers. As a result, to the extent that our clients' businesses are adversely affected by ongoing government investigations into the practices of the mutual and hedge fund industries, our results could be impacted.

We are among the largest providers of mutual fund transfer agency and accounting and administration services in the United States, offering a wide range of fund processing services to the investment management industry and providing processing solutions to the international marketplace through our Ireland and Luxembourg operations.

RISK FACTORS

A number of risks may potentially impact our business, financial condition, results of operations and cash flows. These include, among others, those described in the Consolidated Balance Sheet Review, Risk Management and Cautionary Statement Regarding Forward-Looking Information sections of this Financial Review and elsewhere in this Report. The Supervision and Regulation Section of Item 1 and the Risk Factors section of Item 7 of our 2003 Form 10-K describe a number of risks applicable to us, including:

- Supervision and regulation,
- Business and economic conditions,
- Monetary and other policies,
- Competition,
- Disintermediation,
- Asset management performance,
- Fund servicing,
- Acquisitions, and
- Terrorist activities and international hostilities.

Our 2003 Form 10-K includes a detailed description of these risks.

CRITICAL ACCOUNTING POLICIES AND JUDGMENTS

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Report and in Part II, Item 8 of our 2003 Form 10-K describe the most significant accounting policies that we use. Certain of these policies require us to make estimates and strategic or economic assumptions that may prove inaccurate or be subject to variations that may significantly affect our reported results and financial position for the period or in future periods.

We must use estimates, assumptions, and judgments when financial assets and liabilities are required to be recorded at, or adjusted to reflect, fair value. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by other independent third-party sources, when available. When such third-party information is not available, we estimate valuation adjustments primarily by using internal cash flow and other financial modeling techniques. Changes in underlying factors, assumptions, or estimates in any of these areas could materially impact our future financial condition and results of operations.

Allowances For Loan And Lease Losses And Unfunded Loan Commitments And Letters Of Credit

We calculate allowances for loan and lease losses and unfunded loan commitments and letters of credit to maintain reserve levels that we believe are sufficient to absorb estimated probable credit losses. We determine the adequacy of the allowances based on periodic evaluations of the credit portfolio and other relevant factors. However, this evaluation is inherently subjective as it requires material estimates, including, among others:

- Probability of default,
- Loss given default,
- Exposure at default,
- Amounts and timing of expected future cash flows on impaired loans,
- Value of collateral,
- Estimated losses on consumer loans and residential mortgages, and
- General amounts for historical loss experience.

Our process also considers economic conditions, uncertainties in estimating losses and inherent risks in the various credit portfolios. All of these factors may be susceptible to significant change. Also, we base the allocation of the allowance for loan and lease losses to specific loan pools on historical loss trends and our judgment concerning those trends.

Commercial loans are the largest category of credits and are the most sensitive to changes in assumptions and judgments underlying the determination of the allowance for loan and lease losses. We have allocated approximately \$472 million, or 81%, of the total allowance for loan and lease losses at September 30, 2004 to the commercial loan category. This allocation also considers other relevant factors such as:

- Actual versus estimated losses,
- Regional and national economic conditions,
- Business segment and portfolio concentrations,
- Industry competition and consolidation,
- The impact of government regulations, and
- Risk of potential estimation or judgmental errors.

To the extent actual outcomes differ from our estimates, additional provision for credit losses may be required that would reduce future earnings. See the following for additional information: Allowances For Loan And Lease Losses And Unfunded Loan Commitments And Letters Of Credit in the Credit Risk Management section of this Financial Review and Note 10 Allowances For Loan And Lease Losses And Unfunded Loan Commitments And Letters of Credit in the Notes To Consolidated Financial Statements included in Part I, Item 1 of this Report.

Private Equity Asset Valuation

We value private equity assets at each balance sheet date based primarily on either, in the case of limited partnership investments, the financial statements received from the general partner or, for direct investments, the estimated fair value of the investments. There is a time lag in our receipt of the financial information that is the primary basis for the valuation of our limited partnership interests. We recognized in the third quarter of 2004 valuation changes related to limited partnership investments that reflected the impact of second quarter 2004 market conditions and performance of the underlying companies. Due to the nature of the direct investments, we must make assumptions as to future performance, financial condition, liquidity, availability of capital, and market conditions, among others, to determine the estimated fair value of the investments. The valuation procedures that we apply to direct investments include techniques such as cash flow multiples for the entity, independent appraisals of the value of the entity or the pricing used to value the entity in a recent financing transaction. We

value general partnership interests based on the underlying investments of the partnership utilizing procedures consistent with those applied to direct investments.

We reflect changes in the value of equity management investments in our results of operations. Market conditions and actual performance of the companies that we invest in could differ from these assumptions, resulting in lower valuations that could reduce earnings in future periods. Accordingly, the valuations may not represent amounts that will ultimately be realized from these investments.

Commercial Mortgage Servicing Rights

Commercial mortgage servicing rights ("MSR") are intangible assets that represent the value of rights that arise from the servicing of commercial loan contracts. While servicing is inherent in most financial assets, it becomes a distinct asset (a) when contractually separated from the underlying financial asset by sale or securitization of the asset with servicing retained or (b) through the separate purchase and assumption of the servicing. The value of our MSR asset (both originated and purchased) arises from estimates of future revenues from contractually specified servicing fees, interest income and other ancillary revenues, net of estimated operating expenses, which are expected to provide an acceptable level of risk adjusted return for us as the servicer.

We estimate the fair value of our MSR asset using a discounted cash flow methodology that calculates the net present value of future cash flows of the servicing portfolio over the estimated life of the asset based on various assumptions and market factors. The most significant assumptions and market factors include:

- Interest rates for escrow and deposit balance earnings,
- Discount rates,
- Estimated prepayment speeds,
- Estimated servicing costs, and
- Portfolio risk stratification.

We review the reasonableness of these factors based on expectations of the portfolio, market conditions, and loan characteristics.

Our commercial loan servicing portfolio is subject to various risks, the most significant being interest rate risk, which subject our MSR asset to impairment risk. While our MSR asset is amortized over its estimated life in proportion to estimated net servicing income, it is also tested for impairment at a strata level on a quarterly basis. The impairment testing includes a positive and negative scenario for sensitivity characteristics. If the estimated fair value of the MSR is less than its carrying value, an impairment loss would be recognized in the current period; however, any fair value in excess of the cost basis would not be recognized as income.

Lease Residuals

Leases are carried at the sum of lease payments and the estimated residual value of the leased property, less unearned income. We provide financing for various types of equipment, aircraft, energy and power systems, and rolling stock through a variety of lease arrangements. Residual value insurance and/or operating reserves or guarantees by governmental entities cover a significant portion of the residual value. Residual values are subject to judgments as to the value of the underlying equipment that can be affected by changes in economic and market conditions and the financial viability of the residual guarantors and insurers. To the extent not guaranteed or assumed by a third party, or otherwise insured against, we bear the risk of ownership of the leased assets. This includes the risk that the actual value of the leased assets at the end of the lease term will be less than the residual value, which could result in an impairment charge and reduce earnings in the future. These residual values are reviewed for impairment no less than on an annual basis.

Goodwill

Goodwill arising from business acquisitions represents the value attributable to unidentifiable intangible elements in the business acquired. Most of our goodwill relates to value inherent in the fund servicing and banking businesses. The value of this goodwill is dependent upon our ability to provide quality, cost effective services in the face of competition from other market participants on a national and global basis. This ability in turn relies upon continuing investments in processing systems, the development of value-added service features, and the ease of access to our services.

As such, goodwill value is supported ultimately by earnings, which is driven by the volume of business transacted and, for certain businesses, the market value of assets under administration or for which processing services are provided. Lower earnings resulting from a lack of growth or our inability to deliver cost effective services over sustained periods can lead to impairment of goodwill, which could result in a charge and reduced earnings in the future. At least annually, management evaluates events or changes in circumstances that may indicate impairment in the carrying amount of goodwill.

Revenue Recognition

We derive net interest and noninterest income from various sources, including:

- Lending,
- Securities portfolio,
- Investment management and fund servicing,
- Customer deposits,
- Loan servicing,
- Brokerage services,
- Sale of loans and securities,
- Certain private equity activities, and
- Derivatives trading activities.

We also earn fees and commissions from issuing loan commitments, standby letters of credit and financial guarantees, selling various insurance products, providing treasury management services and participating in certain capital market transactions.

The timing and amount of revenue that we recognize in any period is dependent on estimates, judgments, assumptions, and interpretation of contractual terms. Changes in these factors can have a significant impact on revenue recognized in any period due to changes in products, market conditions or industry norms.

Income Taxes

We file two federal consolidated income tax returns and we and our subsidiaries file state and local income tax returns in many jurisdictions. In the normal course of business, we and our subsidiaries enter into transactions for which the tax treatment is unclear or subject to varying interpretations. In addition, filing requirements, methods of filing and the calculation of taxable income in various state and local jurisdictions are subject to differing interpretations.

We evaluate and assess the relative risks and merits of the appropriate tax treatment of transactions, filing positions, filing methods and taxable income calculation after considering statutes, regulations, judicial precedent, and other information, and maintain tax accruals consistent with our evaluation of these relative risks and merits. The result of our evaluation and assessment is by its nature an estimate. We and our subsidiaries are routinely subject to audit and challenges from taxing authorities. In the event we resolve a challenge for an amount different than amounts previously accrued, we will account for the difference in the period in which we resolve the matter.

Our tax treatment of certain leasing transactions is currently being challenged by the IRS. See the Consolidated Balance Sheet Review section of this Financial Review for additional information.

Contingencies

We are subject to a variety of legal and regulatory proceedings and claims, including those described in Note 8 Legal Proceedings in the Notes To Consolidated Financial Statements in Part I, Item 1 of this Report and others arising in the normal course of our business. We review these matters with internal and external legal counsel and accrue reserves when we determine that it is probable that a liability has been incurred and that the amount of loss can be reasonably estimated. We regularly review these accruals and adjust the reserves as appropriate to reflect changes in the status of the proceedings and claims.

The reserves that we establish for these types of contingencies are based upon our opinion of the likely future outcome of legal and regulatory proceedings and claims. The final resolution of legal and regulatory proceedings is frequently different, possibly significantly, from that we anticipated. Also, we may not be able to reasonably estimate the loss from a proceeding even if some liability is probable. As a result, our ultimate financial exposure to these legal and regulatory proceedings and claims may be substantially different from what is reflected in the related reserves.

2002 BlackRock Long-Term Retention and Incentive Plan

The BlackRock LTIP permits the grant of up to \$240 million in deferred compensation awards (the "LTIP Awards"), subject to the achievement of certain performance hurdles by BlackRock no later than March 2007. If the performance hurdles are achieved, up to \$200 million of the LTIP Awards will be funded with up to 4 million shares of BlackRock common stock to be surrendered by PNC and distributed to LTIP participants, less income tax withholding. Shares attributable to value in excess of our \$200 million LTIP funding requirement will be available to support BlackRock's future long-term retention and incentive programs but are not subject to surrender until the programs are approved by BlackRock's Compensation Committee of its Board of Directors. In addition, shares distributed to LTIP participants will include an option to put such distributed shares back to BlackRock at fair market value. BlackRock will fund the remainder of the LTIP Awards with up to \$40 million in cash. In general, LTIP participants must also be employed by BlackRock on the payment date in early 2007 to receive payment for an award. As of September 30, 2004, BlackRock had awarded approximately \$207 million in LTIP Awards.

The LTIP Awards will fully vest at the end of any three-month period beginning on or after January 1, 2005 and ending on or prior to March 30, 2007 during which the average closing price of BlackRock's common stock is at least \$62 per share. An alternative performance hurdle provides for partial vesting of the LTIP based on specific targets for BlackRock's earnings growth and relative stock price performance to peers over the term of the LTIP, subject to the authority of BlackRock's Compensation Committee to reduce the amount of awards vested under the LTIP.

Due to the recent appreciation of BlackRock's common share price above the \$62 threshold, BlackRock management determined that full vesting of the LTIP was probable as of September 30, 2004, and as a result recorded a charge and a related liability in its third quarter 2004 results. This charge took into account the value of the awards granted through September 30, 2004 and the applicable service period. The pretax charge reported by PNC totaled \$96 million, including \$91 million reported as "Staff" noninterest expense and \$5 million reported as "Other" noninterest expense in our Consolidated Statement of Income. The after-tax impact on PNC's third quarter 2004 results after taking into account the adjustment for minority interests (PNC owns approximately 71% of BlackRock) was \$42 million, or \$.15 per diluted share. This includes a pro rata share of the estimated dilution of PNC's investment in BlackRock that is expected to occur in 2007 when PNC transfers shares of BlackRock stock currently owned by PNC to fund a portion of the LTIP Awards.

We expect to report additional after-tax charges of approximately \$6 million per quarter, beginning in the fourth quarter of 2004, through December 2006 related to the remaining service period of the LTIP Awards granted to date, assuming the LTIP Awards vest or full vesting remains probable.

Additional information on the third quarter 2004 LTIP charge is included in our and BlackRock's Current Reports on Form 8-K dated October 6, 2004.

STATUS OF DEFINED BENEFIT PENSION PLAN

We have a noncontributory, qualified defined benefit pension plan (“plan” or “pension plan”) covering most employees. Retirement benefits are derived from a cash balance formula based on compensation levels, age and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants. Plan assets are currently approximately 60% invested in equity investments with most of the remainder invested in fixed income instruments. Plan fiduciaries determine and review the plan’s investment policy. On an annual basis, we review the actuarial assumptions related to the pension plan, including the discount rate, rate of compensation increase and the expected return on plan assets.

We calculate the expense associated with the pension plan in accordance with SFAS 87, “Employers’ Accounting for Pensions,” and we use assumptions and methods that are compatible with the requirements of SFAS 87, including a policy of reflecting trust assets at their fair market value. Neither the discount rate nor the compensation increase assumptions significantly affect pension expense. However, the expected return on asset assumption does significantly impact pension expense. Actual trust returns also significantly impact expense, as each one percentage point difference in actual return compared with our expected return causes the following year’s expense to change by up to \$3 million. We currently estimate 2004 expense for the pension plan to be approximately \$10 million, compared with \$50 million for 2003. Actual pension expense for the third quarter of 2004 was \$1 million and for the first nine months of 2004 totaled \$7 million. Lower amortization of actuarial losses from prior years due to improved returns on trust assets in 2003 is the primary reason for the expected decrease in pension expense in 2004.

In accordance with SFAS 87 and SFAS 132 (Revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits,” we may have to eliminate any prepaid pension asset and recognize a minimum pension liability if the accumulated benefit obligation exceeds the fair value of plan assets at year-end. We would recognize the corresponding charge as a component of other comprehensive income and it would reduce total shareholders’ equity, but it would not impact net income. At December 31, 2003, the fair value of plan assets was \$1.352 billion, which exceeded the accumulated benefit obligation of \$973 million. The status at year-end 2004 will depend primarily upon 2004 trust returns and the level of contributions, if any, made to the plan by us this year.

Plan asset investment performance has the most impact on contribution requirements. However, contribution requirements are not particularly sensitive to actuarial assumptions. Because of 2003 contributions to the plan and investment performance, we previously thought that the permitted tax-deductible contribution in 2004 would be zero. However, earlier this year we made a contribution related to the United National acquisition as discussed below. Future investment performance will drive the amount of permitted contributions in future years. In any event, any large near-term contributions to the plan will be at our discretion, as we expect that the minimum required contributions under current law will be minimal or zero for several years.

We maintain other defined benefit plans that have a less significant effect on financial results, including one qualified pension plan for United National employees and various nonqualified supplemental retirement plans for certain employees. On March 31, 2004, we merged into our plan one defined benefit plan covering some employees of United National. We expect to fully integrate the remaining United National plan into our plan during the fourth quarter of 2004. We contributed \$11 million to the United National plans during the first quarter of 2004 and we do not expect to contribute any additional amount during the remainder of 2004. We expect the expense associated with the United National plans to be approximately \$.1 million for 2004.

RISK MANAGEMENT

We encounter risk as part of the normal course of our business and we design risk management processes to help manage these risks. The Risk Management section included in Part II, Item 7 of our 2003 Form 10-K provides a general overview of the governance structure, measurement, control strategies, and monitoring aspects of our corporate-level risk management processes. Additionally, our 2003 Form 10-K provides an analysis of the risk management process for what we view as our primary areas of risk: credit, operational, liquidity, and market. The following information in this Risk Management section updates the disclosures in our 2003 Form 10-K and first and second quarter 2004 Reports on Form 10-Q.

We also address our use of financial and other derivatives as part of our overall asset and liability risk management process in the Risk Management section of this Report.

CREDIT RISK MANAGEMENT

Credit risk represents the possibility that a customer, counterparty or issuer may not perform in accordance with contractual terms. Credit risk is inherent in the financial services business and results from extending credit to customers, purchasing securities, and entering into financial derivative transactions. Credit risk is one of the most common risks in banking and is one of our most significant risks.

Approved risk tolerances, in addition to credit policies and procedures, set portfolio objectives for the level of credit risk. We have established guidelines for acceptable levels of total borrower exposure, problem loans, and other credit measures. We seek to achieve our credit portfolio objectives by maintaining a customer base that is diverse in borrower exposure and industry types. We use loan participations with third parties, loan sales, and the purchase of credit derivatives to reduce risk concentrations.

NONPERFORMING, PAST DUE AND POTENTIAL PROBLEM ASSETS

Nonperforming assets include nonaccrual loans, troubled debt restructurings, nonaccrual loans held for sale or foreclosed, and other assets. In addition, certain performing assets have interest payments that are past due or have the potential for future repayment problems.

Nonperforming Assets By Type

Dollars in millions	September 30 2004	December 31 2003
Nonaccrual loans		
Commercial	\$ 96	\$ 213
Lease financing	7	11
Commercial real estate	10	6
Consumer	12	11
Residential mortgage	23	24
Total nonaccrual loans	148	265
Troubled debt restructured loan		1
Total nonperforming loans	148	266
Nonperforming loans held for sale ^(a)	2	27
Foreclosed and other assets		
Lease	16	17
Residential mortgage	11	9
Other	7	9
Total foreclosed and other assets	34	35
Total nonperforming assets^(b)	\$ 184	\$ 328
Nonperforming loans to loans	.35%	.73%
Nonperforming assets to loans, loans held for sale and foreclosed assets	.42	.87
Nonperforming assets to total assets	.24	.48

^(a) Includes troubled debt restructured loans held for sale of \$2 million and \$10 million as of September 30, 2004 and December 31, 2003, respectively.

^(b) Excludes equity management assets carried at estimated fair value of \$29 million and \$37 million at September 30, 2004 and December 31, 2003, respectively, and included in other assets on the Consolidated Balance Sheet. These amounts include \$10 million and \$5 million of troubled debt restructured assets at September 30, 2004 and December 31, 2003, respectively.

The decline in nonperforming loans held for sale at September 30, 2004 compared with December 31, 2003 reflects reductions in principal balances and sales of nonperforming loans during 2004.

The foreclosed lease assets at September 30, 2004 and December 31, 2003 primarily represent our repossession of collateral related to a single airline industry credit during the second quarter of 2003 that was previously classified as a nonaccrual loan. This asset is currently leased to a third party.

The amount of nonperforming loans that was current as to principal and interest was \$52 million at September 30, 2004 and \$116 million at December 31, 2003. The amount of nonperforming loans held for sale that was current as to principal and interest was zero at September 30, 2004 and \$4 million at December 31, 2003.

Nonperforming Assets By Business

In millions	September 30 2004	December 31 2003
Regional Community Banking	\$ 85	\$ 85
Wholesale Banking	82	227
PNC Advisors	10	11
Other	7	5
Total nonperforming assets	\$ 184	\$ 328

At September 30, 2004, Wholesale Banking had nonperforming loans held for sale of \$2 million, which are included in the preceding table.

Change In Nonperforming Assets

In millions	2004	2003
January 1	\$ 328	\$ 418
Purchases	12	42
Transferred from accrual	170	356
Returned to performing	(14)	(4)
Principal reductions	(186)	(221)
Asset sales	(53)	(34)
Charge-offs and valuation adjustments	(73)	(161)
September 30	\$ 184	\$ 396

Weakness in the economy or other factors that affect asset quality could result in an increase in the number of delinquencies, bankruptcies or defaults, and in a higher level of nonperforming assets, net charge-offs, and provision for credit losses in future periods.

Accruing Loans And Loans Held For Sale Past Due 90 Days Or More

Dollars in millions	Amount		Percent of Total Outstandings	
	Sept. 30 2004	Dec. 31 2003	Sept. 30 2004	Dec. 31 2003

Commercial	\$ 12	\$ 13	.07%	.09%
Commercial real estate	9	1	.44	.05
Consumer	19	21	.13	.18
Residential mortgage	15	21	.32	.73
Lease financing		1		.02
	<u>55</u>	<u>57</u>	<u>.13</u>	<u>.16</u>
Total loans	55	57	.13	.16
Loans held for sale	5	6	.32	.43
	<u>60</u>	<u>63</u>	<u>.14%</u>	<u>.17%</u>
Total loans and loans held for sale	\$ 60	\$ 63	.14%	.17%

Loans and loans held for sale that are not included in nonperforming or past due categories but cause us to be uncertain about the borrower's ability to comply with existing repayment terms over the next six months totaled \$83 million and zero, respectively, at September 30, 2004 compared with \$94 million and \$4 million, respectively, at December 31, 2003. Approximately 78% of these loans are in the Wholesale Banking portfolio. Loans held for sale relate to the institutional lending repositioning.

Allowances For Loan And Lease Losses And Unfunded Loan Commitments And Letters Of Credit

We maintain an allowance for loan and lease losses to absorb losses from the loan portfolio. We determine the allowance based on quarterly assessments of the probable estimated losses inherent in the loan portfolio. The methodology for measuring the appropriate level of the allowance consists of several elements, including:

- Specific allocations to impaired loans,
- Allocations to pools of non-impaired loans, and
- Unallocated reserves.

While we make allocations to specific loans and pools of loans, the total reserve is available for all loan losses.

In addition to the allowance for loan and lease losses, we maintain an allowance for unfunded loan commitments and letters of credit. We report this allowance as a liability on our Consolidated Balance Sheet. We determine this amount using

estimates of the probability of the ultimate funding and losses related to those credit exposures. This methodology is similar to the methodology we use for determining the adequacy of our allowance for loans and lease losses.

We establish specific allowances for loans considered impaired using a method prescribed by SFAS 114, "Accounting by Creditors for Impairment of a Loan." All nonperforming loans are considered impaired under SFAS 114. Specific allowances for individual loans over a set dollar threshold are determined by our Special Asset Committee based on an analysis of the present value of the loan's expected future cash flows discounted at its effective interest rate, its observable market price, or the fair value of the underlying collateral. We establish a minimum specific allowance on all impaired loans at the applicable pool reserve allocation for similar loans.

Allocations to non-impaired commercial and commercial real estate loans (pool reserve allocations) are assigned to pools of loans as defined by our business structure and internal risk rating categories.

Key elements of the pool reserve methodology include:

- Probability of default ("PD"), which is derived from historical default analyses and is a function of the borrower's risk rating grade and expected loan term;
- Loss given default ("LGD"), which is derived from historical loss data and is a function of the loan's collateral value and other structural factors that may affect our ultimate ability to collect on the loan; and
- Exposure at default ("EAD"), which is derived from banking industry and our own exposure at default data.

Our pool reserve methodology is sensitive to changes in key risk parameters such as PDs, LGDs and EADs. In general, a given change in any of the major risk parameters will have a corresponding change in the pool reserve allocations to non-impaired commercial loans. Additionally, other factors such as the rate of migration in the severity of problem loans or changes in the maturity distribution of the loans will contribute to the final pool reserve allocations.

We make consumer (including residential mortgage) loan allocations at a total portfolio level by consumer product line based on historical loss experience. We compute a four-quarter average loss rate from net charge-offs for the prior four quarters as a percentage of the average loans outstanding in those quarters. We apply this loss rate to loans outstanding at the end of the current period to determine the consumer loan allocation.

The final loan reserve allocations are based on this methodology and our judgment of other qualitative factors that may include, among others:

- Regional and national economic conditions,
- Business segment and portfolio concentrations,
- Historical versus estimated losses,
- Model risk, and
- Changes to the level of credit risk in the portfolio.

We establish unallocated reserves to provide coverage for probable losses not considered in the specific, pool and consumer reserve methodologies, such as, but not limited to, potential judgment and data errors. Furthermore, events may have occurred as of the reserve evaluation date that are not yet reflected in the risk measures or characteristics of the portfolio due to inherent lags in information. Our evaluation of these and other relevant factors determines the level of unallocated reserves established at the evaluation date.

Allocation Of Allowance For Loan And Lease Losses

Dollars in millions	September 30, 2004		December 31, 2003	
	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans
Commercial	\$ 472	40.3%	\$ 514	41.5%
Commercial real estate	26	4.8	34	5.1
Consumer	35	35.1	28	32.6
Residential mortgage	8	11.0	7	8.0
Lease financing	36	7.6	44	11.4
Other	4	1.2	5	1.4
Total	\$ 581	100.0%	\$ 632	100.0%

For the table above, we assigned the unallocated portion of the allowance for loan and lease losses of \$103 million at September 30, 2004 and \$116 million at December 31, 2003 to loan categories based on the relative specific and pool allocation amounts. The unallocated portion of the allowance for loan and lease losses represented 18% of the total allowance and .24% of total loans at September 30, 2004 and 18% of the total allowance and .32% of total loans at December 31, 2003.

The provision for credit losses for the first nine months of 2004, and the evaluation of the allowances for loan and lease losses and unfunded loan commitments and letters of credit as of September 30, 2004, reflected changes in loan portfolio composition, the impact of refinements to our reserve methodology, and changes in asset quality. The provision includes amounts for probable losses on loans and credit exposure related to unfunded loan commitments and letters of credit. In addition, as described below, the allowance for loan and lease losses was impacted during the first nine months of 2004 by a change in our charge-off policy for smaller nonperforming commercial loans that occurred during the first quarter of 2004.

Rollforward Of Allowance For Loan And Lease Losses

In millions	2004	2003
January 1	\$ 632	\$ 673
Charge-offs	(139)	(191)
Recoveries	38	29
Net charge-offs	(101)	(162)
Provision for credit losses	33	143
Acquired allowance (United National)	22	
Net change in allowance for unfunded loan commitments and letters of credit	(5)	(6)
September 30	\$ 581	\$ 648

The allowance as a percent of nonperforming loans was 393% and as a percent of total loans was 1.37% at September 30, 2004. The comparable percentages at September 30, 2003 were 200% and 1.75%.

Rollforward Of Allowance For Unfunded Loan Commitments And Letters Of Credit

In millions	2004	2003
January 1	\$91	\$84
Net change in allowance for unfunded loan commitments and letters of credit	5	6
September 30	\$96	\$90

Charge-Offs And Recoveries

Nine months ended September 30 Dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
2004				
Commercial	\$ 98	\$ 22	\$ 76	.62%
Commercial real estate	2	1	1	.06
Consumer	32	9	23	.22
Residential mortgage	3	1	2	.07
Lease financing	4	5	(1)	(.04)
Total	\$ 139	\$ 38	\$ 101	.34
2003				
Commercial	\$ 115	\$ 17	\$ 98	.86%
Commercial real estate	3	3	3	.19
Consumer	29	9	20	.25
Residential mortgage	2	1	1	.04
Lease financing	42	2	40	1.32
Total	\$ 191	\$ 29	\$ 162	.61

During the first quarter of 2004, we changed our policy for recognizing charge-offs on smaller nonperforming commercial loans. As a result of this change, we recognized an additional \$24 million of gross charge-offs for the first quarter of 2004. This change resulted in lower net charge-offs in the second and third quarters of 2004 on these loans than they had been in the recent past. While we expect this trend to continue for several quarters, we believe the net chargeoffs should then return to levels experienced prior to 2004 based on current market expectations and portfolio composition.

CREDIT-RELATED INSTRUMENTS

Credit Default Swaps

Credit default swaps provide, for a fee, an assumption of a portion of the credit risk related to the underlying financial instruments. We use these contracts primarily to mitigate credit risk associated with commercial lending activities. At September 30, 2004, we used credit default swaps with \$323 million in notional amount to manage credit risk associated with commercial lending activities. The comparable amount was \$166 million at December 31, 2003. Credit default swaps are included in the Free-Standing Derivatives table in the Financial Derivatives section of the Risk Management section of this Financial Review. We realized net losses in connection with credit default swaps of \$1.7 million for the first nine months of 2004 and \$1.3 million for the third quarter of 2004.

Interest Rate Derivative Risk Participation Agreements

We enter into risk participation agreements to share credit exposure with other financial counterparties related to interest rate derivative contracts. Risk participation agreements used by us to mitigate credit risk had a total notional amount of \$30 million at September 30, 2004 compared with \$22 million at December 31, 2003. Additionally, risk participation agreements entered into in which we assumed credit exposure had a total notional amount of \$24 million at September 30, 2004 compared with \$49 million at December 31, 2003. These latter agreements were entered into prior to July 1, 2003, are considered to be financial guarantees and, therefore, are not included in the Financial Derivatives section of the Risk Management section of this Financial Review. Agreements entered into subsequent to June 30, 2003 had a notional amount of \$132 million and are included in the Financial Derivatives section.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk of potential for loss if we were unable to meet our funding requirements at a reasonable cost. We manage liquidity risk to help ensure that we can obtain cost-effective funding to meet our current and future obligations under both normal "business as usual" and stressful circumstances. We typically maintain our liquidity position through:

- A large and stable deposit base derived from our retail and wholesale banking activities,
- A portfolio of liquid investment securities,
- Diversified sources of short-term and long-term wholesale funding, and
- Significant unused borrowing capacity at both the Federal Home Loan Bank and the Federal Reserve discount window.

We monitor liquidity positions at both the bank and the parent company level. Our Asset and Liability Committee ("ALCO") and the Board Finance Committee monitor compliance with our liquidity policy limits and guidelines.

Liquid assets consist of short-term investments (federal funds sold and other short-term investments) and securities available for sale. At September 30, 2004, our liquid assets totaled \$18.6 billion, with \$8.6 billion pledged as collateral for borrowings, trust, and other commitments.

PNC Bank, National Association ("PNC Bank, N.A.") is a member of the Federal Home Loan Bank and as such has access to advances from the Federal Home Loan Bank secured generally by residential mortgages, other real estate related loans, and mortgage-backed securities. At September 30, 2004, our total unused borrowing capacity from the Federal Home Loan Bank under current collateral requirements was \$18.6 billion. We can also obtain funding through alternative forms of borrowing, including federal funds purchased, repurchase agreements, and short-term and long-term debt issuance. On July 30, 2004, PNC Bank, N.A. established a program to offer up to \$20 billion in senior and subordinated unsecured debt obligations with maturities of more than nine months. As of September 30, 2004, PNC Bank, N.A. had issued \$500 million of debt under this program.

We can generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of securities in public or private markets. At September 30, 2004, we had unused capacity under effective shelf registration statements of approximately \$2.7 billion of debt or equity securities and \$100 million of trust preferred capital securities. The parent company also had an unused non-reciprocal credit facility of \$200 million at September 30, 2004.

The principal source of parent company cash flow is the dividends it receives from PNC Bank, N.A., which may be impacted by the following:

- Capital needs,

- Laws and regulations,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions. The amount available for dividend payments by PNC Bank, N.A. without prior regulatory approval was approximately \$909 million at September 30, 2004.

In addition to dividends from PNC Bank, N.A., other sources of parent company liquidity include cash and short-term investments, as well as dividends and loan repayments from other subsidiaries. As of September 30, 2004, the parent company had approximately \$1.5 billion in funds available from its cash and short-term investments or other funds available from unrestricted subsidiaries that could be used for the repayment of contractual obligations with maturities of less than one year. These obligations totaled \$600 million as of September 30, 2004. During the third quarter of 2004, \$300 million of parent company senior debt matured.

We regularly review the parent company's current and projected liquidity position to assess our ability to meet both its obligatory and discretionary funding needs. Our liquidity policy requires a defined level of liquidity to be available over the next twelve months. We typically manage the liquidity position to hold liquid assets equal to at least the amount of the next twelve months of obligatory funding needs, which are primarily debt service, vendor payments and other contractual obligations. As part of the assessment, we also project parent company funding sources and uses over the next twelve months. We consider funding sources such as expected dividends to be received from PNC Bank, N.A. and potential debt issuance, and discretionary funding uses, the most significant of which is the external dividend to be paid on PNC's stock.

MARKET RISK MANAGEMENT

Market risk is the risk of a loss in earnings or economic value due to adverse movements in market factors such as interest rates, credit spreads, foreign exchange rates, and equity prices. We are exposed to market risk by our involvement in the following activities:

- Traditional banking activities of taking deposits and extending loans,
- Trading in fixed income products, equities, derivatives, and foreign exchange, as a result of customer activities, underwriting, and proprietary trading,
- Private equity and other investments and activities whose economic values are directly impacted by market factors, and
- Changes in values of trust assets for our noncontributory, qualified defined benefit pension plan.

We have established enterprise-wide policies and methodologies to identify, measure, monitor, and report market risk to senior management, ALCO and the Board of Directors. These responsibilities are primarily carried out by an independent market risk management group that reports directly to the enterprise-wide Chief Market Risk Officer.

INTEREST RATE RISK

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates, and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities. Because of the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but the economic value of these assets and liabilities as well. The Asset and Liability Management group centrally manages interest rate risk. In managing interest rate risk, we limit our reliance on a particular interest rate scenario while positioning the balance sheet to increase net interest income and net interest margin while achieving our target risk profile. We use the following to achieve these objectives:

- Securities purchases and sales,
- Mix of short-term and long-term funding,
- Financial derivatives, and
- Other capital markets instruments.

The activities of the Asset and Liability Management Group are subject to interest rate risk limits and certain policies approved by ALCO and the Finance Committee of the Board of Directors.

Risk Measurement

We measure and seek to manage the impact on both our income statement and balance sheet of changes in short-term and long-term interest rates. We perform this analysis through the use of an interest rate risk simulation model that assesses the impact of changing rates on net interest income and economic value of equity ("EVE"). EVE is a measurement of the inherent economic value of our existing on- and off-balance sheet positions at a given point in time.

To forecast net interest income and its sensitivity to changes in interest rates, we make assumptions about the volumes and characteristics of new business and the behavior of existing positions. We base these assumptions on our experience, business plans, and publicly available industry information. We use the following key assumptions in our model:

- Loan volumes and pricing,
- Prepayment speeds on mortgage-related assets and consumer loans,
- Deposit volumes and pricing,
- The expected life and repricing characteristics of nonmaturity loans and deposits, and
- Our financial and capital plans.

EVE is also based on a series of assumptions, primarily related to the expected maturity and repricing behavior of existing on- and off-balance sheet positions. To the extent possible, these assumptions are consistent with those used in the net interest income simulation process. Market Risk Management reviews the assumptions and modeling techniques used in both of these analyses.

Our interest rate simulation model is designed to capture key components of interest rate risk such as:

- Repricing risk,
- Yield curve or nonparallel rate shift risk,
- Basis risk, and
- Options risk.

Because the assumptions we employ in the model are inherently uncertain, actual results may differ from simulated results. We use such analyses to help us identify potential risks and develop appropriate risk management strategies.

At September 30, 2004 our effective duration of equity was -3.0 years given a +/- 100 basis point instantaneous change in interest rates.

Sensitivity results and market interest rate benchmarks for the quarters ended September 30, 2004 and September 30, 2003 follow:

Interest Sensitivity Analysis

	Sept. 30 2004	Sept. 30 2003
Net Interest Income Sensitivity Simulation		
Effect on net interest income in first year from gradual interest rate change over following 12 months of:		
100 basis point increase	(.1)%	(.6)%
100 basis point decrease	(.6)%	(.8)%
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	2.6%	
100 basis point decrease	(7.4)%	(7.7)%
Economic Value of Equity Sensitivity Model		
Effect on value of on- and off-balance sheet positions as a percentage of economic value of equity from instantaneous change in interest rates of:		
200 basis point increase	2.4%	(9.0)%
200 basis point decrease	(10.7)%	.8%
Key Period-End Interest Rates		
One month LIBOR	1.84%	1.12%
Three-year swap	3.29%	2.34%

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. The following Net Interest Income Sensitivity To Alternative Rate Scenarios table reflects the percentage change in net interest income over the next two 12 month periods assuming PNC's Economist's most likely rate forecast, implied market forward rates, a higher/flatter rate scenario, and a lower/flatter rate scenario. We are inherently sensitive to a flatter yield curve.

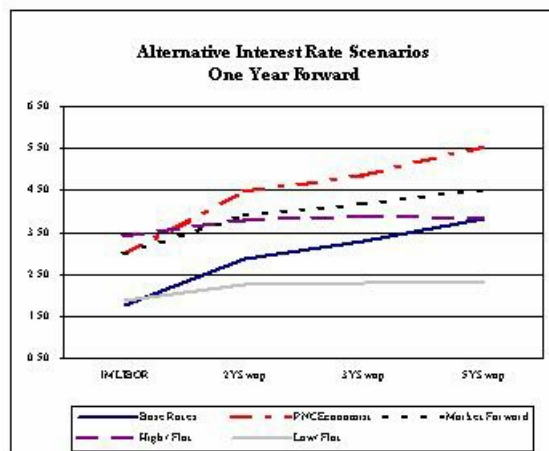
When forecasting net interest income, we make assumptions about interest rates and the shape of the yield curve, the volume and characteristics of new business, and the behavior of existing positions. These assumptions determine the future level of simulated net interest income in the base interest rate scenario and the other interest rate scenarios presented in the following table. These simulations assume that as assets and liabilities mature, they are replaced or repriced at market rates.

All changes in forecasted net interest income are relative to results in a base rate scenario where current market rates are assumed to remain unchanged over the forecast horizon.

Net Interest Income Sensitivity To Alternative Rate Scenarios (as of September 30, 2004)

	PNC Economist	Market Forward	High/Flat	Low/Flat
Change in forecasted net interest income:				
First year sensitivity	.8%	(.3)%	(1.1)%	(1.4)%
Second year sensitivity	4.1%	.9%	(.6)%	(6.8)%

The graph below presents the yield curves for the base rate scenario and each of the alternative scenarios one year forward.



Over the last several years, we have taken steps to position our balance sheet to benefit from rising interest rates under the belief that the current environment, characterized by historically low rates, will not continue over the longer term. Going forward, we believe we have the deposit funding base and flexibility to change our investment profile to take advantage of opportunities presented by a higher rate environment.

TRADING RISK

Our trading activities include the underwriting of fixed income and equities, as well as customer-driven and proprietary trading in fixed income products, equities, derivatives, and foreign exchange.

We use value-at-risk ("VaR") as the primary means to measure and monitor market risk in trading activities. VaR offers a common measure to compare trading risk across portfolios with exposures to different types of market factors and has been endorsed by United States and international regulators as the global state-of-the-art approach used to

measure trading risks.

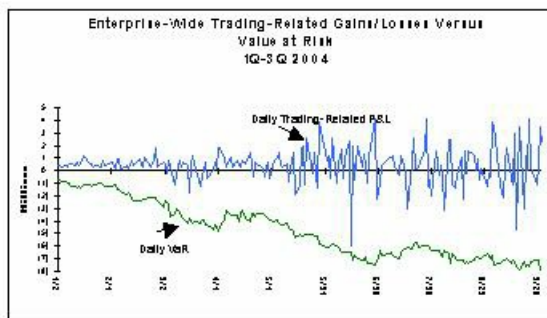
An enterprise-wide VaR limit on trading activities is established by the Board of Directors. VaR limits for individual business units are established by ALCO. Trader-level and desk-level VaR limits are established by the business unit and the corporate market risk function.

The following table shows VaR usage in the first nine months of 2004 by product type:

VaR Usage by Product Type

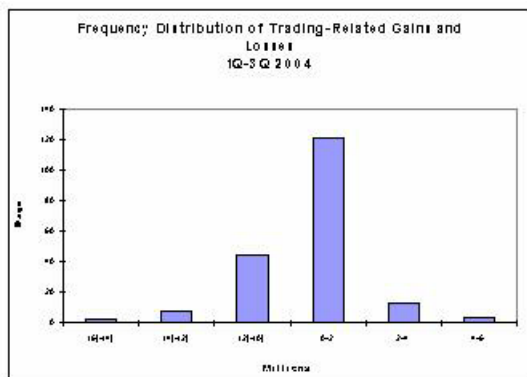
In millions	Min	Max	Avg
Fixed Income	.6	7.3	4.3
Equity	.1	.6	.4
Foreign Exchange	.1	.3	.1
Total	.9	7.9	4.8

To help ensure the integrity of the models used to calculate VaR for each portfolio and enterprise-wide, we use a process known as backtesting. The backtesting process consists of comparing actual observations of trading-related gains or losses against the VaR levels that were calculated at the close of the prior day. We would expect a maximum of two to three instances a year in which actual losses exceeded the prior day VaR measure. In the first nine months of 2004, there were no such instances at the enterprise-wide level. This indicates that PNC uses a conservative enterprise-wide VaR measure. The graph below shows a comparison of enterprise-wide trading-related gains and losses against prior day VaR for the period.



Some of our trading positions, such as over-the-counter derivatives contracts, do not have directly observable prices and therefore must be valued using models that incorporate assumptions on parameters such as the future volatilities of interest rates and equity prices. To help ensure the integrity of such valuations, models and assumptions are approved and validated by our corporate Model Validation Committee. Valuations are also validated by other methods such as comparing valuations obtained from independent sources wherever possible.

Total trading-related revenue was \$78 million for the first nine months of 2004. Trading-related revenue includes both net interest income and noninterest income from trading activities. Enterprise-wide trading-related losses occurred on 53 of the 190 business days in the period. The histogram below shows the frequency distribution of trading-related gains and losses.



In addition to VaR, we measure and monitor exposure to individual market factors and have established limits on other relevant exposures such as dollar deltas and convexities for certain trading portfolios.

In order to measure risk beyond normal market movements, we examine how each portfolio would perform under hypothetical stress scenarios and repeats of actual historical events. We are also embarking on a program to further enhance this important approach to market risk management.

As required under the Market Risk Amendment to the Basel Accord, we calculate risk-weighted capital for trading activities, which is driven by average VaR usage. For internal risk management purposes, we also estimate the amount of economic capital required at a 99.9% level of confidence by trading activities over a one-year horizon. This measure is driven by both average VaR usage and potential future usage based on portfolio VaR limits.

EQUITY AND OTHER INVESTMENT RISK

In addition to extending credit, taking deposits, and underwriting and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations, and later-stage growth financings in a variety of industries. We also invest in non-affiliated and affiliated funds that make similar private equity investments. The economic and/or book value of these investments and other assets such as loan servicing rights are also directly affected by changes in market factors.

The predominant source of market risk in this category is our portfolio of private equity investments. At September 30, 2004, private equity investments carried at estimated fair value totaled approximately \$481 million compared with \$531 million at December 31, 2003. As of September 30, 2004, approximately 40% of the amount was invested directly in a variety of companies and approximately 60% was invested in various limited partnerships. Private equity unfunded commitments totaled \$136 million at September 30, 2004 compared with \$176 million at December 31, 2003.

We have established processes to help ensure the integrity of valuations and reporting of the market risk inherent in these activities. The corporate market risk management function takes part in the valuation review process, works closely with business units to identify activities with inherent market risk, and reports estimates of the levels of market risk to senior management.

ECONOMIC CAPITAL

Our Economic Capital Committee, comprised of functional risk managers and the Vice Chairman and Chief Financial Officer and the Chief Risk Officer, governs the measurement of economic capital. This Committee meets at least quarterly to review economic capital measurements and approve methodology changes. The economic capital framework is a measure of the potential losses above and beyond expected losses. Potential one year losses are capitalized to a level consistent with a financial institution with an A rating by the credit rating agencies. Economic capital incorporates risk associated with potential credit losses (Credit Risk), fluctuations of the estimated market value of financial instruments (Market Risk), failure of people, processes or systems (Operational Risk), and income losses associated with declining volumes, margins and/ or fees, and the fixed cost structure of the business (Business Risk). We estimate credit and market risks at an exposure level while we estimate the remaining risk types at an institution or business segment level. We routinely compare the output of our economic capital model with industry benchmarks.

FINANCIAL DERIVATIVES

We use a variety of financial derivatives designated as accounting hedges under SFAS 133 as part of the overall asset and liability risk management process to help manage interest rate, market and credit risk inherent in our business activities. Substantially all such instruments are used to manage risk related to changes in interest rates. Our use of these derivatives does not apply to every aspect of interest rate, market and credit risk, and they may be ineffective due to unanticipated market characteristics, among other reasons. See Note 16 Financial Derivatives in the Notes To Consolidated Financial Statements under Part I, Item 1 of this Report for additional information.

We also enter into free-standing derivatives transactions that do not qualify or are not designated as accounting hedges. These financial derivatives are used to accommodate customer needs and are primarily in the form of interest rate swaps, caps, floors and foreign exchange and equity derivative contracts. We manage risk exposure from customer positions through transactions with other dealers. Derivative transactions that we enter into for proprietary trading purposes and those economic hedges entered into for risk management purpose that are not designated as accounting hedges and also included in free-standing derivatives.

Derivatives Summary

(in millions)	September 30, 2004		December 31, 2003	
	Notional amount	Estimated net fair value	Notional amount	Estimated net fair value
Accounting hedges	\$ 3,845	\$ 231	\$ 7,970	\$ 349
Free-standing derivatives	\$86,029	\$ 19	\$38,512	\$ (22)

Changes in the notional amount of financial derivatives used for risk management and designated as accounting hedges during the first nine months of 2004 are shown below.

Accounting Hedges Activity

Dollars in millions	December 31 2003	Additions	Maturities	Terminations	September 30 2004	Weighted-Average Maturity
Interest rate risk management						
Interest rate swaps						
Receive fixed	\$ 7,516	\$ 500		\$ (4,571)	\$ 3,445	6 yrs. 9 mos.
Pay fixed	31	252		(264)	19	3 yrs. 7 mos.
Basis swaps	2			(2)		
Interest rate caps	4				4	5 yrs. 6 mos.
Futures contracts	195	31		(95)	131	1yr. 2 mos.
Total interest rate risk management	7,748	783		(4,932)	3,599	
Commercial mortgage banking risk management						
Pay fixed interest rate swaps	172	545		(521)	196	10 yrs. 1 mo.
Total return swaps	50	125	\$ (100)	(25)	50	3 mos.
Total commercial mortgage banking risk management	222	670	(100)	(546)	246	
Total	\$ 7,970	\$ 1,453	\$ (100)	\$ (5,478)	\$ 3,845	

Notional amounts and fair values of financial derivatives used for risk management and designated as accounting hedges at September 30, 2004 and December 31, 2003 are shown below. Contractual terms, for fixed rates, or the implied forward yield curve at each respective date, for floating rates, are the basis for the weighted-average interest rates presented.

Accounting Hedges – 2004

September 30, 2004 - dollars in millions	Notional Amount	Fair Value	Weighted-Average Interest Rates	
			Paid	Received
Interest rate risk management				
Asset rate conversion				
Interest rate swaps ^(a)				
Receive fixed designated to loans	\$ 200		3.33%	3.19%
Pay fixed designated to loans	19	\$ (1)	4.12	3.51
Interest rate caps designated to loans ^(b)	4		NM	NM
Futures contracts designated to loans	131		NM	NM
Total asset rate conversion	354	(1)		
Liability rate conversion				
Interest rate swaps ^(a)				
Receive fixed designated to borrowed funds	3,245	242	3.80	5.75
Total liability rate conversion	3,245	242		
Total interest rate risk management	3,599	241		
Commercial mortgage banking risk management				
Pay fixed interest rate swaps designated to loans held for sale ^(a)	196	(10)	5.01	4.59
Pay total rate of return swaps designated to loans held for sale ^(a)	50		NM	1.47
Total commercial mortgage banking risk management	246	(10)		
Total financial derivatives designated for risk management ^(c)	\$3,845	\$ 231		

(a) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional amount, 27% were based on 1-month LIBOR and 73% on 3-month LIBOR.

(b) Interest rate caps with notional amounts of \$4 million require the counterparty to pay us the excess, if any, of the Prime Rate over a weighted-average strike of 5.03%. At September 30, 2004 the Prime Rate was 4.75%.

(c) Fair value amounts include accrued interest of \$38 million.

NM-Not meaningful

Accounting Hedges – 2003

December 31, 2003 - dollars in millions	Notional Amount	Fair Value	Weighted-Average Interest Rates	
			Paid	Received
Interest rate risk management				
Asset rate conversion				
Interest rate swaps ^(a)				
Receive fixed designated to loans	\$4,271	\$ 66	2.15%	2.40%
Pay fixed designated to loans	31	(3)	5.04	3.46
Basis swaps designated to loans	2		2.86	2.86
Interest rate caps designated to loans ^(b)	4		NM	NM
Futures contracts designated to loans	195		NM	NM
Total asset rate conversion	4,503	63		
Liability rate conversion				
Interest rate swaps ^(a)				
Receive fixed designated to borrowed funds	3,245	291	3.79	5.75
Total liability rate conversion	3,245	291		
Total interest rate risk management	7,748	354		
Commercial mortgage banking risk management				
Pay fixed interest rate swaps designated to loans held for sale ^(a)	172	(5)	5.01	4.94
Pay total rate of return swaps designated to loans held for sale ^(a)	50		NM	.36
Total commercial mortgage banking risk management	222	(5)		
Total financial derivatives designated for risk management ^(c)	\$7,970	\$ 349		

- (a) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional amount, 66% were based on 1-month LIBOR and 34% on 3-month LIBOR.
- (b) Interest rate caps with notional amounts of \$4 million require the counterparty to pay us the excess, if any, of the Prime Rate over a weighted-average strike of 5.03%. At December 31, 2003, the Prime Rate was 4.00%.
- (c) Fair value amounts include accrued interest of \$80 million.

NM- Not meaningful

Free-standing Derivatives

In millions	At September 30, 2004				2004 Average Fair Value
	Notional Amount	Positive Fair Value	Negative Fair Value	Net Asset (Liability)	
Customer-related and trading					
Interest rate					
Swaps	\$44,645	\$ 500	\$ (480)	\$ 20	\$ 12
Caps/floors					
Sold	594		(11)	(11)	(13)
Purchased	442	9		9	11
Futures	8,108	2	(1)	1	
Foreign exchange	3,717	43	(42)	1	3
Equity	2,216	110	(96)	14	2
Options					
Eurodollar	17,850	3	(2)	1	
Fed funds	3,500				
Treasury notes	688		(3)	(3)	(1)
Other	818	16	(16)		2
Total customer-related and trading	82,578	683	(651)	32	16
Other risk management					
Interest rate					
Basis swaps	1,079	3	(1)	2	2
Pay fixed swaps	1,178	4	(19)	(15)	(1)
Receive total return swaps					(13)
Other	1,194	1	(1)		5
Total other risk management	3,451	8	(21)	(13)	(7)
Total free-standing derivatives	\$86,029	\$ 691	\$ (672)	\$ 19	\$ 9

INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2004, we performed an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and the Vice Chairman and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and the Vice Chairman and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2004.

We successfully implemented a new general ledger system and related core financial modules during the first quarter of 2004. This system enhanced internal controls related to the financial close and reporting processes. There were no other significant changes in internal controls during the first nine months of 2004.

GLOSSARY OF TERMS

Accounting/administration net fund assets - Net domestic and foreign fund investment assets for which we provide accounting and administration services. We do not include these assets on our Consolidated Balance Sheet.

Adjusted average total assets - Primarily comprised of total average quarterly assets plus (less) unrealized losses (gains) on available-for-sale debt securities, less goodwill and certain other intangible assets.

Annualized - Adjusted to reflect a full year of activity.

Assets under management - Assets over which we have sole or shared investment authority for our customers/clients. We do not include these assets on our Consolidated Balance Sheet.

Capital - Represents the amount of resources that a business segment should hold to guard against potentially large losses that could cause insolvency. It is based on a measurement of economic risk, as opposed to risk as defined by regulatory bodies or generally accepted accounting principles. The economic capital measurement process involves converting a risk distribution to the capital that is required to support the risk, consistent with an institution's target credit rating. As such, economic risk serves as a "common currency" of risk that allows an institution to compare different risks on a similar basis.

Charge-off - Process of removing a loan or portion of a loan from a bank's balance sheet because the loan is considered uncollectible. A charge-off also is recorded when a loan is transferred to held for sale and the loan's market value is less than its carrying amount.

Common shareholders' equity to total assets - Common shareholders' equity divided by total assets. Common shareholders' equity equals total shareholders' equity less preferred stock and the portion of capital surplus and retained interest related to the preferred stock.

Custody assets - All investment assets held on behalf of clients under safekeeping arrangements. We do not include these assets on our Consolidated Balance Sheet. Investment assets held in custody at other institutions on our behalf are included in the appropriate asset categories on the Consolidated Balance Sheet as if physically held by us.

Earning assets - Assets that generate income, which include: short-term investments; loans held for sale; loans, net of unearned income; securities; federal funds sold; resale agreements; and certain other assets.

Economic value of equity ("EVE") - The present value of the expected cash flows of our existing assets less the present value of the expected cash flows of our existing liabilities, plus the present value of the net cash flows of our existing off-balance sheet positions.

Effective duration - A measurement, expressed in years, that, when multiplied by a change in interest rates, would approximate the percentage change in value of on- and off-balance sheet positions.

Efficiency - Noninterest expense divided by the sum of net interest income and noninterest income.

Funds transfer pricing - A management accounting methodology designed to recognize the net interest income effects of sources and uses of funds provided by the assets and liabilities of business segments. These balances are assigned funding rates that represent the interest cost for us to raise/invest funds with similar maturity and repricing structures, using the least-cost funding sources available.

Leverage ratio - Tier 1 risk-based capital divided by adjusted average total assets.

Net interest margin - Annualized taxable-equivalent net interest income divided by average earning assets.

Nondiscretionary assets under administration - Assets we hold for our customers/clients in a non-discretionary, custodial capacity. We do not include these assets on our Consolidated Balance Sheet.

Noninterest income to total revenue - Total noninterest income divided by total revenue. Total revenue includes total noninterest income plus net interest income.

Nonperforming assets - Nonperforming assets include nonaccrual loans, troubled debt restructured loans, nonaccrual loans held for sale, foreclosed assets and other assets. Interest income does not accrue on assets classified as nonperforming.

Nonperforming loans - Nonperforming loans include loans to commercial, lease financing, consumer, commercial real estate and residential mortgage customers as well as troubled debt restructured loans. Nonperforming loans do not include nonaccrual loans held for sale or foreclosed and other assets. Interest income does not accrue on loans classified as nonperforming.

Recovery - Cash proceeds received on a loan that had previously been charged off. The amount received is credited to the allowance for loan and lease losses.

Return on capital - Annualized net income divided by average capital.

Return on average assets - Annualized net income divided by average assets.

Return on average common equity - Annualized net income divided by average common shareholders' equity.

Risk-weighted assets - Primarily computed by the assignment of specific risk-weights (as defined by The Board of Governors of the Federal Reserve System) to assets and off-balance sheet instruments.

Securitization - The process of legally transforming financial assets into securities.

Shareholders' equity to total assets - Period-end total shareholders' equity divided by period-end total assets.

Tangible common capital ratio - Common shareholders' equity less goodwill and other intangible assets (excluding mortgage servicing rights) divided by total assets less goodwill and other intangible assets (excluding mortgage servicing rights).

Taxable-equivalent interest - The interest income earned on certain assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than a taxable investment. In order to provide accurate comparisons of yields and margins for all earning assets, the interest income earned on tax-exempt assets is increased to make them fully equivalent to other taxable interest income investments.

Tier 1 risk-based capital - Tier 1 capital equals: total shareholders' equity, plus trust preferred capital securities, plus certain minority interests that are held by others; less goodwill and certain intangible assets, less equity investments in nonfinancial companies and less net unrealized holding losses on available-for-sale equity securities. Net unrealized holding gains on available-for-sale equity securities, net unrealized holding gains (losses) on available-for-sale debt securities and net unrealized holding gains (losses) on cash flow hedge derivatives are excluded from total shareholders' equity for tier 1 capital purposes.

Tier 1 risk-based capital ratio - Tier 1 risk-based capital divided by period-end risk-weighted assets.

Total fund assets serviced - Total domestic and foreign fund investment assets for which we provide related processing services. We do not include these assets on our Consolidated Balance Sheet.

Total deposits - The sum of total transaction deposits, savings accounts, certificates of deposit, other time deposits and deposits in foreign offices.

Total risk-based capital - Tier 1 risk-based capital plus qualifying senior and subordinated debt, other minority interest not qualified as tier 1, and the allowance for loan and lease losses, subject to certain limitations.

Total risk-based capital ratio - Total risk-based capital divided by period-end risk-weighted assets.

Transaction deposits - The sum of money market and interest-bearing demand deposits and demand and other noninterest-bearing deposits.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We make statements in this Report, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses, capital levels, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on our business operations or performance, that are forward-looking statements. Forward-looking statements are typically identified by words or phrases such as "believe," "feel," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "position," "target," "assume," "achievable," "potential," "strategy," "goal," "objective," "plan," "aspiration," "outcome," "continue," "remain," "maintain," "seek," "strive," "trend," and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may," or similar expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook or expectations and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Our forward-looking statements speak only as of the date they are made. We do not assume any duty and do not undertake to update our forward-looking statements. Actual results or future events could differ, possibly materially, from those that we anticipated in our forward-looking statements, and future results could differ materially from our historical performance.

In addition to factors that we have previously disclosed in our SEC reports and those that we discuss elsewhere in this report, our forward-looking statements are subject to, among others, the following risks and uncertainties, which could cause actual results or future events to differ materially from those that we anticipated in our forward-looking statements or from our historical performance:

(1) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets (including as a result of actions of the Federal Reserve Board affecting interest rates or the money supply or otherwise reflecting changes in monetary policy), which could affect: (a) credit quality and the extent of our credit losses; (b) the extent of funding of our unfunded loan commitments and letters of credit; (c) our allowances for loan and lease losses and unfunded loan commitments and letters of credit; (d) demand for our credit or fee-based products and services; (e) our net interest income; (f) the value of assets under management and assets serviced, of private equity investments, of other debt and equity investments, of loans held for sale, or of other on-balance sheet or off-balance sheet assets; or (g) the availability and terms of funding necessary to meet our liquidity needs;

(2) the impact on us of legal and regulatory developments (including the following: (a) the resolution of legal proceedings or regulatory and other governmental inquiries; (b) increased litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, our failure to satisfy the requirements of agreements with governmental agencies, and regulators' future use of supervisory and enforcement tools; (d) legislative and regulatory reforms, including changes to tax laws; and (e) changes in accounting policies and principles), with the impact of any such developments possibly affecting our ability to operate our businesses or our financial condition or results of operations or our reputation, which in turn could have an

impact on such matters as business generation and retention, our ability to attract and retain management, liquidity and funding;

(3) the impact on us of changes in the nature or extent of our competition;

(4) the introduction, withdrawal, success and timing of our business initiatives and strategies;

(5) customer acceptance of our products and services, and our customers' borrowing, repayment, investment and deposit practices;

(6) the impact on us of changes in the extent of customer or counterparty delinquencies, bankruptcies or defaults, which could affect, among other things, credit and asset quality risk and our provision for credit losses;

(7) the ability to identify and effectively manage risks inherent in our business;

(8) how we choose to redeploy available capital, including the extent and timing of any share repurchases and acquisitions or other investments in our businesses;

(9) the impact, extent and timing of technological changes, the adequacy of intellectual property protection, and costs associated with obtaining rights in intellectual property claimed by others;

(10) the timing and pricing of any sales of loans or other financial assets held for sale;

(11) our ability to obtain desirable levels of insurance, and whether or not insurance coverage for claims by PNC is denied;

(12) the relative and absolute investment performance of assets under management; and

(13) the extent of terrorist activities and international hostilities, increases or continuations of which may adversely affect the economy and financial and capital markets generally or us specifically.

In addition, our forward-looking statements are also subject to risks and uncertainties related to our pending acquisition of Riggs National Corporation and the expected consequences of the integration of the remaining Riggs businesses at closing into PNC, including the following: (a) completion of the transaction is dependent on, among other things, receipt of stockholder and regulatory approvals, and we cannot at this point predict with precision when those approvals may be obtained or if they will be received at all; (b) successful completion of the transaction and our ability to realize the benefits that we anticipate from the acquisition also depend on the nature of any future developments with respect to Riggs' regulatory issues, the ability to comply with the terms of all current or future regulatory requirements (including any related action plan) resulting from these issues, and the extent of future costs and expenses arising as a result of these issues, including the impact of increased litigation risk and any claims for indemnification or advancement of costs; (c) the transaction may be materially more expensive to complete than we anticipate as a result of unexpected factors or events; (d) the integration into PNC of the Riggs business and operations that we acquire, which will include conversion of Riggs' different systems and procedures, may take longer than we anticipate, may be more costly than we anticipate, or may have unanticipated adverse results relating to Riggs' or PNC's existing businesses; (e) it may take longer than we expect to realize the anticipated cost savings of the acquisition, and those anticipated cost savings may not be achieved or may not be achieved in their entirety; and (f) the anticipated strategic and other benefits of the acquisition to us are dependent in part on the future performance of Riggs' business, and there can be no assurance as to actual future results, which could be impacted by various factors, including the risks and uncertainties generally related to the performance of PNC's and Riggs' businesses (with respect to Riggs, see Riggs' SEC reports, also accessible on the SEC's website at www.sec.gov) or due to factors related to the acquisition of Riggs and the process of integrating Riggs' business at closing into ours.

Other mergers, acquisitions, restructurings, divestitures, business alliances or similar transactions, including our recently completed acquisitions of United National Bancorp and the loan origination business of Aviation Finance Group, LLC and our pending acquisition of SSRM Holdings, Inc., will also be subject to similar risks and uncertainties related to our ability to realize expected cost savings or revenue enhancements or to implement integration and strategic plans and, in the case of SSRM Holdings, Inc., related to our successful completion of the transaction.

In addition, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance that involve BlackRock are discussed in more detail and additional factors are identified in BlackRock's SEC reports, accessible on the SEC's website or on BlackRock's website at www.blackrock.com.

You can find additional information on the foregoing risks and uncertainties and additional factors that could affect results anticipated in our forward-looking statements or from our historical performance in the reports that we file with the SEC. You can access our SEC reports on the SEC's website at www.sec.gov or on or through our corporate website at www.pnc.com.

CONSOLIDATED STATEMENT OF INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data Unaudited	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
INTEREST INCOME				
Loans and fees on loans	\$ 516	\$ 488	\$ 1,496	\$ 1,490
Securities	139	142	414	440
Other	30	38	99	122
Total interest income	685	668	2,009	2,052
INTEREST EXPENSE				
Deposits	121	106	332	355
Borrowed funds	73	75	211	186
Total interest expense	194	181	543	541
Net interest income	491	487	1,466	1,511
Provision for credit losses	13	50	33	143
Net interest income less provision for credit losses	478	437	1,433	1,368
NONINTEREST INCOME				
Asset management	238	216	740	632
Fund servicing	204	188	608	569
Service charges on deposits	65	60	187	177
Brokerage	52	46	166	133
Consumer services	66	65	196	188
Corporate services	100	132	353	362
Equity management gains (losses)	16	(4)	58	(25)
Net securities gains	16	19	45	101
Other	81	103	306	259
Total noninterest income	838	825	2,659	2,396
NONINTEREST EXPENSE				
Staff	576	448	1,530	1,332
Net occupancy	68	63	203	217
Equipment	72	67	216	205
Marketing	19	16	63	49
Distributions on capital securities				28
Other	246	233	774	787
Total noninterest expense	981	827	2,786	2,618
Income before minority and noncontrolling interests and income taxes	335	435	1,306	1,146
Minority and noncontrolling interests in (loss) income of consolidated entities	(13)	2	5	26
Income taxes	90	152	411	393
Net income	\$ 258	\$ 281	\$ 890	\$ 727
EARNINGS PER COMMON SHARE				
Basic	\$.92	\$ 1.01	\$ 3.16	\$ 2.59
Diluted	\$.91	\$ 1.00	\$ 3.13	\$ 2.57
AVERAGE COMMON SHARES OUTSTANDING				
Basic	281	278	281	281
Diluted	283	280	284	282

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET**THE PNC FINANCIAL SERVICES GROUP, INC.**

In millions, except par value Unaudited	September 30 2004	December 31 2003
ASSETS		
Cash and due from banks	\$ 3,005	\$ 2,968
Federal funds sold		50
Resale agreements	1,154	1,826
Other short-term investments	1,801	720
Loans held for sale	1,582	1,400
Securities	16,824	15,690
Loans, net of unearned income of \$931 and \$1,009	42,480	36,303
Allowance for loan and lease losses	(581)	(632)
Net loans	41,899	35,671
Goodwill	3,007	2,390
Other intangible assets	348	317
Other	7,677	7,136
Total assets	\$ 77,297	\$ 68,168
LIABILITIES		
Deposits		
Noninterest-bearing	\$ 12,461	\$ 11,505
Interest-bearing	38,701	33,736
Total deposits	51,162	45,241
Borrowed funds		
Federal funds purchased	2,008	169
Repurchase agreements	1,595	1,081
Bank notes and senior debt	2,997	2,823
Federal Home Loan Bank borrowings	96	1,115
Subordinated debt	3,569	3,729
Commercial paper	1,805	2,226
Other borrowed funds	849	310
Total borrowed funds	12,919	11,453
Allowance for unfunded loan commitments and letters of credit	96	91
Accrued expenses	2,402	2,275
Other	2,907	2,001
Total liabilities	69,486	61,061
Minority and noncontrolling interests in consolidated entities	499	462
SHAREHOLDERS' EQUITY		
Common stock - \$5 par value		
Authorized 800 shares, issued 353 shares	1,764	1,764
Capital surplus	1,246	1,108
Retained earnings	8,107	7,642
Deferred compensation expense	(52)	(29)
Accumulated other comprehensive (loss) income	(25)	60
Common stock held in treasury at cost: 70 and 76 shares	(3,728)	(3,900)
Total shareholders' equity	7,312	6,645
Total liabilities, minority and noncontrolling interests and shareholders' equity	\$ 77,297	\$ 68,168

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**THE PNC FINANCIAL SERVICES GROUP, INC.**

Nine months ended September 30 – in millions Unaudited

	2004	2003
OPERATING ACTIVITIES		
Net income	\$ 890	\$ 727
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	33	143
Depreciation, amortization and accretion	226	215
Deferred income taxes	33	137
Securities transactions	(45)	(101)
Valuation adjustments	(35)	(28)
Net change in		
Loans held for sale	(186)	212
Other short-term investments	(1,062)	56
Other	254	(303)
Net cash provided by operating activities	108	1,058
INVESTING ACTIVITIES		
Net change in		
Loans	(2,392)	(805)
Federal funds sold	50	1,847
Resale agreements	672	(778)
Repayment of securities	2,845	5,013
Sales		
Securities	12,583	9,492
Loans	2	2
Foreclosed and other nonperforming assets	16	10
Purchases		
Securities	(15,697)	(15,814)
Loans	(2,390)	(1,022)
Net cash received for acquisitions/divestitures	213	
Other	(197)	(383)
Net cash used by investing activities	(4,295)	(2,438)
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	569	1,555
Interest-bearing deposits	3,071	(1,014)
Federal funds purchased	1,789	843
Repurchase agreements	484	234
Commercial paper	(421)	2,483
Sales/issuances		
Bank notes and senior debt	500	
Subordinated debt	6	
Other borrowed funds	25,828	17,132
Common stock	116	101
Repayments/maturities		
Bank notes and senior debt	(300)	(1,555)
Federal Home Loan Bank borrowings	(1,293)	(129)
Subordinated debt	(200)	(430)
Other borrowed funds	(25,273)	(16,969)
Acquisition of treasury stock	(227)	(515)
Cash dividends paid	(425)	(407)
Net cash provided by financing activities	4,224	1,329
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	37	(51)
Cash and due from banks at beginning of period	2,968	3,201
Cash and due from banks at end of period	\$ 3,005	\$ 3,150
CASH PAID FOR		
Interest	\$ 538	\$ 563
Income taxes	369	126
NON-CASH ITEMS		
Transfer from (to) loans held for sale to (from) loans, net	39	(108)
Transfer from loans to other assets	18	12

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.

BUSINESS

We are one of the largest diversified financial services companies in the United States, operating businesses engaged in:

- Regional community banking,
- Wholesale banking,
- Wealth management,
- Asset management, and
- Global fund processing services.

We provide certain products and services nationally and others in our primary geographic markets located in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. We also provide certain banking, asset management and global fund processing services internationally. We are subject to intense competition from other financial services companies and are subject to regulation by various domestic and international authorities.

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our unaudited interim consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly owned, and certain partnership interests and variable interest entities. We prepared these interim consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We have eliminated all significant intercompany accounts and transactions. We have also reclassified certain prior period amounts to conform to the 2004 presentation. These reclassifications did not impact our consolidated financial condition or results of operations.

In our opinion, the consolidated financial statements reflect all normal, recurring adjustments needed to present fairly our results for the interim periods.

When preparing the consolidated financial statements, using financial information available at the time, we have to make estimates and assumptions that affect the amounts reported. Actual results will differ from these estimates and the differences may be material to the consolidated financial statements.

When preparing these consolidated financial statements, we have assumed that you have read the audited consolidated financial statements included in our 2003 Annual Report on Form 10-K.

Investments

We have interests in various types of investments. The accounting for these investments is dependent on a number of factors including, but not limited to, items such as:

- Marketability of the investment,
- Ownership interest,
- Our plans for the investment, and
- The nature of the investment.

We report private equity investments, which include direct investments in companies, interests in limited partnerships, and general partnership interests, at estimated fair values. These estimates are based upon available information and may not necessarily represent amounts that we will ultimately realize through distribution, sale or liquidation of the investments. The valuation procedures applied to direct investments include techniques such as multiples of cash flow of the entity, independent appraisals of the entity or the pricing used to value the entity in a recent financing transaction. We value general partnership interests based on the underlying investments of the partnership utilizing procedures consistent with those applied to direct investments. We generally value limited partnership investments based on the financial statements we receive from the general partner, an independent third party. We include all private equity investments in the consolidated balance sheet in other assets. Changes in the fair value of these assets are recognized in noninterest income.

We consolidate private equity investments when we are the sole general partner in a limited partnership and have determined that we have control.

We account for equity investments other than private equity investments and those required to be consolidated under GAAP under one of the following methods:

- Marketable equity securities are accounted for at fair value based on the securities' quoted market prices from a national securities exchange. Those purchased with the intention of recognizing short-term profits are placed in the trading account, carried at market value and classified as short-term investments. Gains and losses on trading securities are included in noninterest income. Marketable equity securities not classified as trading are designated as securities available for sale and are carried at fair value, with unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive income or loss. Any unrealized losses that are determined to be other than temporary are recognized in the period in which the determination is made.
- Investments in nonmarketable equity securities are recorded using the cost or equity method of accounting. The cost method is used for those investments in which we do not have significant influence over the investee. Under this method, there is no change to the cost basis unless there is an other-than-temporary decline in value. If the decline is determined to be other than temporary, we write down the cost basis of the investment to a new cost basis that represents realizable value. The amount of the write-down is accounted for as a loss included in noninterest income when the decline occurs. Dividends received on cost investments are included in noninterest income. We use the equity method for those investments in which we have significant influence over the operations of the investee. Under the equity method, we record our equity ownership share of the net income or loss of the investee in noninterest income. We record nonmarketable equity securities in other assets in the consolidated balance sheet.

We account for investments in limited partnerships that are not required to be consolidated under either the cost method or the equity method as described above for nonmarketable equity securities. We use the equity method if our limited partner ownership interest in the partnership is greater than 3% to 5%. We use the cost method for the remaining limited partnership investments. Limited partnership investments are included in other assets in the consolidated balance sheet.

We account for general partnership interests under the equity method when we have determined that we do not have control over these entities and are not required to consolidate them.

We classify debt securities as securities and carry them at amortized cost if we have the positive intent and ability to hold the securities to maturity. Debt securities purchased for short-term appreciation or other trading purposes are carried at market value and classified as short-term investments. Gains and losses on these securities are included in noninterest income. Debt securities not classified as held to maturity or trading are designated as securities available for sale, classified as securities and carried at fair value with unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive income or loss.

We include all interest on debt securities, including amortization of premiums and accretion of discounts using the interest method, in interest income. We compute gains and losses realized on the sale of debt securities available for sale on a specific security basis and include them in noninterest income.

Special Purpose Entities

Special purpose entities are broadly defined as legal entities structured for a particular purpose. We use special purpose entities in various legal forms to conduct normal business activities. Special purpose entities that meet the criteria for a Qualifying Special Purpose Entity (“QSPE”) as defined in Statement of Financial Accounting Standards No. (“SFAS”) 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” are not required to be consolidated. Special purpose entities that are not QSPEs are reviewed for consolidation based on their individual structure and operations.

In January 2003 the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. (“FIN”) 46, “Consolidation of Variable Interest Entities,” and in December 2003 issued FIN 46 (Revised 2003) (“FIN 46”). FIN 46 clarified some of the provisions and exempted certain entities from the original requirements of the standard.

In general, a variable interest entity (“VIE”) is a special purpose entity formed as a corporation, partnership, limited liability corporation, or any other legal structure used to conduct activities or hold assets that either:

- does not have equity investors with voting rights that can directly or indirectly make decisions about the entity’s activities through those voting rights or similar rights, or
- has equity investors that do not provide enough cash or other financial resources for the entity to support its activities.

A VIE often holds financial assets, including loans or receivables, real estate or other property.

An entity that holds a variable interest as defined by FIN 46 is required to consolidate the VIE if the entity is subject to a majority of the risk of loss from the VIE’s activities, is entitled to receive a majority of the entity’s residual returns, or both. An entity that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must record all of the VIE’s assets, liabilities and noncontrolling interests at fair value, with future changes based upon consolidation accounting principles. See Note 2 Variable Interest Entities for more information about VIEs in which we hold a significant interest but are not required to consolidate.

Revenue Recognition

We earn net interest and noninterest income from various sources, including:

- Lending,
- Securities portfolio,
- Investment management and fund servicing,
- Customer deposits,
- Loan servicing,
- Brokerage services, and
- Derivatives trading activities.

We also earn revenue from selling loans and securities, and we recognize income from certain private equity activities. We also earn fees and commissions from:

- Issuing loan commitments, standby letters of credit and financial guarantees,
- Selling various insurance products,
- Providing treasury management services, and
- Participating in certain capital market transactions.

We recognize revenues as they are earned based on contractual terms, as transactions occur or as services are provided. Revenues earned on interest-earning assets are recognized based on the effective yield of the financial instrument. Gains on the sale of securities and certain derivatives are recognized on the date of the trade.

We recognize asset management and fund servicing fees primarily as the services are performed. Asset management fees are primarily based on a percentage of the fair value of the assets under management and performance fees are primarily based on a percentage of the returns on such assets. Fund servicing fees are primarily based on a percentage of the fair value of the fund assets and the number of shareholder accounts serviced by us.

We recognize revenue from the sale of loans when we receive the cash proceeds of the sale. We record private equity income (loss) based on changes in the valuation of the underlying investments or when we dispose of our interest.

Depreciation and Amortization

For financial reporting purposes, we depreciate premises and equipment principally using the straight-line method over their estimated useful lives.

We use estimated useful lives for furniture and equipment ranging from one to 10 years, while we depreciate buildings over an estimated useful life of 40 years. We amortize leasehold improvements over their estimated useful lives of up to 15 years, or the respective lease terms, whichever is shorter.

Income Taxes

We account for income taxes under the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the tax rates and laws that we expect to be in effect at the time when we believe the differences are going to reverse.

Stock-Based Compensation

Prior to January 2003, we accounted for employee stock-based compensation plans under the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related guidance. We did not recognize stock-based employee compensation expense related to stock options prior to 2003 as all options to purchase our stock or our subsidiaries' stock granted under these plans had an exercise price equal to the market value of the underlying stock on the date of grant. Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS 123, "Accounting for Stock-Based Compensation," as amended by SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," prospectively to all employee awards granted, modified or settled after January 1, 2003. We did not restate results for prior years. The cost related to stock-based employee compensation included in net income for the three months and nine months ended September 30, 2004 and September 30, 2003, is less than what we would have recognized if we had applied the fair value based method to all awards since the original effective date of SFAS 123.

The following table shows the effect on net income and earnings per share if we had applied the fair value recognition provisions of SFAS 123, as amended, to all outstanding and unvested awards in each period.

Pro Forma Net Income And Earnings Per Share

In millions, except for per share data	Three months ended		Nine months ended	
	Sept. 30 2004	Sept. 30 2003	Sept. 30 2004	Sept. 30 2003
Net income as reported	\$ 258	\$ 281	\$ 890	\$ 727
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	9	6	25	16
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(13)	(16)	(39)	(40)
Pro forma net income	\$ 254	\$ 271	\$ 876	\$ 703
Earnings per share				
Basic-as reported	\$.92	\$ 1.01	\$ 3.16	\$ 2.59
Basic-pro forma	\$.90	\$.97	\$ 3.11	\$ 2.50
Diluted-as reported	\$.91	\$ 1.00	\$ 3.13	\$ 2.57
Diluted-pro forma	\$.90	\$.97	\$ 3.08	\$ 2.48

For purposes of computing stock option expense and pro forma results, we estimated the fair value of stock options and employee stock purchase plan shares using the Black-Scholes option pricing model. The model requires the use of numerous assumptions, many of which are very subjective. Therefore, the pro forma results are estimates of results of operations as if compensation expense had been recognized for all stock-based compensation awards and are not indicative of the impact on future periods.

We used the following assumptions in the option pricing model to determine 2004 and 2003 stock option expense.

Option Pricing Assumptions

Weighted-average for the nine months ended September 30	2004	2003
Risk-free interest rate	3.4%	3.1%
Dividend yield	3.6%	3.5%
Volatility	28.9%	31.0%
Expected life	5 yrs.	5 yrs.

NOTE 2 VARIABLE INTEREST ENTITIES

As discussed in our 2003 Form 10-K and our first and second quarter 2004 Forms 10-Q, we are involved with various entities in the normal course of business that may be deemed to be VIEs. We consolidated certain VIEs effective in 2003 for which we were determined to be the primary beneficiary. These consolidated VIEs and relationships with PNC are described in our 2003 Form 10-K and first quarter 2004 Form 10-Q.

At September 30, 2004, and December 31, 2003, the aggregate assets and debt of VIEs that we have consolidated in our financial statements are as follows:

Consolidated VIEs – PNC Is Primary Beneficiary

In millions	Aggregate Assets	Aggregate Debt
September 30, 2004		
Market Street Funding Corporation	\$ 1,730	\$ 1,730
Partnership interests in low income housing projects	517	517
Other	11	9
Total consolidated VIEs	\$ 2,258	\$ 2,256
December 31, 2003		
Market Street Funding Corporation	\$ 2,146	\$ 2,146
Partnership interests in low income housing projects	436	436
Total consolidated VIEs	\$ 2,582	\$ 2,582

We also hold significant variable interests in other VIEs that have not been consolidated because we are not considered the primary beneficiary. Information on these VIEs follows:

Non-Consolidated VIEs - Significant Variable Interests

In millions	Aggregate Assets	Aggregate Debt	PNC Equity/ Maximum Equity Exposure
September 30, 2004			
Collateralized debt obligations ^(a)	\$ 3,020	\$ 2,627	\$ 35
Private investment funds ^(a)	1,175	672	33
Partnership interests in low income housing projects	37	28	5
Total significant variable interests	\$ 4,232	\$ 3,327	\$ 73
December 31, 2003			
Collateralized debt obligations ^(a)	\$ 2,740	\$ 2,370	\$ 38
Private investment funds ^(a)	375	227	5
Partnership interests in low income housing projects	41	41	5
Private investment funds (managed by Hawthorn unit) ^(b)	1,144	1,144	3
Total significant variable interests	\$ 4,300	\$ 3,782	\$ 51

^(a) Held by BlackRock.

^(b) Management of the funds was transferred as part of the sale of certain investment consulting activities of PNC Advisors' Hawthorn unit during first quarter 2004.

We also have subsidiaries that invest in and act as the investment manager for a private equity fund that is organized as a limited partnership as part of our equity management activity. As permitted by FIN 46, we have deferred applying the provisions of the interpretation for this entity pending further action by the FASB. Information on this entity follows:

Investment Company Accounting – Deferred Application

In millions	Aggregate Assets	Aggregate Equity	PNC Equity/ Maximum Equity Exposure
September 30, 2004			
Private Equity Fund	\$ 61	\$ 61	\$ 15
December 31, 2003			
Private Equity Fund	\$ 53	\$ 52	\$ 13

NOTE 3 ACQUISITIONS

SSRM HOLDINGS INC.

In August 2004, BlackRock entered into a definitive agreement to acquire SSRM Holdings Inc. ("SSRM"), the holding company of State Street Research & Management Company and SSR Realty Advisors Inc., from MetLife, Inc. for \$375 million in cash and stock. Under the terms of the transaction, which has been approved by the Boards of Directors of BlackRock and MetLife, MetLife will receive at closing \$325 million in cash and \$50 million of BlackRock class A common stock. Additional cash consideration, which could increase the purchase price by up to 25%, may be paid over five years contingent on certain measures. The acquisition is expected to close in early 2005 pending required regulatory and fund shareholder approvals and satisfaction of other customary closing conditions.

The acquisition of SSRM is expected to enhance BlackRock's investment management platform with additional United States equity, alternative investment and real estate equity management capabilities, expanding the universe of products offered to institutional and individual investors worldwide. In addition, the transaction is expected to expand the scale and scope of BlackRock's mutual fund products and distribution capabilities.

RIGGS NATIONAL CORPORATION

In July 2004, The PNC Financial Services Group, Inc. entered into an Agreement and Plan of Merger to acquire Riggs National Corporation (“Riggs”). Riggs is a banking company with assets of approximately \$6 billion that provides commercial and retail banking services through 50 branches in the metropolitan Washington, D.C. area.

Under terms of the merger agreement, which has been unanimously approved by the Boards of Directors of both companies, Riggs will merge into PNC and Riggs Bank will merge into PNC Bank, N.A. The aggregate consideration is comprised of a fixed number of approximately 7.5 million shares of PNC common stock and \$319 million in cash, subject to adjustment. Riggs shareholders will be entitled to elect to receive the merger consideration in shares of PNC common stock or in cash, subject to proration. The actual value of the merger consideration to be paid upon closing will depend on the average PNC stock price shortly prior to completion of the merger, and the cash and stock components on a per Riggs share basis will be determined at the time based on that average PNC stock price so that each share of Riggs

receives consideration representing equal value. Riggs stock options will be cashed out prior to closing, if not exercised.

The merger is subject to closing conditions including, among others, receipt of regulatory approvals and the approval of Riggs shareholders.

AVIATION FINANCE GROUP

On September 1, 2004, we acquired the business of the Aviation Finance Group, LLC (“AFG”), an Idaho-based company that specializes in loans to finance private aircraft. Historically, AFG has originated a diversified loan portfolio with average individual loan balances of approximately \$2 million and a loan-to-value ratio below 70%. AFG’s loan volume has exceeded \$150 million annually over the past few years and is expected to grow as part of PNC. The purchase agreement calls for a contingent payment at the end of the fifth anniversary date that may be due if certain loan balances and profitability targets are exceeded on a cumulative five-year basis.

UNITED NATIONAL BANCORP

As previously reported, we completed our acquisition of United National Bancorp, Inc. (“United National”) on January 1, 2004 by merging United National with and into our subsidiary, PNC Bancorp, Inc. United National shareholders received an aggregate of approximately \$321 million in cash and 6.6 million shares of our common stock valued at \$360 million. As a result of the acquisition, we added \$3.7 billion of assets, including \$.6 billion of goodwill, \$2.3 billion of deposits, \$1.0 billion of borrowed funds and \$.4 billion of shareholders’ equity to our Average Consolidated Balance Sheet for the quarter ended March 31, 2004.

NOTE 4 RECENT ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.” In November 2003, the FASB issued FASB Staff Position (“FSP”) 150-3, “Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*.” FSP 150-3 deferred indefinitely the classification and measurement provisions of SFAS 150 for certain mandatorily redeemable noncontrolling interests, including interests that are redeemed only upon the liquidation of a limited-life subsidiary. The mandatorily redeemable noncontrolling interests in these entities, which represent noncontrolling interests in affordable housing partnerships, are included in the Consolidated Balance Sheet under the caption, “Minority and noncontrolling interests in consolidated entities.” Generally, on the date these VIEs are terminated, the liquidation value of the noncontrolling interests would equal the residual value of the net assets of the respective entity at that date. The distribution of that liquidation value to the noncontrolling interest holders would generally be in proportion to their respective interests. Liquidation and settlement of these noncontrolling interests at September 30, 2004 would have resulted in payments of approximately \$253 million based on the terms of the respective entity’s governing documents and the measurement principles included in SFAS 150.

In December 2003, the FASB issued SFAS 132 (Revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits.” We made changes to certain annual disclosures in our 2003 Form 10-K in connection with SFAS 132. See Note 13 Certain Employee Benefit and Stock-Based Compensation Plans for interim disclosures required by this standard.

In May 2004, the FASB issued FSP 106-2, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003.” FSP 106-2 provides accounting guidance for the effects of The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”) which was signed into law in December 2003. The Act introduces a drug benefit under Medicare and a federal subsidy to retirement plan sponsors that provide benefits that are at least actuarially equivalent to those available under Medicare. SFAS 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions,” requires changes in laws to be considered in current period measurements of a plan sponsor’s postretirement benefit costs and accumulated postretirement benefit obligation.

The Act may affect the future design and costs of our postretirement benefit plans. The financial implications of the Act are not precisely determinable because supporting regulations clearly defining which benefit plans may qualify for the federal subsidy have not yet been issued. FSP 106-2 provides guidance in accounting for the effects of the Act, even while those effects are not precisely certain, generally requiring recognition no later than the third quarter of 2004, if significant. We expect that some of our benefit plans will qualify for the Act’s federal subsidy, which will reduce postretirement benefits costs under SFAS 106. However, those effects are not expected to be significant and therefore, as required by FSP 106-2, the impact of the Act will not be reflected in our accumulated postretirement benefit obligations until December 31, 2004 and will not be reflected in our SFAS 106 costs until 2005.

In March 2004, the FASB’s Emerging Issues Task Force (“EITF”) supplemented EITF 03-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.” EITF 03-1 provides guidance for evaluating whether an investment is other-than-temporarily impaired and requires disclosures about unrealized losses on available for sale debt and equity securities. In September 2004, the FASB issued FSP EITF Issue 03-1-1, “Effective Date of Paragraphs 10-20 of EITF Issue 03-1,” which deferred the effective date of the recognition and measurement provisions of the consensus until further guidance is issued. A separate proposed FSP was issued in September 2004 to address EITF 03-1 implementation issues. Comments on this proposal were due on October 29, 2004. The additional annual disclosures required by the March 2004 consensus are effective for our fiscal year ending December 31, 2004. The amount of any other-than-temporary impairment that may need to be recognized upon full implementation of EITF 03-1 will depend on market conditions and other factors and will not be known until the guidance is finalized. At September 30, 2004, the total unrealized losses in the securities available for sale portfolio was \$118 million.

NOTE 5 CAPITAL SECURITIES OF SUBSIDIARY TRUSTS

Our mandatorily redeemable capital securities of subsidiary trusts ("Capital Securities") include nonvoting preferred beneficial interests in the assets of PNC Institutional Capital Trusts A and B and PNC Capital Trusts C and D (the "Trusts"). We have more information on the Trusts in Note 20 Capital Securities Of Subsidiary Trusts in our 2003 Form 10-K.

Prior to July 1, 2003, we classified the Capital Securities between the liabilities and shareholders' equity sections of the Consolidated Balance Sheet and reported the related dividends as "Distributions on capital securities" in the Consolidated Statement Of Income. As further described in our 2003 Form 10-K, we followed the accounting provisions of SFAS 150 for the Capital Securities from July 1, 2003 until December 31, 2003.

Effective December 31, 2003, we deconsolidated the assets and liabilities of the Trusts based upon guidance included in FIN 46. The deconsolidation of the Trusts removed \$1.148 billion of Capital Securities issued by these Trusts while adding \$1.184 billion of junior subordinated debentures and \$36 million of other assets to the Consolidated Balance Sheet at December 31, 2003. These assets represent our ownership of common stock issued by the Trusts. These debentures were previously issued by us or our subsidiary, PNC Bank, N.A., and were purchased and are held as assets by the Trusts.

NOTE 6 CASH FLOWS

Acquisition and divestiture activity during the first nine months of 2004 that affected our cash flows included the following:

- During the second quarter of 2004, we sold our vehicle leasing business, resulting in net cash proceeds of \$490 million.
- Our acquisition of United National effective January 1, 2004 resulted in a total of \$336 million of cash paid and \$72 million of cash and due from banks received.
- During the third quarter of 2004, we acquired the business of AFG for \$35 million in cash.
- During the second quarter of 2004, BlackRock sold its equity interest in Trepp LLC, resulting in net cash proceeds of \$11 million.
- During the first quarter of 2004, we sold certain investment consulting activities of PNC Advisors' Hawthorn unit, resulting in net cash proceeds of \$11 million.

Acquisition and divestiture activity during the first nine months of 2003 that affected our cash flows included the following:

- During the first quarter of 2003, we purchased the minority interests in PFPC, representing approximately 2% of PFPC's outstanding common stock, from other PFPC shareholders and cashed out or replaced all outstanding PFPC stock options. Net cash outflows during the first nine months of 2003 related to these PFPC actions totaled \$42 million.
- On June 30, 2003, PFPC completed the sale of its retirement services business to Wachovia Corp., resulting in net cash proceeds of \$31 million.
- We received \$20 million related to the January 2003 settlement of all issues in dispute between us and Washington Mutual, FA in connection with the 2001 sale of our residential mortgage banking business. We reported this settlement in our fourth quarter 2002 results as a \$16 million after-tax loss from discontinued operations.
- During the third quarter of 2003, BlackRock made a contingency payment of \$5 million related to the 2002 acquisition of an equity hedge fund manager.
- During the second quarter of 2003, BlackRock entered into a binding agreement with an investment manager of a fund of hedge funds to purchase 80% of its outstanding equity for \$4 million in cash.

NOTE 7 TRADING ACTIVITIES

Our trading activities include the underwriting of fixed income and equities, as well as customer-driven and proprietary trading in fixed income products, equities, derivatives, and foreign exchange.

Total trading revenue includes both net interest income from trading securities and net funding of financial derivatives, and other noninterest income from securities underwriting, foreign exchange and gains or losses from changes in the fair value of financial derivatives positions. Specific components of total trading revenue are as follows:

Nine months ended September 30 – in millions	2004	2003
Net interest income (expense)	\$ 9	\$ (3)
Other noninterest income	69	99
Total trading revenue	\$78	\$96
Securities underwriting	\$37	\$63
Foreign exchange	22	19
Financial derivatives	19	14
Total trading revenue	\$78	\$96

Trading assets and liabilities consisted of the following:

In millions	September 30, 2004	December 31, 2003
Assets		
Securities (a)	\$ 1,282	\$ 226
Financial derivatives (b)	621	555
Total assets	\$ 1,903	\$ 781
Liabilities		
Securities sold short (c)	\$ 172	\$ 57
Financial derivatives (d)	596	578
Total liabilities	\$ 768	\$ 635

(a) Included in Other short-term investments on the Consolidated Balance Sheet.

(b) Included in Other assets on the Consolidated Balance Sheet.

(c) Included in Other borrowed funds on the Consolidated Balance Sheet.

(d) Included in Other liabilities on the Consolidated Balance Sheet.

NOTE 8 LEGAL PROCEEDINGS

There are several pending judicial or administrative proceedings or other matters arising out of the three 2001 transactions (the "PAGIC transactions") that gave rise to a financial statement restatement we announced on January 29, 2002 and that were the subject of a July 2002 consent order between PNC and the United States Securities and Exchange Commission and a June 2003 Deferred Prosecution Agreement between the United States Department of Justice and PNC ICLC Corp., one of our indirect non-bank subsidiaries. These pending proceedings or other matters are described below.

Among the requirements of the June 2003 Deferred Prosecution Agreement was the establishment of a \$90 million restitution fund, which will be available to satisfy claims, including for the settlement of the pending securities litigation referred to below. Louis W. Fryman, chairman of Fox Rothschild LLP in Philadelphia, Pennsylvania, is administering the restitution fund.

The several putative class action complaints filed during 2002 in the United States District Court for the Western District of Pennsylvania arising out of the PAGIC transactions have been consolidated in a consolidated class action complaint brought on behalf of purchasers of the Corporation's common stock between July 19, 2001 and July 18, 2002 (the "Class Period"). The consolidated class action complaint names PNC, our Chairman and Chief Executive Officer, our former Chief Financial Officer, our Controller, and our independent auditors for 2001 as defendants and seeks unquantified damages, interest, attorneys' fees and other expenses. The consolidated class action complaint alleges violations of federal securities laws related to disclosures regarding the PAGIC transactions and related matters. PNC and all other defendants have filed a motion to dismiss this lawsuit.

In August 2002, the United States Department of Labor began a formal investigation of the Administrative Committee of our Incentive Savings Plan ("Plan") in connection with the Committee's conduct relating to our common stock held by the Plan. Both the Administrative Committee and PNC are cooperating fully with the investigation. In June 2003, the Committee retained Independent Fiduciary Services, Inc. ("IFS") to serve as an independent fiduciary charged with the exclusive authority and responsibility to act on behalf of the Plan in connection with the pending securities litigation referred to above and to evaluate any legal rights the Plan might have against any parties relating to the PAGIC transactions. This authority includes representing the Plan's interests in connection with the \$90 million restitution fund set up under the Deferred Prosecution Agreement. The Department of Labor has communicated with IFS in connection with the engagement.

We received a letter in June 2003 on behalf of an alleged shareholder demanding that we take appropriate legal action against our Chairman and Chief Executive Officer, our former Chief Financial Officer, and our Controller, as well as any other individuals or entities allegedly responsible for causing damage to PNC as a result of the PAGIC transactions. The Board referred this matter to a special committee of the Board for evaluation, which has completed its evaluation and reported its findings to the Board of Directors and to counsel for the alleged shareholder. The special committee recommended against bringing any claims against our current or former executive officers but made certain recommendations with respect to resolution of potential claims we have with respect to certain other third parties.

In July 2003, the lead underwriter on the Corporation's Executive Blended Risk insurance coverage filed a lawsuit for a declaratory judgment against PNC and PNC ICLC in the United States District Court for the Western District of Pennsylvania. The complaint seeks a determination that the defendants breached the terms and conditions of the policy and, as a result, the policy does not provide coverage for any loss relating to or arising out of the Department of Justice investigation or the PAGIC transactions. Alternatively, the complaint seeks a determination that the policy does not provide coverage for the payments made pursuant to the Deferred Prosecution Agreement. The complaint also seeks attorneys' fees and costs. In September 2003, we moved to stay the action until resolution of the claims against PNC in the pending securities litigation described above.

We continue to be engaged in discussions regarding the terms of a proposed settlement with respect to these PAGIC-related matters, as previously disclosed. This proposed settlement remains subject to resolution of outstanding issues with certain of the parties to the proposed settlement, completion of final documentation and conditions, including court approval. We cannot provide any assurance as to the ultimate outcome of these settlement discussions. The settlement, if completed, would address the claims asserted in the above-described PAGIC-related matters. Even if the settlement is completed, however, we may incur additional costs in the future related to the PAGIC transactions, including in connection with indemnification claims and/or the advancement of expenses incurred by others.

Some of our subsidiaries are defendants (or have potential contractual contribution obligations to other defendants) in several pending lawsuits brought during late 2002 and 2003 arising out of the bankruptcy of Adelphia Communications Corporation. There also are threatened additional proceedings arising out of the same matters. One of the lawsuits is pending in the United States Bankruptcy Court for the Southern District of New York and has been brought on Adelphia's behalf as an adversary proceeding by the unsecured creditors' committee in Adelphia's bankruptcy proceeding. A motion to intervene on behalf of the equity committee is also pending in this case. The other lawsuits (one of which is a putative consolidated class action) have been brought by holders of debt and equity securities of Adelphia and have been consolidated for pretrial purposes in the United States District Court for the Southern District of New York. These lawsuits arise out of lending and securities underwriting activities engaged in by these PNC subsidiaries together with other

financial services companies. In the aggregate, more than 400 other financial services companies and numerous other companies and individuals have been named as defendants in one or more of the lawsuits. Collectively, with respect to some or all of the defendants, the lawsuits allege violations of federal securities laws, violations of common law duties, aiding and abetting such violations, voidable preference payments, and fraudulent transfers, among other matters. The lawsuits seek unquantified monetary damages, interest, attorneys' fees and other expenses, and a return of the alleged voidable preference and fraudulent transfer payments, among other remedies. We believe that we have substantial defenses to the claims against us in these lawsuits and intend to defend them vigorously. These lawsuits are currently in initial stages and present complex issues of law and fact. As a result, we are not currently capable of evaluating our exposure, if any, resulting from these lawsuits.

In connection with industry-wide investigations of practices in the mutual fund industry including market timing, late day trading, employee trading in mutual funds and other matters, several of our subsidiaries have received requests for information and other inquiries from state and federal governmental and regulatory authorities. These subsidiaries are fully cooperating in all of these matters.

In addition to the proceedings or other matters described above, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. Management does not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, management is not now in a position to determine whether any of such other pending or threatened legal proceedings will have a material adverse effect on our results of operations in any future reporting period.

NOTE 9 NONPERFORMING ASSETS

Nonperforming assets were as follows:

<u>In millions</u>	<u>September 30 2004</u>	<u>December 31 2003</u>
Nonperforming loans ^(a)	\$ 148	\$ 266
Nonperforming loans held for sale ^(b)	2	27
Foreclosed and other assets	34	35
Total nonperforming assets ^(c)	\$ 184	\$ 328

^(a) Includes a troubled debt restructured loan of \$1 million as of December 31, 2003.

^(b) Includes troubled debt restructured loans held for sale of \$2 million as of September 30, 2004 and \$10 million as of December 31, 2003.

^(c) Excludes equity management assets carried at estimated fair value of \$29 million as of September 30, 2004 and \$37 million as of December 31, 2003. These assets included troubled debt restructured assets of \$10 million at September 30, 2004 and \$5 million as of December 31, 2003.

NOTE 10 ALLOWANCES FOR LOAN AND LEASE LOSSES AND UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT

Changes in the allowance for loan and lease losses were as follows:

<u>In millions</u>	<u>2004</u>	<u>2003</u>
Allowance at January 1	\$ 632	\$ 673
Charge-offs		
Commercial ^(a)	(98)	(115)
Commercial real estate	(2)	(3)
Consumer	(32)	(29)
Residential mortgage	(3)	(2)
Lease financing	(4)	(42)
Total charge-offs	(139)	(191)
Recoveries		
Commercial	22	17
Commercial real estate	1	—
Consumer	9	9
Residential mortgage	1	1
Lease financing	5	2
Total recoveries	38	29
Net charge-offs		
Commercial	(76)	(98)
Commercial real estate	(1)	(3)
Consumer	(23)	(20)
Residential mortgage	(2)	(1)
Lease financing	1	(40)
Total net charge-offs	(101)	(162)
Provision for credit losses	33	143
Acquired allowance (United National)	22	—
Net change in allowance for unfunded loan commitments and letters of credit	(5)	(6)
Allowance at September 30	\$ 581	\$ 648

^(a) During the first quarter of 2004, we changed our policy for recognizing charge-offs on smaller nonperforming commercial loans. This change resulted in the recognition of an additional \$24 million of gross charge-offs for the first quarter of 2004.

Changes in the allowance for unfunded loan commitments and letters of credit were as follows:

<u>In millions</u>	<u>2004</u>	<u>2003</u>
Allowance at January 1	\$91	\$84
Net change in allowance for unfunded loan commitments and letters of credit	5	6
Allowance at September 30	\$96	\$90

NOTE 11 SECURITIES

In millions	Amortized Cost	Unrealized		Fair Value
		Gains	Losses	
September 30, 2004				
SECURITIES AVAILABLE FOR SALE				
Debt securities				
U.S. Treasury and government agencies	\$ 4,789	\$ 5	\$ (10)	\$ 4,784
Mortgage-backed	7,226	21	(84)	7,163
Commercial mortgage-backed	2,275	20	(14)	2,281
Asset-backed	2,171	6	(10)	2,167
State and municipal	174	2		176
Other debt	33			33
Total debt securities	16,668	54	(118)	16,604
Corporate stocks and other	217	2		219
Total securities available for sale	\$ 16,885	\$ 56	\$(118)	\$16,823
SECURITIES HELD TO MATURITY				
Debt securities				
Asset-backed	\$ 1			\$ 1
Total debt securities	1			1
Total securities held to maturity	\$ 1			\$ 1
December 31, 2003				
SECURITIES AVAILABLE FOR SALE				
Debt securities				
U.S. Treasury and government agencies	\$ 3,402	\$ 16	\$ (2)	\$ 3,416
Mortgage-backed	5,889	19	(94)	5,814
Commercial mortgage-backed	3,248	66	(4)	3,310
Asset-backed	2,698	13	(19)	2,692
State and municipal	133	3	(1)	135
Other debt	55	2		57
Total debt securities	15,425	119	(120)	15,424
Corporate stocks and other	259	7	(2)	264
Total securities available for sale	\$ 15,684	\$126	\$(122)	\$15,688
SECURITIES HELD TO MATURITY				
Debt securities				
Asset-backed	\$ 2			\$ 2
Total debt securities	2			2
Total securities held to maturity	\$ 2			\$ 2

Securities represented 22% of total assets at September 30, 2004 and 23% at December 31, 2003. The increase in total securities compared with December 31, 2003 was primarily due to increases in U.S. Treasuries and government agencies and mortgage-backed securities, partially offset by declines in commercial mortgage-backed and asset-backed securities.

At September 30, 2004, the securities available for sale balance included a net unrealized loss of \$62 million, which represented the difference between fair value and amortized cost. The comparable amount at December 31, 2003 was a net unrealized gain of \$4 million. The impact of increases in interest rates during the second and third quarters of 2004 was reflected in the net unrealized loss position at September 30, 2004.

The fair value of securities available for sale decreases when interest rates increase and vice versa. Further increases in interest rates after September 30, 2004, if sustained, will adversely impact the fair value of securities available for sale going forward compared with the balance at September 30, 2004. Net unrealized gains and losses in the securities available for sale portfolio are included in shareholders' equity as accumulated other comprehensive income or loss, net of tax.

The expected weighted-average life of securities available for sale was 2 years and 9 months at September 30, 2004 and 2 years and 11 months at December 31, 2003.

We carry securities classified as held to maturity at amortized cost. Securities classified as held to maturity at September 30, 2004 and December 31, 2003 were related to Market Street and were consolidated due to our adoption of FIN 46 effective July 1, 2003. These securities represent a static pool of lottery payments purchased as a private placement. The expected weighted-average life of securities held to maturity was 10 months at September 30, 2004 and 2 years and 7 months at December 31, 2003.

Information relating to securities sold is set forth in the following table:

Securities Sold

Nine months ended September 30 In millions	Proceeds	Gross Gains	Gross Losses	Net Gains	Income Taxes
2004	\$12,583	\$ 68	\$ 23	\$ 45	\$ 16
2003	9,492	112	11	101	35

Net securities gains for the first nine months of 2003 included \$25 million of gains related to the liquidation of the entities formed in 2001 in connection with the PAGIC transactions.

NOTE 12 GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of the changes in goodwill by business for the nine months ended September 30, 2004 follows:

Goodwill

In millions	December 31 2003	Additions/ Adjustments	September 30 2004
Regional Community Banking	\$ 438	\$ 564	\$ 1,002
Wholesale Banking	643	35	678
PNC Advisors	153		153
BlackRock	178	(1)	177
PFPC	945	1	946
Other	33	18	51
Total	\$ 2,390	\$ 617	\$ 3,007

The United National acquisition resulted in the recognition of \$564 million of goodwill recorded in the Regional Community Banking business segment. Additionally, we recorded \$35 million in customer-related intangible assets resulting from this transaction.

The acquisition of AFG in September 2004 resulted in the recognition of \$35 million of goodwill and other intangible assets recorded in the Wholesale Banking business segment. See Note 3 Acquisitions for further information.

Our ownership of BlackRock continues to change primarily when BlackRock repurchases its shares in the open market and issues shares pursuant to its employee compensation plans. PNC recognizes goodwill because BlackRock repurchases its shares at an amount greater than book value and this results in an increase in PNC's percentage ownership interest. We recognized goodwill of \$18 million in the first nine months of 2004 as a result of BlackRock's stock activity.

The gross carrying amount, accumulated amortization and net carrying amount of other intangible assets by major category consisted of the following:

Other Intangible Assets

In millions	September 30 2004	December 31 2003
Customer-related and other intangibles		
Gross carrying amount	\$ 215	\$ 186
Accumulated amortization	(97)	(78)
Net carrying amount	\$ 118	\$ 108
Mortgage and other loan servicing rights		
Gross carrying amount	\$ 388	\$ 348
Accumulated amortization	(158)	(139)
Net carrying amount	\$ 230	\$ 209
Total	\$ 348	\$ 317

Most of our other intangible assets have finite lives and are amortized primarily on a straight-line basis or, in the case of mortgage and other loan servicing rights, on an accelerated basis. At December 31, 2003, we had three indefinite-lived other intangible assets included in "Customer-related and other intangibles" in the table above with a total carrying value of \$11 million: two investment management contracts held by BlackRock and an intangible asset recorded pursuant to SFAS No. 87, "Employers' Accounting for Pensions." During the first quarter of 2004, one of the investment management contracts held by BlackRock was impaired when the funds' portfolio manager resigned. As a result, BlackRock began an orderly liquidation of the funds and recognized an impairment charge of \$6 million in the first quarter of 2004. The total carrying value of the two remaining indefinite-lived intangible assets was \$4 million at September 30, 2004.

For customer-related intangibles, the estimated remaining useful lives range from less than one year to 14 years, with a weighted-average remaining useful life of approximately 5 years. Our mortgage and other loan servicing rights are amortized primarily over a period of seven to ten years using the net present value of the cash flows received from servicing the related loans.

The changes in the carrying amount of goodwill and net other intangible assets for the nine months ended September 30, 2004, are as follows:

Changes in Goodwill and Other Intangibles

In millions	Goodwill	Customer- Related	Servicing Rights
Balance at December 31, 2003	\$ 2,390	\$ 108	\$ 209
Additions/adjustments:			
United National acquisition	564	35	
BlackRock fund impairment		(6)	

BlackRock share repurchases	18		
AFG acquisition	35		
Wholesale Banking			40
Amortization		(19)	(19)
Balance at September 30, 2004	\$ 3,007	\$ 118	\$ 230

Amortization expense on intangible assets for the third quarter of 2004 was \$13 million and for the first nine months of 2004 was \$38 million. Amortization expense on existing intangible assets for the remainder of 2004 and for 2005 through 2009 is estimated to be as follows:

- Remainder of 2004: \$13 million
- 2005: \$55 million,
- 2006: \$47 million,
- 2007: \$45 million,
- 2008: \$41 million, and
- 2009: \$31 million.

NOTE 13 CERTAIN EMPLOYEE BENEFIT AND STOCK-BASED COMPENSATION PLANS

Pension and Post-Retirement Plans

As more fully described in our 2003 Form 10-K, we have a noncontributory, qualified defined benefit pension plan covering most employees. Retirement benefits are derived from a cash balance formula based on compensation levels, age and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants.

We also maintain nonqualified supplemental retirement plans for certain employees. All retirement benefits provided under these plans are unfunded and any payments to plan participants are made by us. We also provide certain health care and life insurance benefits for qualifying retired employees ("post-retirement benefits") through various plans.

The components of our net periodic pension and post-retirement benefit cost for the third quarter and first nine months of 2004 and 2003 were as follows:

	Qualified Pension Plan		Nonqualified Pension Plan		Post-retirement Benefits	
	2004	2003	2004	2003	2004	2003
Three months ended September 30						
In millions						
Service cost	\$ 7	\$ 9			\$ 1	
Interest cost	15	15	\$ 1	\$ 1	5	\$ 3
Expected return on plan assets	(25)	(22)				
Amortization of prior service cost	(1)	(1)			(2)	(1)
Recognized net actuarial loss	5	11	1	1	2	1
Net periodic cost	\$ 1	\$ 12	\$ 2	\$ 2	\$ 6	\$ 3
	Qualified Pension Plan		Nonqualified Pension Plan		Post-retirement Benefits	
	2004	2003	2004	2003	2004	2003
Nine months ended September 30						
In millions						
Service cost	\$ 27	\$ 27	\$ 1	\$ 1	\$ 3	\$ 1
Interest cost	48	46	3	3	13	12
Expected return on plan assets	(84)	(67)				
Amortization of prior service cost	(1)	(1)			(5)	(4)
Recognized net actuarial loss	17	32	2	2	4	3
Losses due to settlements				4		
Adjustments		(1)		(2)		(1)
Net periodic cost	\$ 7	\$ 36	\$ 6	\$ 8	\$ 15	\$ 11

Qualified pension costs for the third quarter of 2004 include a plan remeasurement to reflect certain changes in plan provisions, including a curtailment of future pension costs at PFPC which, in conjunction with this change, adopted a separate defined contribution plan with employer contributions that will vary with profit levels. This change also resulted in a one-time curtailment gain of less than \$1 million.

We previously disclosed that we expected to contribute zero to our qualified pension plan in 2004 due to the plan's fully funded status as the plan's actuaries anticipated that no contributions will be permitted without exceeding certain legal limitations on plan funding. However, due to the acquisition of the United National pension plans during the first quarter of 2004, we contributed approximately \$11 million to those qualified pension plans during the first quarter of 2004. We do not expect to contribute any additional amount during the remainder of 2004. We expect the expense associated with the United National plans to be approximately \$.1 million for 2004.

2002 BlackRock Long-Term Retention and Incentive Plan

BlackRock's long-term retention and incentive plan ("LTIP") permits the grant of up to \$240 million in deferred compensation awards (the "LTIP Awards"), subject to the achievement of certain performance hurdles by BlackRock no later than March 2007. If the performance hurdles are achieved, up to \$200 million of the LTIP Awards will be funded with up to 4 million shares of BlackRock common stock to be surrendered by PNC and distributed to LTIP participants, less income tax withholding. Shares attributable to value in excess of our \$200 million LTIP funding requirement will be available to support BlackRock's future long-term retention and incentive programs but are not subject to surrender until the programs are approved by BlackRock's Compensation Committee of its Board of Directors. In addition, shares distributed to LTIP participants will include an option to put such distributed shares back to BlackRock at fair market value. BlackRock will fund the remainder of the LTIP Awards with up to \$40 million in cash. In general, LTIP participants must also be employed by BlackRock on the payment date in early 2007 to receive payment for an award. As of September 30, 2004, BlackRock had awarded approximately \$207 million in LTIP Awards.

The LTIP Awards will fully vest at the end of any three-month period beginning on or after January 1, 2005 and ending on or prior to March 30, 2007 during which the average closing price of BlackRock's common stock is at least \$62 per share. An alternative performance hurdle provides for partial vesting of the LTIP based on specific targets for BlackRock's earnings growth and relative stock price performance to peers over the term of the LTIP, subject to the authority of BlackRock's Compensation Committee to reduce the amount of awards vested under the LTIP.

Due to the recent appreciation of BlackRock's common share price above the \$62 threshold, BlackRock management determined that full vesting of the LTIP was probable as of September 30, 2004, and as a result recorded a charge and a related liability in its third quarter 2004 results. This charge took into account the value of the awards granted through September 30, 2004 and the applicable service period. The pretax charge reported by PNC totaled \$96 million, including \$91 million reported as "Staff" noninterest expense and \$5 million reported as "Other" noninterest expense in our Consolidated Statement of Income. The after-tax impact on PNC's third quarter 2004 results after taking into account the adjustment for minority interests (PNC owns approximately 71% of BlackRock) was \$42 million, or \$.15 per diluted share. This includes a pro rata share of the estimated dilution of PNC's investment in BlackRock that is expected to occur in 2007 when PNC transfers shares of BlackRock stock currently owned by PNC to fund a portion of the LTIP Awards.

We expect to report additional after-tax charges of approximately \$6 million per quarter, beginning in the fourth quarter of 2004, through December 2006 related to the remaining service period of the LTIP Awards granted to date, assuming the LTIP Awards vest or full vesting remains probable.

Additional information on the third quarter 2004 LTIP charge is included in our and BlackRock's Current Reports on Form 8-K dated October 6, 2004.

NOTE 14 EARNINGS PER SHARE

Basic and diluted earnings per share calculations follow:

In millions, except share and per share data	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
CALCULATION OF BASIC EARNINGS PER COMMON SHARE				
Net income	\$ 258	\$ 281	\$ 890	\$ 727
Less: Preferred dividends declared			1	1
Net income applicable to basic earnings per common share	\$ 258	\$ 281	\$ 889	\$ 726
Basic weighted-average common shares outstanding <i>(in thousands)</i>	280,810	278,374	281,288	280,595
Basic earnings per common share	\$.92	\$ 1.01	\$ 3.16	\$ 2.59
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE ^(a)				
Net income	\$ 258	\$ 281	\$ 890	\$ 727
Less: BlackRock adjustment for common stock equivalents			3	1
Net income applicable to diluted earnings per common share	\$ 258	\$ 281	\$ 887	\$ 726
Basic weighted-average common shares outstanding <i>(in thousands)</i>	280,810	278,374	281,288	280,595
Conversion of preferred stock Series A and B	85	92	86	92
Conversion of preferred stock Series C and D	650	724	670	737
Conversion of debentures	11	14	12	14
Exercise of stock options ^(a)	726	420	948	338
Incentive share awards	540	467	544	444
Diluted weighted-average common shares outstanding <i>(in thousands)</i>	282,822	280,091	283,548	282,220
Diluted earnings per common share	\$.91	\$ 1.00	\$ 3.13	\$ 2.57
^(a) Excludes stock options considered to be anti-dilutive <i>(in thousands)</i>	11,225	14,753	10,842	14,978

NOTE 15 SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Activity in shareholders' equity for the first nine months of 2004 follows. Our preferred stock outstanding as of September 30, 2004 and December 31, 2003 totaled less than \$.5 million at each date and, therefore, is excluded from the table.

In millions, except per share data	Shares Outstanding Common Stock	Common Stock	Capital Surplus	Retained Earnings	Deferred Compen- sation Expense	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 2003	277	\$ 1,764	\$1,108	\$ 7,642	\$ (29)	\$ 60	\$(3,900)	\$6,645
Net income				890				890
Other comprehensive income (loss), net of tax								
Net unrealized securities losses						(43)		(43)
Net unrealized losses on cash flow hedge derivatives						(39)		(39)
Other ^(a)						(3)		(3)
Comprehensive income								805
Cash dividends declared								
Common (\$1.50 per share)				(424)				(424)
Preferred				(1)				(1)
Treasury stock activity	5		112				172	284
Tax benefit of stock option plans			7					7
Stock options granted			16					16
Subsidiary stock transactions			3					3
Deferred compensation expense					(23)			(23)
Balance at September 30, 2004	282	\$ 1,764	\$1,246	\$ 8,107	\$ (52)	\$ (25)	\$(3,728)	\$7,312

A summary of the components of the change in accumulated other comprehensive income (loss) follows:

Nine months ended September 30, 2004 In millions	Pretax Amount	Tax Benefit (Expense)	After- tax Amount
Change in net unrealized securities losses			
Increase in net unrealized gains (losses) for securities held at period end	\$ (10)	\$ 3	\$ (7)
Less: Net gains realized in net income ^(b)	56	(20)	36
Change in net unrealized securities losses	(66)	23	(43)
Change in net unrealized losses on cash flow hedge derivatives			
Increase in net unrealized gains (losses) on cash flow hedge derivatives	(23)	8	(15)
Less: Net gains realized in net income	37	(13)	24
Change in net unrealized losses on cash flow hedge derivatives	(60)	21	(39)
Other ^(a)	(4)	1	(3)
Other comprehensive income (loss)	\$ (130)	\$ 45	\$ (85)

The accumulated balances related to each component of other comprehensive income (loss) are as follows:

In millions	September 30, 2004		December 31, 2003	
	Pretax	After-tax	Pretax	After-tax
Net unrealized securities (losses) gains	\$ (62)	\$ (40)	\$ 4	\$ 3
Net unrealized gains on cash flow hedge derivatives	14	9	74	48
Other ^(a)	10	6	14	9
Accumulated other comprehensive income (loss)	\$ (38)	\$ (25)	\$ 92	\$ 60

^(a) Consists of interest-only strip valuation adjustments, foreign currency translation adjustments and minimum pension liability adjustments.

^(b) The pretax amount represents net unrealized gains at December 31, 2003 that were realized in 2004 when the related securities were sold. This amount differs from net securities gains included in the Consolidated Statement of Income primarily because it does not include gains or losses realized on securities purchased and sold during 2004.

NOTE 16 FINANCIAL DERIVATIVES

If a derivative is not effective in accomplishing the hedge objective of offsetting either changes in the fair value or cash flows of the hedged item for the risk being hedged, then any ineffectiveness present in the hedge relationship is recognized in current earnings. The assessment of effectiveness excludes the changes in the value of the hedged item which are unrelated to the risks being hedged or related to time value, which if excluded, are recognized in current earnings. The ineffective portion of the change in value of these derivatives resulted in net losses of \$1.3 million and \$4.0 million in the third quarter and nine months ended September 30, 2004, respectively, compared with net losses of \$3.3 million and \$3.2 million in the same periods of 2003.

During the next twelve months, we expect to reclassify to earnings \$15 million of net gains, or \$10 million after taxes, on cash flow hedge derivatives currently reported in accumulated other comprehensive income. These net gains are anticipated to result from net cash flows on receive fixed interest rate swaps and would mitigate reductions in interest income recognized on the related floating rate commercial loans.

We generally have established agreements with our major derivative dealer counterparties that provide for exchanges of marketable securities or cash to collateralize either party's positions. At September 30, 2004 we held U. S. treasuries, mortgage-backed securities and agency debentures with a fair value of \$200 million and pledged and mortgage-backed securities with a fair value of \$188 million under these agreements.

Derivative Financial Instruments-Summary Information

The notional amount and estimated net fair value for derivatives designated as accounting hedges and other free-standing derivatives used for customer accommodation, proprietary trading, and other risk management purposes at September 30, 2004 and December 31, 2003 were:

(In millions)	September 30, 2004		December 31, 2003	
	Notional Amount	Estimated net fair value	Notional Amount	Estimated net fair value
ACCOUNTING HEDGES				
Interest rate contracts	\$ 3,845	\$ 231	\$ 7,970	\$ 349
FREE-STANDING DERIVATIVES				
Interest rate contracts	56,046	6	33,114	(43)
Equity contracts	2,216	14	1,609	(1)
Foreign exchange contracts	3,717	1	3,084	6
Credit contracts	323	(3)	166	(3)
Options	22,038	(2)		
Other	1,689	3	539	19
Total	\$86,029	\$ 19	\$38,512	\$ (22)

NOTE 17 SEGMENT REPORTING

We operate five major businesses engaged in banking, asset management and global fund processing services. Banking businesses include regional community banking, wholesale banking and wealth management. Assets, revenue and earnings attributable to foreign activities were not material in the periods presented.

Results of individual businesses are presented based on our management accounting practices and our management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of individual businesses are not necessarily comparable with similar information for any other company. We refine our methodologies from time to time as our management accounting practices are enhanced and our businesses change. Financial results are presented, to the extent practicable, as if each business operated on a stand-alone basis.

As more fully described in our Current Report on Form 8-K dated April 5, 2004, we changed our financial reporting for our business segments beginning with first quarter 2004 reporting and restated all prior period amounts to conform with the new methodology. The principal changes to our segment reporting are as follows:

- We replaced the assignment of securities or funds to balance net assets for each business segment with a funds transfer pricing methodology.
- We removed the impact of our asset and liability management function from the business segments. This is now reflected in the results of "Other."
- The Wholesale Banking business segment captures the results that were previously reported separately as Corporate Banking, PNC Real Estate Finance and PNC Business Credit to more accurately reflect the manner in which this business is now managed.
- We have implemented a new capital measurement methodology based on the concept of economic capital.

Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product maturities, duration and other factors. Capital is intended to cover unexpected losses and is assigned to the banking and processing businesses using our risk-based economic capital model. We increased the capital assigned to Regional Community Banking to 6% of funds to reflect the capital required for well-capitalized banks and to approximate market comparables for this business. The capital for BlackRock reflects legal entity shareholders' equity consistent with BlackRock's separate public disclosures. We have allocated the allowance for loan and lease losses based on our assessment of risk inherent in the loan portfolios. The costs incurred by support areas not directly aligned with the businesses are allocated primarily based on the use of services.

Total business segment financial results differ from total consolidated results. The impact of these differences is reflected in the "Intercompany Eliminations" and "Other" categories. "Intercompany Eliminations" reflects activities conducted among our businesses that are eliminated in the consolidated results. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, related net securities gains, equity management activities, minority interest in income of BlackRock, differences between business segment performance reporting and financial statement reporting (GAAP), and corporate overhead.

BUSINESS SEGMENT PRODUCTS AND SERVICES

Regional Community Banking provides deposit, lending, cash management and investment services to 2.2 million consumer and small business customers within our primary geographic footprint. See Note 3 Acquisitions for further information on

United National, the results of which are primarily captured within the Regional Community Banking segment.

Wholesale Banking provides lending, treasury management, capital markets-related products and services, and commercial loan servicing to mid-sized corporations, government entities and selectively to large corporations. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting and global trade services. Capital markets products include foreign exchange, derivatives, loan syndications and securities underwriting and distribution. Wholesale Banking provides products and services generally within PNC's primary geographic markets and provides certain products and services nationally.

PNC Advisors provides a broad range of tailored investment, trust and private banking products and services to affluent individuals and families, including services to the ultra-affluent through its Hawthorn unit, and provides full-service brokerage through J.J.B. Hilliard, W.L. Lyons, Inc. In March 2004, PNC sold certain investment consulting activities of its Hawthorn unit and recognized a pretax gain of \$10 million on this sale during the first quarter of 2004. PNC Advisors also serves as investment manager and trustee for employee benefit plans and charitable and endowment assets and provides nondiscretionary defined contribution plan services and investment options through its *Vested Interest*[®] product. PNC Advisors provides services to individuals and corporations primarily within PNC's primary geographic markets.

BlackRock is one of the largest publicly traded investment management firms in the United States with approximately \$323 billion of assets under management at September 30, 2004. BlackRock manages assets on behalf of institutions and individual investors worldwide through a variety of fixed income, liquidity and equity mutual funds, separate accounts and alternative investment products. Mutual funds include the flagship fund families, *BlackRock Funds* and *BlackRock Liquidity Funds* (formerly BlackRock Provident Institutional Funds). In addition, BlackRock provides risk management and investment system services and products to institutional investors under the *BlackRock Solutions*[®] brand name and financial advisory services to institutional investors.

PFPC is among the largest providers of mutual fund transfer agency and accounting and administration services in the United States, offering a wide range of fund processing services to the investment management industry and providing processing solutions to the international marketplace through its Ireland and Luxembourg operations.

Results Of Businesses

Three months ended September 30 In millions	Regional Community Banking	Wholesale Banking	PNC Advisors	BlackRock	PFPC	Other	Intercompany Eliminations	Consolidated
2004 INCOME STATEMENT								
Net interest income (expense)	\$ 341	\$ 178	\$ 29	\$ 6	\$ (12)	\$ (54)	\$ 3	\$ 491
Noninterest income	183	119	122	171	202	58	(17)	838
Total revenue	524	297	151	177	190	4	(14)	1,329
Provision for credit losses	13	1	1			(2)		13
Depreciation and amortization	12	6	2	6	14	17		57
Other noninterest expense	288	160	110	188	147	46	(15)	924
Earnings (loss) before minority and other interests and income taxes	211	130	38	(17)	29	(57)	1	335
Minority and noncontrolling interests in income of consolidated entities		(12)				(1)		(13)
Income taxes	77	42	14	(7)	12	(49)	1	90
Earnings (loss)	\$ 134	\$ 100	\$ 24	\$ (10)	\$ 17	\$ (7)	\$	\$ 258
Inter-segment revenue	\$ 1	\$ 4	\$ 3	\$ 7		\$ (1)	\$ (14)	
AVERAGE ASSETS ^(a)	\$ 22,170	\$ 21,579	\$ 2,784	\$ 1,077	\$ 2,073	\$ 27,506	\$ (1,828)	\$ 75,361
2003 INCOME STATEMENT								
Net interest income (expense)	\$ 309	\$ 171	\$ 27	\$ 6	\$ (14)	\$ (12)		\$ 487
Noninterest income	168	156	129	150	188	58	(24)	825
Total revenue	477	327	156	156	174	46	(24)	1,312
Provision for credit losses	9	38	1			2		50
Depreciation and amortization	10	4	3	6	5	16		44
Other noninterest expense	267	157	113	86	140	38	(18)	783
Earnings (loss) before minority and other interests and income taxes	191	128	39	64	29	(10)	(6)	435
Minority and noncontrolling interests in income of consolidated entities		(11)				15	(2)	2
Income taxes	69	42	14	24	12	(7)	(2)	152
Earnings (loss)	\$ 122	\$ 97	\$ 25	\$ 40	\$ 17	\$ (18)	\$ (2)	\$ 281
Inter-segment revenue	\$ 4	\$ 1	\$ 6	\$ 4	\$ 2	\$ 7	\$ (24)	
AVERAGE ASSETS ^(a)	\$ 16,882	\$ 22,148	\$ 2,731	\$ 920	\$ 1,896	\$ 25,900	\$ (2,024)	\$ 68,453
2004 INCOME STATEMENT								
Net interest income (expense)	\$ 1,012	\$ 511	\$ 83	\$ 27	\$ (36)	\$ (131)		\$ 1,466
Noninterest income	522	423	392	537	602	235	(52)	2,659
Total revenue	1,534	934	475	564	566	104	(52)	4,125
Provision for credit losses	48	(4)				(11)		33
Depreciation and amortization	37	16	7	16	30	52		158
Other noninterest expense	882	474	339	411	452	122	(52)	2,628
Earnings (loss) before minority and other interests and income taxes	567	448	129	137	84	(59)		1,306
Minority and noncontrolling interests in income of consolidated entities		(32)		4		33		5
Income taxes	206	145	47	40	34	(64)	3	411
Earnings (loss)	\$ 361	\$ 335	\$ 82	\$ 93	\$ 50	\$ (28)	\$ (3)	\$ 890
Inter-segment revenue	\$ 5	\$ 5	\$ 9	\$ 24		\$ 9	\$ (52)	
AVERAGE ASSETS ^(a)	\$ 21,461	\$ 21,844	\$ 2,727	\$ 1,077	\$ 2,043	\$ 26,869	\$ (1,933)	\$ 74,088
2003 INCOME STATEMENT								
Net interest income (expense)	\$ 906	\$ 507	\$ 80	\$ 17	\$ (40)	\$ 41		\$ 1,511
Noninterest income	494	442	376	437	567	151	(71)	2,396
Total revenue	1,400	949	456	454	527	192	(71)	3,907
Provision for credit losses	26	112	2			3		143

Depreciation and amortization	28	14	8	16	15	55		136
Other noninterest expense	798	453	338	254	435	263	(59)	2,482
Earnings (loss) before minority and other interests and income taxes	548	370	108	184	77	(129)	(12)	1,146
Minority and noncontrolling interests in income of consolidated entities		(13)				41	(2)	26
Income taxes	198	109	39	70	31	(49)	(5)	393
Earnings (loss)	\$ 350	\$ 274	\$ 69	\$ 114	\$ 46	\$ (121)	\$ (5)	\$ 727
Inter-segment revenue	\$ 16	\$ 4	\$ 19	\$ 13	\$ 6	\$ 13	\$ (71)	
AVERAGE ASSETS ^(a)	\$ 16,570	\$ 20,689	\$ 2,732	\$ 920	\$ 1,884	\$ 25,818	\$ (1,946)	\$ 66,667

^(a) Period-end balances for BlackRock.

Certain revenue and expense amounts shown in the preceding table differ from amounts included in the “Review of Businesses” section of Part I, Item 2 of this Form 10-Q due to the presentation in Item 2 of business revenues on a taxable-equivalent basis (except for BlackRock in 2003 and PFPC for both years) and classification differences related to BlackRock and PFPC. BlackRock income classified as net interest income in the preceding table represents the net of investment income and interest expense as presented in the “Review of Businesses” section. PFPC income classified as net interest income (expense) in the preceding table represents the interest components of nonoperating income (net of nonoperating expense), debt financing and fund servicing revenue as disclosed in the “Review of Businesses” section in Part I, Item 2 of this Report.

NOTE 18 COMMITMENTS AND GUARANTEES

EQUITY FUNDING COMMITMENTS

At September 30, 2004, we had outstanding commitments to make additional equity investments of \$158 million in certain equity management entities and affordable housing limited partnerships.

STANDBY LETTERS OF CREDIT

We issue standby letters of credit and have risk participations in standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties. If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract, then upon the request of the guaranteed party, we would be obligated to make payment to them. The standby letters of credit and risk participations in standby letters of credit outstanding on September 30, 2004 had terms ranging from less than one year to six years. The aggregate maximum amount of future payments we could be required to make under outstanding standby letters of credit and risk participations in standby letters of credit was \$5.0 billion at September 30, 2004. Assets valued as of September 30, 2004 of approximately \$1.1 billion secured certain specifically identified standby letters of credit. Approximately \$1.5 billion in recourse provisions from third parties was also available for this purpose as of September 30, 2004. In addition, a portion of the remaining standby letters of credit and letter of credit risk participations issued on behalf of specific customers are also secured by collateral or guarantees that secure the customer's other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit was \$39 million at September 30, 2004.

STANDBY BOND PURCHASE AGREEMENTS AND OTHER LIQUIDITY FACILITIES

We enter into standby bond purchase agreements to support municipal bond obligations and enter into certain other liquidity facilities to support individual pools of receivables acquired by commercial paper conduits unrelated to us. At September 30, 2004, our commitments under standby bond purchase agreements totaled \$286 million and our commitments under other liquidity facilities totaled \$292 million. The carrying amount of the liability for our obligations related to municipal bond obligations and certain other liquidity facilities was \$3 million at September 30, 2004.

INDEMNIFICATIONS

We are a party to numerous acquisition or divestiture agreements under which we have purchased or sold, or agreed to purchase or sell, various types of assets. These agreements can cover the purchase or sale of:

- Entire businesses,
- Loan portfolios,
- Branch banks,
- Partial interests in companies, or
- Other types of assets.

These agreements generally include indemnification provisions under which we indemnify the other parties to these agreements against a variety of risks to the other parties as a result of the transaction in question. When PNC is the seller, the indemnification provisions will generally also provide the buyer with protection relating to the quality of the assets we are selling and the extent of any liabilities being assumed by the buyer. Due to the nature of these indemnification provisions, we cannot quantify the total potential exposure to us resulting from them.

We provide indemnification in connection with securities offering transactions in which we are involved. When we are the issuer of the securities, we provide indemnification to the underwriters or placement agents analogous to the indemnification provided to the purchasers of businesses from us, as described above. When we are an underwriter or placement agent, we provide a limited indemnification to the issuer related to our actions in connection with the offering and, if there are other underwriters, indemnification to the other underwriters intended to result in an appropriate sharing of the risk of participating in the offering. Due to the nature of these indemnification provisions, we cannot quantify the total potential exposure to us resulting from them.

We enter into certain types of agreements that include provisions for indemnifying third parties, such as:

- Agreements relating to providing various servicing and processing functions to third parties,
- Agreements relating to the creation of trusts or other legal entities to facilitate leasing transactions, commercial mortgage-backed securities transactions (loan securitizations) and certain other off-balance sheet transactions,
- Syndicated credit agreements, as a syndicate member, and
- Sales of individual loans.

Due to the nature of these indemnification provisions, we cannot calculate our aggregate potential exposure under them.

We enter into certain types of agreements, such as leases with tenants, in which we agree to indemnify third parties for acts by our agents. While we do not believe these indemnification liabilities are material, either individually or in total, we cannot calculate our potential exposure.

We enter into contracts for the delivery of technology service in which we indemnify the other party against claims of patent and copyright infringement by third parties. Due to the nature of these indemnification provisions, we cannot calculate our aggregate potential exposure under this type of indemnification.

We engage in certain insurance activities which require our employees to be bonded. We satisfy this bonding requirement by issuing letters of credit in a total amount of approximately \$5 million.

In the ordinary course of business, we enter into contracts with third parties under which the third parties provide services on behalf of PNC. In many of these contracts, we agree to indemnify the third party service provider under certain

circumstances. The terms of the indemnity vary from contract to contract and the amount of the indemnification liability, if any, cannot be determined.

We are a general or limited partner in certain asset management and investment limited partnerships, many of which contain indemnification provisions that would require us to make payments in excess of our remaining funding commitments. While in certain of these partnerships the maximum liability to us is limited to the sum of our unfunded commitments and partnership distributions received by us, in the others the indemnification liability is unlimited. As a result, we cannot determine our aggregate potential exposure for these indemnifications.

Pursuant to their bylaws, PNC and its subsidiaries provide indemnification to directors, officers and, in some cases, employees and agents against certain liabilities incurred as a result of their service on behalf of or at the request of PNC and its subsidiaries. PNC and its subsidiaries also advance on behalf of covered individuals costs incurred in connection with certain claims or proceedings, subject to written undertakings by each such individual to repay all amounts so advanced if it is ultimately determined that the individual is not entitled to indemnification. We advanced such costs on behalf of several such individuals with respect to pending litigation or investigations during the first nine months of 2004. It is not possible for us to determine the aggregate potential exposure resulting from the obligation to provide this indemnity or to advance such costs.

In connection with the lending of securities held by PFPC as an intermediary on behalf of certain of its clients, we provide indemnification to those clients against the failure of the borrowers to return the securities. The market value of the securities lent is fully secured on a daily basis; therefore, the exposure to us is limited to temporary shortfalls in the collateral as a result of short-term fluctuations in trading prices of the loaned securities. At September 30, 2004, the total maximum potential exposure as a result of these indemnity obligations was \$8.3 billion, although we held collateral at the time in excess of that amount.

CONTINGENT PAYMENTS IN CONNECTION WITH CERTAIN ACQUISITIONS

A number of the acquisition agreements to which we are a party and under which we have purchased various types of assets, including the purchase of entire businesses, partial interests in companies, or other types of assets, require us to make additional payments in future years if certain predetermined goals occur within a specific time period. As some of these provisions do not specify dollar limitations, we cannot quantify our total exposure resulting from these agreements.

STATISTICAL INFORMATION

THE PNC FINANCIAL SERVICES GROUP, INC.

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

Taxable-equivalent basis Dollars in millions	Nine months ended September 30					
	2004			2003		
	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/Expense	Average Yields/Rates
ASSETS						
Interest-earning assets						
Securities						
Securities available for sale						
U.S. Treasury and government agencies/corporations	\$ 6,457	\$ 146	3.01%	\$ 3,828	\$ 114	3.99%
Other debt	8,861	252	3.79	9,955	311	4.15
State and municipal	235	12	6.91	104	5	6.65
Corporate stocks and other	247	8	4.27	446	9	2.90
Total securities available for sale	15,800	418	3.52	14,333	439	4.09
Securities held to maturity	2		6.80	24	2	7.88
Total securities	15,802	418	3.53	14,357	441	4.09
Loans, net of unearned income						
Commercial	16,398	617	4.94	15,277	645	5.57
Commercial real estate	2,156	75	4.57	2,155	76	4.66
Consumer	13,790	529	5.12	10,509	456	5.79
Residential mortgage	3,825	149	5.20	3,220	141	5.86
Lease financing	3,555	120	4.51	4,062	167	5.51
Other	507	11	2.89	418	11	3.28
Total loans, net of unearned income	40,231	1,501	4.94	35,641	1,496	5.57
Loans held for sale	1,591	31	2.54	1,671	35	2.77
Federal funds sold	70		.17	652	6	1.24
Resale agreements	1,733	23	1.76	1,282	13	1.32
Other	1,486	50	4.53	922	68	9.79
Total interest-earning assets/interest income	60,913	2,023	4.41	54,525	2,059	5.02
Noninterest-earning assets						
Allowance for loan and lease losses	(616)			(676)		
Cash and due from banks	2,846			2,721		
Other assets	10,945			10,097		
Total assets	\$74,088			\$66,667		
LIABILITIES, MINORITY AND NONCONTROLLING INTERESTS, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Money market	\$15,842	111	.94	\$15,134	116	1.02
Demand	7,869	6	.10	7,097	6	.12
Savings	2,638	7	.37	2,108	5	.33
Retail certificates of deposit	8,844	178	2.68	8,992	211	3.13
Other time	617	18	3.80	266	15	7.30
Time deposits in foreign offices	1,285	12	1.18	221	2	1.04
Total interest-bearing deposits	37,095	332	1.19	33,818	355	1.40
Borrowed funds						
Federal funds purchased	2,051	17	1.11	683	6	1.13
Repurchase agreements	1,274	10	1.00	1,071	9	1.09
Bank notes and senior debt	2,738	46	2.20	3,570	58	2.15
Federal Home Loan Bank borrowings	486	(2)	(.43)	1,159	(13)	(1.49)
Subordinated debt	3,516	102	3.85	2,041	62	4.03
Mandatorily redeemable capital securities of subsidiary trusts				286	14	6.60
Commercial paper	1,868	17	1.20	843	7	1.11
Other borrowed funds	551	21	5.02	194	43	29.58
Total borrowed funds	12,484	211	2.24	9,847	186	2.50
Total interest-bearing liabilities/interest expense	49,579	543	1.46	43,665	541	1.65
Noninterest-bearing liabilities, minority and noncontrolling interests, capital securities and shareholders' equity						
Demand and other noninterest-bearing deposits	11,838			10,492		
Allowance for unfunded loan commitments and letters of credit	88			79		
Accrued expenses and other liabilities	5,088			4,911		
Minority and noncontrolling interests in consolidated entities	440			266		
Mandatorily redeemable capital securities of subsidiary trusts				562		
Shareholders' equity	7,055			6,692		

Total liabilities, minority and noncontrolling interests, capital securities and shareholders' equity	\$74,088		\$66,667	
Interest rate spread		2.95		3.37
Impact of noninterest-bearing sources		.27		.33
Net interest income/margin	\$ 1,480	3.22%	\$ 1,518	3.70%

Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding SFAS 115 adjustments to fair value which are included in other assets).

STATISTICAL INFORMATION

THE PNC FINANCIAL SERVICES GROUP, INC.

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

Taxable-equivalent basis Dollars in millions	Third Quarter 2004			Second Quarter 2004			Third Quarter 2003		
	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/Expense	Average Yields/Rates
ASSETS									
Interest-earning assets									
Securities									
Securities available for sale									
U.S. Treasury and government agencies/corporations	\$6,288	\$ 49	3.10%	\$ 6,654	\$ 48	2.91%	\$ 4,562	\$ 41	3.62%
Other debt	8,667	85	3.90	8,624	78	3.63	10,187	96	3.75
State and municipal	216	5	10.35	225	3	5.65	144	2	6.11
Corporate stocks and other	201	2	4.37	259	2	2.40	397	3	2.94
Total securities available for sale	15,372	141	3.67	15,762	131	3.33	15,290	142	3.71
Securities held to maturity	2		(.70)	2		5.78	5		6.66
Total securities	15,374	141	3.67	15,764	131	3.33	15,295	142	3.71
Loans, net of unearned income									
Commercial	16,915	211	4.87	16,445	203	4.89	15,805	213	5.28
Commercial real estate	2,120	25	4.58	2,100	23	4.41	2,034	24	4.67
Consumer	14,673	187	5.06	13,968	177	5.08	11,195	155	5.49
Residential mortgage	4,354	56	5.16	3,622	47	5.18	2,807	39	5.57
Lease financing	3,182	35	4.38	3,437	38	4.46	4,503	55	4.88
Other	507	4	3.02	497	3	2.91	529	4	2.70
Total loans, net of unearned income	41,751	518	4.89	40,069	491	4.89	36,873	490	5.25
Loans held for sale	1,578	10	2.42	1,636	13	3.19	1,480	8	2.11
Federal funds sold	4		1.55				46		.98
Resale agreements	1,279	6	2.07	1,896	9	1.68	1,690	7	1.52
Other	1,745	17	3.92	1,550	18	4.64	911	23	9.83
Total interest-earning assets/interest income	61,731	692	4.44	60,915	662	4.34	56,295	670	4.71
Noninterest-earning assets									
Allowance for loan and lease losses	(593)			(603)			(674)		
Cash and due from banks	2,851			2,793			2,788		
Other assets	11,372			10,762			10,044		
Total assets	\$75,361			\$73,867			\$68,453		
LIABILITIES, MINORITY AND NONCONTROLLING INTERESTS, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY									
Interest-bearing liabilities									
Interest-bearing deposits									
Money market	\$15,916	43	1.08	\$16,027	35	.88	\$15,198	33	.87
Demand	7,857	2	.10	7,878	2	.09	7,277	2	.11
Savings	2,730	3	.44	2,595	2	.34	2,133	1	.24
Retail certificates of deposit	9,100	60	2.64	8,650	58	2.69	8,460	64	2.98
Other time	825	7	3.23	680	6	3.46	264	5	7.19
Time deposits in foreign offices	1,561	6	1.46	1,485	4	.99	238	1	.92
Total interest-bearing deposits	37,989	121	1.27	37,315	107	1.15	33,570	106	1.25
Borrowed funds									
Federal funds purchased	1,940	7	1.44	2,303	6	1.00	1,306	3	1.03
Repurchase agreements	1,158	4	1.23	1,508	4	.86	1,204	3	.96
Bank notes and senior debt	2,709	16	2.28	2,752	15	2.18	2,904	16	2.15
Federal Home Loan Bank borrowings	98		2.24	184	1	2.29	1,129	(5)	(1.88)
Subordinated debt	3,411	34	3.89	3,545	33	3.79	1,949	19	3.82
Mandatorily redeemable capital securities of subsidiary trusts							848	14	6.67
Commercial paper	1,679	6	1.48	1,815	5	1.08	2,501	7	1.11
Other borrowed funds	760	6	3.21	449	6	5.21	258	18	27.65
Total borrowed funds	11,755	73	2.45	12,556	70	2.21	12,099	75	2.45
Total interest-bearing liabilities/interest expense	49,744	194	1.55	49,871	177	1.42	45,669	181	1.57
Noninterest-bearing liabilities, minority and noncontrolling interests, capital securities and shareholders' equity									

Demand and other noninterest-bearing deposits	12,477	11,681	11,040
Allowance for unfunded loan commitments and letters of credit	84	90	77
Accrued expenses and other liabilities	5,469	4,772	4,827
Minority and noncontrolling interests in consolidated entities	466	419	295
Mandatorily redeemable capital securities of subsidiary trusts			
Shareholders' equity	7,121	7,034	6,545
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, minority and noncontrolling interests, capital securities and shareholders' equity	\$75,361	\$73,867	\$68,453
	<u> </u>	<u> </u>	<u> </u>
Interest rate spread		2.89	2.92
Impact of noninterest-bearing sources		.30	.30
	<u> </u>	<u> </u>	<u> </u>
Net interest income/margin	\$ 498	3.19%	\$ 485
	<u> </u>	<u> </u>	<u> </u>
		3.18%	\$ 489
		<u> </u>	<u> </u>
			3.44%

Loan fees for the nine months ended September 30, 2004 and September 30, 2003, were \$81 million and \$82 million, respectively. Loan fees for the three months ended September 30, 2004, June 30, 2004, March 31, 2004, December 31, 2003 and September 30, 2003 were \$26 million, \$29 million, \$26 million, \$28 million and \$29 million, respectively. Interest income includes the effects of taxable-equivalent adjustments using a marginal federal income tax rate of 35% to increase tax-exempt interest income to a taxable-equivalent basis. The taxable-equivalent adjustments to interest income for the nine months ended September 30, 2004 and September 30, 2003 were \$14 million and \$7 million, respectively. The taxable-equivalent adjustments for the three months ended September 30, 2004, June 30, 2004 and September 30, 2003 were \$7 million, \$4 million and \$2 million, respectively.

PART II OTHER INFORMATION

ITEM I. LEGAL PROCEEDINGS

There are several pending judicial or administrative proceedings or other matters arising out of the three 2001 transactions (the "PAGIC transactions") that gave rise to a financial statement restatement we announced on January 29, 2002 and that were the subject of a July 2002 consent order between PNC and the United States Securities and Exchange Commission and a June 2003 Deferred Prosecution Agreement between the United States Department of Justice and PNC ICLC Corp., one of our indirect non-bank subsidiaries. These pending proceedings or other matters are described below.

Among the requirements of the June 2003 Deferred Prosecution Agreement was the establishment of a \$90 million restitution fund, which will be available to satisfy claims, including for the settlement of the pending securities litigation referred to below. Louis W. Fryman, chairman of Fox Rothschild LLP in Philadelphia, Pennsylvania, is administering the restitution fund.

The several putative class action complaints filed during 2002 in the United States District Court for the Western District of Pennsylvania arising out of the PAGIC transactions have been consolidated in a consolidated class action complaint brought on behalf of purchasers of the Corporation's common stock between July 19, 2001 and July 18, 2002 (the "Class Period"). The consolidated class action complaint names PNC, our Chairman and Chief Executive Officer, our former Chief Financial Officer, our Controller, and our independent auditors for 2001 as defendants and seeks unquantified damages, interest, attorneys' fees and other expenses. The consolidated class action complaint alleges violations of federal securities laws related to disclosures regarding the PAGIC transactions and related matters. PNC and all other defendants have filed a motion to dismiss this lawsuit.

In August 2002, the United States Department of Labor began a formal investigation of the Administrative Committee of our Incentive Savings Plan ("Plan") in connection with the Committee's conduct relating to our common stock held by the Plan. Both the Administrative Committee and PNC are cooperating fully with the investigation. In June 2003, the Committee retained Independent Fiduciary Services, Inc. ("IFS") to serve as an independent fiduciary charged with the exclusive authority and responsibility to act on behalf of the Plan in connection with the pending securities litigation referred to above and to evaluate any legal rights the Plan might have against any parties relating to the PAGIC transactions. This authority includes representing the Plan's interests in connection with the \$90 million restitution fund set up under the Deferred Prosecution Agreement. The Department of Labor has communicated with IFS in connection with the engagement.

We received a letter in June 2003 on behalf of an alleged shareholder demanding that we take appropriate legal action against our Chairman and Chief Executive Officer, our former Chief Financial Officer, and our Controller, as well as any other individuals or entities allegedly responsible for causing damage to PNC as a result of the PAGIC transactions. The Board referred this matter to a special committee of the Board for evaluation, which has completed its evaluation and reported its findings to the Board of Directors and to counsel for the alleged shareholder. The special committee recommended against bringing any claims against our current or former executive officers but made certain recommendations with respect to resolution of potential claims we have with respect to certain other third parties.

In July 2003, the lead underwriter on the Corporation's Executive Blended Risk insurance coverage filed a lawsuit for a declaratory judgment against PNC and PNC ICLC in the United States District Court for the Western District of Pennsylvania. The complaint seeks a determination that the defendants breached the terms and conditions of the policy and, as a result, the policy does not provide coverage for any loss relating to or arising out of the Department of Justice investigation or the PAGIC transactions. Alternatively, the complaint seeks a determination that the policy does not provide coverage for the payments made pursuant to the Deferred Prosecution Agreement. The complaint also seeks attorneys' fees and costs. In September 2003, we moved to stay the action until resolution of the claims against PNC in the pending securities litigation described above.

We continue to be engaged in discussions regarding the terms of a proposed settlement with respect to these PAGIC-related matters, as previously disclosed. This proposed settlement remains subject to resolution of outstanding issues with certain of the parties to the proposed settlement, completion of final documentation and conditions, including court approval. We cannot provide any assurance as to the ultimate outcome of these settlement discussions. The settlement, if completed, would address the claims asserted in the above-described PAGIC-related matters. Even if the settlement is completed, however, we may incur additional costs in the future related to the PAGIC transactions, including in connection with indemnification claims and/or the advancement of expenses incurred by others.

Some of our subsidiaries are defendants (or have potential contractual contribution obligations to other defendants) in several pending lawsuits brought during late 2002 and 2003 arising out of the bankruptcy of Adelphia Communications Corporation. There also are threatened additional proceedings arising out of the same matters. One of the lawsuits is pending in the United States Bankruptcy Court for the Southern District of New York and has been brought on Adelphia's behalf as an adversary proceeding by the unsecured creditors' committee in Adelphia's bankruptcy proceeding. A motion to intervene on behalf of the equity committee is also pending in this case. The other lawsuits (one of which is a putative consolidated class action) have been brought by holders of debt and equity securities of Adelphia and have been consolidated for pretrial purposes in the United States District Court for the Southern District of New York. These lawsuits arise out of lending and securities underwriting activities engaged in by these PNC subsidiaries together with other financial services companies. In the aggregate, more than 400 other financial services companies and numerous other

companies and individuals have been named as defendants in one or more of the lawsuits. Collectively, with respect to some or all of the defendants, the lawsuits allege violations of federal securities laws, violations of common law duties, aiding and abetting such violations, voidable preference payments, and fraudulent transfers, among other matters. The lawsuits seek unquantified monetary damages, interest, attorneys' fees and other expenses, and a return of the alleged voidable preference and fraudulent transfer payments, among other remedies. We believe that we have substantial defenses to the claims against us in these lawsuits and intend to defend them vigorously. These lawsuits are currently in initial stages and present complex issues of law and fact. As a result, we are not currently capable of evaluating our exposure, if any, resulting from these lawsuits.

In connection with industry-wide investigations of practices in the mutual fund industry including market timing, late day trading, employee trading in mutual funds and other matters, several of our subsidiaries have received requests for information and other inquiries from state and federal governmental and regulatory authorities. These subsidiaries are fully cooperating in all of these matters.

In addition to the proceedings or other matters described above, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. Management does not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, management is not now in a position to determine whether any of such other pending or threatened legal proceedings will have a material adverse effect on our results of operations in any future reporting period.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Details of our common stock repurchases during the third quarter of 2004 are included in the following table:

In thousands, except per share data

2004 period	Total shares purchased ^(a)	Average price paid per share	Total shares purchased as part of publicly announced programs	Maximum number of shares that may yet be purchased under the programs ^(b)
July 1 – July 31	134	\$50.58	86	17,401
August 1 – August 31	229	\$50.98	162	17,239
September 1 – September 30	57	\$53.35		17,239
Total	420	\$51.17	248	

^(a) Includes PNC common stock purchased under the program referred to in note (b) to this table and common stock purchased in connection with various employee benefit plans of the Corporation.

^(b) Our current stock repurchase program allows us to purchase up to 20 million shares on the open market or in privately negotiated transactions. This program began February 19, 2004 and terminates on February 28, 2005.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed, or in the case of Exhibits 32.1 and 32.2 furnished, with this Quarterly Report on Form 10-Q:

EXHIBIT INDEX

- 4.1 There are no instruments with respect to long-term debt of the Corporation and its subsidiaries that involve securities authorized under the instrument in an amount exceeding 10 percent of the total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation agrees to provide the SEC with a copy of instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries on request.
- 4.9 Form of the PNC Bank, National Association Global Bank Note for Fixed Rate Global Senior Bank Note with Maturity of more than Nine Months from Date of Issuance
- 4.10 Form of PNC Bank, National Association Global Bank Note for Floating Rate Global Senior Bank Note with Maturity of more than Nine Months from Date of Issuance
- 4.11 Form of PNC Bank, National Association Global Bank Note for Fixed Rate Global Subordinated Bank Note with Maturity of more than Nine Months from Date of Issuance
- 4.12 Form of PNC Bank, National Association Global Bank Note for Floating Rate Global Subordinated Bank Note with Maturity of more than Nine Months from Date of Issuance
- 10.29 PNC Bank, National Association US \$20,000,000,000 Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes with Maturities of more than Nine Months from Date of Issue Distribution Agreement dated July 30, 2004
- 10.30 Forms of employee stock option, restricted stock, restricted deferral, and incentive share agreements+
- 10.31 Form of non-CEG change in control severance agreements+
- 10.32 Forms of director stock option and restricted stock agreements+
- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 12.2 Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
- 31.1 Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Vice Chairman and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350
- 32.2 Certification of Vice Chairman and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
- 99.13 Agreement and Plan of Merger, dated as of July 16, 2004, by and between The PNC Financial Services Group, Inc. and Riggs National Corporation

+ Denotes management contract or compensatory plan

You can receive copies of these Exhibits electronically at the SEC's home page at www.sec.gov or from the public reference section of the SEC, at prescribed rates, at 450 Fifth Street NW, Washington, D.C. 20549. Shareholders may also receive copies, without charge, by contacting Shareholder Relations at (800) 843-2206 or via e-mail at investor.relations@pnc.com.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on November 5, 2004, on its behalf by the undersigned thereunto duly authorized.

The PNC Financial Services Group, Inc.

/s/ William S. Demchak

William S. Demchak
Vice Chairman and Chief Financial Officer
(Principal Financial Officer)

CORPORATE INFORMATION

THE PNC FINANCIAL SERVICES GROUP, INC.

CORPORATE HEADQUARTERS

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
(412) 762-2000

STOCK LISTING

The PNC Financial Services Group, Inc. common stock is listed on the New York Stock Exchange under the symbol PNC.

FINANCIAL INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934. Therefore, we file annual, quarterly and current reports as well as proxy materials with the Securities and Exchange Commission ("SEC"). You may obtain copies of these and other filings, including exhibits, electronically at the SEC's internet website at www.sec.gov or on or through PNC's internet website at www.pnc.com in the "For Investors" section. Copies may also be obtained without charge by contacting Shareholder Services at (800) 982-7652 or via e-mail at web.queries@computershare.com.

CORPORATE GOVERNANCE AT PNC

Information about our Board and its committees and corporate governance at PNC is available in the corporate governance section of the "For Investors" page of PNC's website at www.pnc.com. Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, or Personnel and Compensation Committees (all of which are posted on the PNC website) may do so by sending their requests to Thomas R. Moore, Corporate Secretary, at corporate headquarters at the above address. Copies will be provided without charge to shareholders.

INQUIRIES

For financial services call 1-888-PNC-2265. Individual shareholders should contact Shareholder Services at (800) 982-7652.

Analysts and institutional investors should contact William H. Callihan, Director of Investor Relations, at (412) 762-8257 or via e-mail at investor.relations@pnc.com.

News media representatives and others seeking general information should contact:

Donna C. Peterman, Senior Vice President, Director of Corporate Communications, at (412) 762-4550 or via e-mail at corporate.communications@pnc.com.

COMMON STOCK PRICES/DIVIDENDS DECLARED

The table below sets forth by quarter the range of high and low sale and quarter-end closing prices for The PNC Financial Services Group, Inc. common stock and the cash dividends declared per common share.

	High	Low	Close	Cash Dividends Declared
2004 Quarter				
First	\$59.79	\$52.68	\$55.42	\$.50
Second	56.00	50.70	53.08	.50
Third	54.22	48.90	54.10	.50
Total				\$ 1.50
2003 Quarter				
First	\$45.95	\$41.63	\$42.38	\$.48
Second	50.11	42.06	48.81	.48
Third	50.17	46.41	47.58	.48
Fourth	55.55	47.63	54.73	.50
Total				\$ 1.94

DIVIDEND POLICY

Holders of The PNC Financial Services Group, Inc. common stock are entitled to receive dividends when declared by the Board of Directors out of funds legally available. The Board presently intends to continue the policy of paying quarterly cash dividends. However, future dividends will depend on earnings, the financial condition of The PNC Financial Services Group, Inc. and other factors, including applicable government regulations and policies and contractual restrictions.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of common and preferred stock to purchase additional shares of common stock conveniently and without paying brokerage commissions for service charges. You may obtain a prospectus and enrollment form by contacting Shareholder Services at (800) 982-7652.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services, LLC
2 North LaSalle Street
Chicago, Illinois 60602
(800) 982-7652

THIS SENIOR NOTE IS AN OBLIGATION SOLELY OF PNC BANK, NATIONAL ASSOCIATION (THE "BANK") AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR THE PNC FINANCIAL SERVICES GROUP, INC. OR ANY AFFILIATE THEREOF OTHER THAN THE BANK. THIS SENIOR NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE OBLIGATIONS EVIDENCED BY THIS SENIOR NOTE RANK PARI PASSU WITH ALL OTHER UNSECURED AND UNSUBORDINATED INDEBTEDNESS OF THE BANK, EXCEPT DEPOSIT LIABILITIES (AS PROVIDED IN SECTION 11(d)(11) OF THE FEDERAL DEPOSIT INSURANCE ACT) AND OTHER OBLIGATIONS THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES. IN A LIQUIDATION OR OTHER RESOLUTION OF THE BANK, THIS SENIOR NOTE WOULD BE TREATED DIFFERENTLY FROM, AND HOLDERS OF THIS SENIOR NOTE COULD RECEIVE, IF ANYTHING, SIGNIFICANTLY LESS THAN HOLDERS OF, DEPOSIT LIABILITIES OF THE BANK.

UNLESS THIS SENIOR NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SENIOR NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SENIOR NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SENIOR NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SENIOR NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN A \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SENIOR NOTE AT ALL TIMES.

No. FXR- _____
CUSIP NO.: _____

REGISTERED

GLOBAL SENIOR BANK NOTE
(Fixed Rate)

ORIGINAL ISSUE DATE:

PRINCIPAL AMOUNT:

INTEREST RATE: ____%

MATURITY DATE:

INTEREST PAYMENT DATE(S):

- At Maturity only
 ___ and ___ of each year
 Other:

INITIAL INTEREST PAYMENT DATE:

REGULAR RECORD DATES (FOR NOTES WITH MATURITIES OF MORE THAN ONE YEAR)

(if other than the fifteenth calendar day (whether or not a Business Day) next preceding the applicable Interest Payment Date):

INITIAL REDEMPTION
DATE:

INITIAL REDEMPTION
PERCENTAGE:

ANNUAL REDEMPTION
PERCENTAGE REDUCTION:

HOLDER'S OPTIONAL
REPAYMENT DATE(S):

DAY COUNT CONVENTION

- 30/360
 OTHER:

ADDENDUM ATTACHED:

- Yes
 No

ORIGINAL ISSUE DISCOUNT:

- Yes
 No

DEFAULT RATE: ____%

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

OTHER PROVISIONS:

PNC Bank, National Association (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest in arrears thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date on which interest on this Senior Note (or any predecessor Senior Note) has been paid or duly provided for, on the Interest Payment Date or Dates specified above (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment, if applicable, commencing on the Initial Interest Payment Date specified above at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Senior Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on the Regular Record Date, which unless otherwise specified above shall be the fifteenth calendar day (whether or not a Business Day (as defined below)) next preceding the applicable Interest Payment Date (a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and may either be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Senior Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Senior Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (which may be the Bank) (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Senior Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or in the city in which the Bank is headquartered (the "Place of Payment"), where this Senior Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Senior Note may be served. The Bank has initially appointed PNC Bank, National Association as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd. The Bank may resign as or remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement and may appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Senior Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Senior Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Senior Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Senior Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to “this Senior Note”, “hereof”, “herein” and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Senior Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Senior Note to be duly executed.

PNC BANK, NATIONAL ASSOCIATION

By: _____
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the Issuing and Paying Agency Agreement.

PNC BANK, NATIONAL ASSOCIATION
as the Issuing and Paying Agent

By: _____
Authorized Signatory

This Senior Note is one of a duly authorized issue of Senior Bank Notes of the Bank due nine months or more from date of issue (the "Senior Notes").

Payments of interest hereon will include interest accrued to but excluding the relevant Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. Unless otherwise specified on the face hereof, interest on Senior Notes with maturities of greater than one year will be computed on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified on the face hereof, interest on Senior Notes with maturities of one year or less will be computed on the basis of the actual number of days in the year divided by 360 and will be payable only at maturity to the person to whom principal shall be payable.

Any provision contained herein with respect to the calculation of the rate of interest applicable to this Senior Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Senior Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, this Senior Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York and in Pittsburgh, Pennsylvania is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

This Senior Note will not be subject to any sinking fund. If so provided on the face of this Senior Note, this Senior Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Senior Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Senior Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Senior Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Senior Notes at any time outstanding are to be redeemed, the terms of the Senior Notes to be so redeemed shall be selected by the Bank. If less than all the Senior Notes with identical terms at any time outstanding are to be redeemed, the Senior Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Senior Note in part only, a new Senior Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. The Issuing and Paying Agent is not required to register the transfer of or exchange any Senior Note that has been called for redemption in whole or in part, except the unredeemed portion of the Senior Notes being redeemed in part, during a period beginning at the opening of business 15 calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Senior Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage

Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Senior Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof either in whole or in part on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Senior Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, if any, this Senior Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Senior Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Senior Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other address which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Senior Note in part only, a new Senior Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

If this Senior Note is an Original Issue Discount Note and if an Event of Default with respect to this Senior Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Senior Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Senior Note shall terminate.

In case any Senior Note shall at any time become mutilated, destroyed, lost or stolen, and such Senior Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue and the Issuing and Paying Agent shall authenticate a new Senior Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Senior Note or in lieu of the Senior Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Senior Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Senior Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Senior Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Senior Note. If any Senior Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Senior Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Senior Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Senior Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Senior Note: (i) default in the payment of any interest with respect to any of the Senior Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Senior Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises or administrative or governmental agency or body of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Senior Note may declare the principal amount of, accrued interest and premium, if any, on, this Senior Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Senior Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Senior Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation, banking association or other legal entity (collectively, the "corporation") or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of

this Senior Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Senior Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Senior Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Senior Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Senior Note and may be liquidated and dissolved.

Any action by the holder of this Senior Note shall bind all future holders of this Senior Note, and of any Senior Note issued in exchange or substitution herefor or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in Pittsburgh, Pennsylvania, herein referred to as the "Senior Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Senior Notes and of transfers of the Senior Notes.

The transfer of this Senior Note is registerable in the Senior Note Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Senior Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Senior Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Senior Note for any transfer or exchange of this Senior Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Senior Note are exchangeable for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Senior Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Senior Note. Any Senior Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Senior Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Senior Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Senior Note shall be in writing and addressed to the Bank at One PNC Plaza, 10 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Lisa Kovac, or to such other address of the Bank as the Bank may notify the holder of this Senior Note.

This Senior Note shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles) and all applicable federal laws and regulations.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Senior Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of
 survivorship and not as tenants
 in common

UNIF GIFT MIN ACT - _____ Custodian _____
 (Cust) (Minor)
 under Uniform Gifts to Minors Act

 (State)

Additional abbreviations may also be used
though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address,
including postal zip code, of assignee)

the within Senior Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____

to transfer said Senior Note on the books of the Issuing and Paying Agent, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Senior Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at

(Please print or typewrite name and address of the undersigned)

For this Senior Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other place or places of which the Bank shall from time to time notify the holder of this Senior Note, not more than 60 days nor less than 30 days prior to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Senior Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Senior Notes to be issued to the holder for the portion of this Senior Note not being repaid (in the absence of any such specification, one such Senior Note will be issued for the portion not being repaid):

\$ _____
Dated: _____

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

THIS SENIOR NOTE IS AN OBLIGATION SOLELY OF PNC BANK, NATIONAL ASSOCIATION (THE "BANK") AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR THE PNC FINANCIAL SERVICES GROUP, INC. OR ANY AFFILIATE THEREOF OTHER THAN THE BANK. THIS SENIOR NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE OBLIGATIONS EVIDENCED BY THIS SENIOR NOTE RANK PARI PASSU WITH ALL OTHER UNSECURED AND UNSUBORDINATED INDEBTEDNESS OF THE BANK, EXCEPT DEPOSIT LIABILITIES (AS PROVIDED IN SECTION 11(d)(11) OF THE FEDERAL DEPOSIT INSURANCE ACT) AND OTHER OBLIGATIONS THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES. IN A LIQUIDATION OR OTHER RESOLUTION OF THE BANK, THIS SENIOR NOTE WOULD BE TREATED DIFFERENTLY FROM, AND HOLDERS OF THIS SENIOR NOTE COULD RECEIVE, IF ANYTHING, SIGNIFICANTLY LESS THAN HOLDERS OF, DEPOSIT LIABILITIES OF THE BANK.

UNLESS THIS SENIOR NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SENIOR NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SENIOR NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SENIOR NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SENIOR NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN A \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SENIOR NOTE AT ALL TIMES.

No. FLR-_____ REGISTERED

CUSIP NO.: _____

GLOBAL SENIOR BANK NOTE

(Floating Rate)

ORIGINAL ISSUE DATE:

INITIAL INTEREST RATE: _____%

INTEREST RATE BASIS OR BASES:

IF LIBOR:

LIBOR Moneyline Telerate Page:

LIBOR Reuters Page:

Designated LIBOR Currency:

IF CMT RATE:

Designated CMT Moneyline Telerate Page:

If Moneyline Telerate Page 7052:

Weekly Average

Monthly Average

Designated CMT Maturity Index:

INDEX CURRENCY:

MAXIMUM INTEREST RATE:

INTEREST PAYMENT DATES:

INITIAL INTEREST PAYMENT DATE:

INITIAL INTEREST RESET DATE:

INTEREST RESET DATES:

INITIAL REDEMPTION DATE:

INITIAL REDEMPTION PERCENTAGE:

PRINCIPAL AMOUNT:

MATURITY DATE:

INDEX MATURITY:

REGULAR RECORD DATES (if other than the fifteenth calendar day (whether or not a Business Day) next preceding the applicable Interest Payment Date):

SPREAD (PLUS OR MINUS) AND/OR SPREAD MULTIPLIER:

MINIMUM INTEREST RATE:

INTEREST PAYMENT PERIOD:

INTEREST RESET PERIOD:

CALCULATION AGENT (if other than PNC Bank, National Association):

ANNUAL REDEMPTION PERCENTAGE REDUCTION:

HOLDER'S OPTIONAL REPAYMENT DATE(S):

INTEREST CALCULATION:

- Regular Floating Rate Senior Note
- Floating Rate/Fixed Rate Senior Note
 - Fixed Rate Commencement Date:
 - Fixed Interest Rate:
- Inverse Floating Rate Senior Note
 - Fixed Interest Rate:

ADDENDUM ATTACHED:

- Yes
- No

OTHER PROVISIONS:

DAY COUNT CONVENTION

- 30/360 for the period from and including _____ to but excluding _____.
- Actual/360 for the period from and including _____ to but excluding _____.
- Actual/Actual for the period from and including _____ to but excluding _____.

ORIGINAL ISSUE DISCOUNT

- Yes
- No

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

DEFAULT RATE: ____%

PNC Bank, National Association (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest in arrears thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date to which interest on this Senior Note (or any predecessor Senior Note) has been paid or duly provided for on the Interest Payment Dates specified above (each, an "Interest Payment Date"), and at maturity or upon earlier redemption or repayment, if applicable, commencing on the Initial Interest Payment Date specified above, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Senior Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on the Regular Record Date, which unless otherwise specified above shall be the fifteenth calendar day (whether or not a Business Day (as defined hereinafter)) next preceding the applicable Interest Payment Date (a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date and may either be paid to the person in whose name this Senior Note (or any predecessor Senior Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Senior Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Senior Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (which may be the Bank) (the "Issuing and Paying Agent", which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Senior Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or the city in which the Bank is headquartered (the "Place of Payment"), where this Senior Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Senior Note may be served. The Bank has initially appointed PNC Bank, National Association as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd. The Bank may resign as or remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement, and appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Senior Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Senior Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Senior Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Senior Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to “this Senior Note”, “hereof”, “herein” and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Senior Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Senior Note to be duly executed.

PNC BANK, NATIONAL ASSOCIATION

By: _____
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the Issuing and Paying Agency Agreement.

PNC BANK, NATIONAL ASSOCIATION
as the Issuing and Paying Agent

By: _____
Authorized Signatory

This Senior Note is one of a duly authorized issue of Senior Bank Notes of the Bank due nine months or more from date of issue (the "Senior Notes").

If any Interest Payment Date (other than an Interest Payment Date at the Maturity Date or date of earlier redemption or repayment of this Senior Note) would otherwise fall on a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis is LIBOR, as specified on the face hereof, and such next Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown on the face hereof. If the Maturity Date or date of earlier redemption or repayment of this Senior Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, and interest on, this Senior Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be.

This Senior Note will not be subject to any sinking fund. If so provided on the face of this Senior Note, this Senior Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof. If no Initial Redemption Date is specified on the face hereof, this Senior Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, this Senior Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined hereinafter), together with unpaid interest accrued hereon at the applicable rate borne by this Senior Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Senior Notes at any time outstanding are to be redeemed, the terms of the Senior Notes to be so redeemed shall be selected by the Bank. If less than all the Senior Notes with identical terms at any time outstanding are to be redeemed, the Senior Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Senior Note in part only, a new Senior Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. The Issuing and Paying Agent is not required to register the transfer of or exchange any Senior Note that has been called for redemption in whole or in part, except the unredeemed portion of the Senior Notes being redeemed in part, during a period beginning at the opening of business 15 calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Senior Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

This Senior Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof either in whole or in part on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Senior Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, if any, this Senior Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof will be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment. For this Senior Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Senior Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other address which the Bank shall from time to time notify the holders of the Senior Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Senior Note in part only, a new Senior Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable.

The interest rate borne by this Senior Note shall be determined as follows:

1. If this Senior Note is designated as a Regular Floating Rate Senior Note on the face hereof or if no designation is made for Interest Calculation on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Senior Note is designated as a Floating Rate/Fixed Rate Senior Note on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate; and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to but excluding the Stated Maturity Date or date of earlier redemption or repayment shall be the Fixed Interest Rate, if such a rate is specified on the face hereof, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Senior Note is designated as an Inverse Floating Rate Senior Note on the face hereof, then, except as described below or in an Addendum hereto, this Senior Note shall bear interest equal to the Fixed Interest Rate specified on the face hereof minus the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof; provided, however, that, unless otherwise specified on the face hereof, the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Senior Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate.

Notwithstanding the foregoing, if this Senior Note is designated on the face hereof as having an Addendum attached, this Senior Note shall bear interest in accordance with the terms described in such Addendum.

Except as set forth above or specified on the face hereof or in an Addendum hereto, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined hereinafter) immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date. If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if LIBOR is an applicable Interest Rate Basis and if such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day.

Unless otherwise specified on the face hereof, interest payable on this Senior Note on any Interest Payment Date will equal the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified on the face hereof, if no interest has been paid), to but excluding the related Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be.

Unless otherwise specified on the face hereof, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the period for which interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such date will be computed by dividing the interest rate applicable to such day by 360 if the Commercial Paper Rate, the Federal Funds Rate, LIBOR or the Prime Rate is an applicable Interest Rate Basis or by the actual number of days in the year if the CMT Rate or the Treasury Rate is an applicable Interest Rate Basis. Unless otherwise specified on the face hereof, the interest factor for this Senior Note, if the interest rate is calculated with reference to two or more Interest Rate Bases, will be calculated in each period in the same manner as if only the applicable Interest Rate Bases specified on the face hereof applied.

The interest rate applicable to each day in an Interest Reset Period commencing on the related Interest Reset Date will be determined by the Calculation Agent as of the applicable Interest Determination Date and will be calculated by the Calculation Agent on or prior to the Calculation Date (as defined hereinafter), except with respect to LIBOR, which will be calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; and the "Interest Determination Date" with respect to LIBOR shall be the second London Banking Day (as defined hereinafter) immediately preceding the applicable Interest Reset Date, unless the Designated LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. The "Interest Determination Date" with respect to the Treasury Rate shall be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as defined hereinafter) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" shall be such preceding Friday; provided, further, that if the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day. If the interest rate of this Senior Note is determined with reference to two or more Interest Rate Bases specified on the face hereof, the "Interest Determination Date" pertaining to this Senior Note shall be the latest Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined as of such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

Unless otherwise specified on the face hereof, the "Calculation Date" pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. All calculations on this Senior Note shall be made by the Calculation Agent specified on the face hereof or such successor thereto as is duly appointed by the Bank. The determination of any interest rate by the Calculation Agent will be final and binding absent manifest error.

All percentages resulting from any calculation on this Senior Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency, to the smallest denominational unit (with one-half cent being rounded upwards).

As used herein, "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York and in Pittsburgh, Pennsylvania is not a day on which banking institutions are authorized or required by law, regulation or executive order to close and, if an Interest Rate Basis shown on the face hereof is LIBOR, is also a London Banking Day.

As used herein, unless otherwise specified on the face hereof, "London Banking Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, as specified on the face hereof, the CMT Rate shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "CMT Rate Interest Determination Date") in accordance with the following provisions:

(i) If "CMT Moneyline Telerate Page 7051" is specified on the face hereof, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof as set forth in H.15(519) (as defined hereinafter) under the caption "Treasury Constant Maturities", as such yield is displayed on Moneyline Telerate (or any successor service) on page 7051 (or any other page as may replace such page on such service) ("Moneyline Telerate Page 7051") for such CMT Rate Interest Determination Date. If such rate does not appear on Moneyline Telerate Page 7051, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof and for such CMT Rate Interest Determination Date as set forth in H.15(519) under the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity specified on the face hereof as may then be published by either the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). If the Federal Reserve Board or the United States Department of the Treasury does not publish a yield on United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof for such CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Dealers or their affiliates) (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified on the face hereof, a remaining term to maturity no more than 1 year shorter than the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference

Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof, a remaining term to maturity closest to the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two such United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof have remaining terms to maturity equally close to the Index Maturity specified on the face hereof, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) If “CMT Moneyline Telerate Page 7052” is specified on the face hereof, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof as set forth in H.15(519) opposite the caption “Treasury Constant Maturities”, as such yield is displayed on Moneyline Telerate (or any successor service) on page 7052 (or any other page as may replace such page on such service) (“Moneyline Telerate Page 7052”) for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on the Moneyline Telerate Page 7052, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof and for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15(519) opposite the caption “Treasury Constant Maturities”. If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified on the face hereof, average yield on United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof for the applicable week or month, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified on the face hereof, a remaining term to maturity of no more than 1 year

shorter than the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate on the CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof, a remaining term to maturity closest to the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate on the CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof have remaining terms to maturity equally close to the Index Maturity specified on the face hereof, the quotes for the Treasury security with the shorter original term to maturity will be used.

“H.15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Federal Reserve Board.

Commercial Paper Rate. If an Interest Rate Basis for this Senior Note is the Commercial Paper Rate, as specified on the face hereof, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a “Commercial Paper Rate Interest Determination Date”) as the Money Market Yield (as defined hereinafter) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published in H.15(519) under the caption “Commercial Paper-Nonfinancial” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield of the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified on the face hereof as published in H.15 Daily Update (as defined hereinafter), or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Commercial Paper-Nonfinancial.” If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York (which may include the Dealers or their affiliates) selected by the Calculation Agent for commercial paper

having the Index Maturity specified on the face hereof placed for industrial issuers whose bond rating is “Aa,” or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

“H.15 Daily Update” means the daily update of H.15(519), available through the world-wide-web site of the Federal Reserve Board at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

“Money Market Yield” means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and “M” refers to the actual number of days in the applicable Interest Reset Period.

Federal Funds Rate. If an Interest Rate Basis for this Senior Note is the Federal Funds Rate, as specified on the face hereof, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a “Federal Funds Rate Interest Determination Date”) as the rate on such date for United States dollar federal funds as published in H.15(519) under the heading “Federal Funds (Effective)”, as such rate is displayed on Moneyline Telerate (or any successor service) on page 120 (or any other page as may replace such page on such service) (“Moneyline Telerate Page 120”), or, if such rate does not appear on Moneyline Telerate Page 120 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Federal Funds (Effective).” If such rate does not appear on Moneyline Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York (which may include the Dealers or their affiliates) selected by the Calculation Agent, prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. If an Interest Rate Basis for this Senior Note is LIBOR, as specified on the face hereof, LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a “LIBOR Interest Determination Date”) in accordance with the following provisions:

(i) (a) if “LIBOR Moneyline Telerate” is specified on the face hereof or if neither “LIBOR Reuters” nor “LIBOR Moneyline Telerate” is specified on the face hereof as the method for calculating LIBOR, LIBOR will be the rate for deposits in the Designated LIBOR Currency having the Index Maturity specified on the face hereof, commencing on the Interest Reset Date immediately following such LIBOR Interest Determination Date, that appears on the Designated LIBOR Page (as defined hereinafter) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date; or (b) if “LIBOR Reuters” is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on such Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the Interest Reset Date immediately following such LIBOR Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean calculated by the Calculation Agent of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean calculated by the Calculation Agent of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

“Designated LIBOR Currency” means the currency specified on the face hereof as to which LIBOR shall be calculated or, if no such currency is specified on the face hereof, United States dollars.

“Designated LIBOR Page” means (a) if “LIBOR Reuters” is specified on the face hereof, the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if “LIBOR Moneyline Telerate” is specified on the face hereof or neither

“LIBOR Reuters” nor “LIBOR Moneyline Telerate” is specified on the face hereof as the method for calculating LIBOR, the display on Moneyline Telerate (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

“Principal Financial Center” means (i) the capital city of the country issuing the specified currency or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to U.S. dollars, Australian dollars, Canadian dollars, euros, South African rand and Swiss francs, the “Principal Financial Center” shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Johannesburg and Zurich, respectively.

Prime Rate. If an Interest Rate Basis for this Senior Note is the Prime Rate, as specified on the face hereof, the Prime Rate shall be determined as of the applicable Interest Determination Date (a “Prime Rate Interest Determination Date”) as the rate on such date as such rate is published in H.15(519) under the caption “Bank Prime Loan” or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Bank Prime Loan.” If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined hereinafter) as such bank’s prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include affiliates of the Dealers) in The City of New York selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

“Reuters Screen US PRIME 1 Page” means the display on the Reuters Monitor Money Rates Service (or any successor service) on the “US PRIME 1 Page” (or such other page as may replace the US PRIME 1 Page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate. If an Interest Rate Basis for this Senior Note is the Treasury Rate, as specified on the face hereof, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a “Treasury Rate Interest Determination Date”) as the rate from the auction held on such Treasury Rate Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified on the face hereof under the caption “INVESTMENT RATE” on the display on Moneyline Telerate (or any successor

service) on page 56 (or any other page as may replace such page on such service) (“Moneyline Telerate Page 56”) or page 57 (or any other page as may replace such page on such service) (“Moneyline Telerate Page 57”) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined hereinafter) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “U.S. Government Securities/Treasury Bills/Auction High.” If such rate is not so published in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that such auction rate is not so announced by the United States Department of the Treasury on such Calculation Date, or if no such Auction is held, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified on the face hereof as published in H.15(519) under the caption “U.S. Government Securities/Treasury Bills/Secondary Market” or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “U.S. Government Securities/Treasury Bills/Secondary Market.” If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Dealers or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

“Bond Equivalent Yield” means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, “N” refers to 365 or 366, as the case may be, and “M” refers to the actual number of days in the applicable Interest Reset Period.

Any provision contained herein, including the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to this Senior Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Senior Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. Unless otherwise specified on the face hereof, PNC Bank, National Association will be the Calculation Agent.

At the request of the holder hereof, the Calculation Agent shall provide to the holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If this Senior Note is an Original Issue Discount Note and if an Event of Default with respect to this Senior Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Senior Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Senior Note shall terminate.

In case any Senior Note shall at any time become mutilated, destroyed, lost or stolen, and such Senior Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue and the Issuing and Paying Agent shall authenticate a new Senior Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Senior Note or in lieu of the Senior Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Senior Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Senior Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Senior Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Senior Note. If any Senior Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Senior Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Senior Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Senior Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The occurrence of any of the following events shall constitute an "Event of Default" with respect to this Senior Note: (i) default in the payment of any interest with respect to any of the Senior Notes issued by the Bank when due, which continues for 30 calendar days; (ii) default in the payment of any principal of, or premium, if any, on, any of the Senior Notes issued by the Bank when due; (iii) the entry by a court having jurisdiction in the premises or administrative or governmental agency or body of (a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or (iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Bank to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state bankruptcy, insolvency, reorganization or similar law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, conservator, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action. If an Event of Default shall occur and be continuing, the holder of this Senior Note may declare the principal amount of, accrued interest and premium, if any, on, this Senior Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Senior Note may be waived by the holder hereof.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Senior Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation, banking association or other legal entity (collectively, the "corporation") or successive consolidations or mergers in which the Bank or its successor or successors shall be a

party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Senior Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Senior Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Senior Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Senior Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Senior Note and may be liquidated and dissolved.

Any action by the holder of this Senior Note shall bind all future holders of this Senior Note, and of any Senior Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in Pittsburgh, Pennsylvania herein referred to as the "Senior Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Senior Notes and of transfers of the Senior Notes.

The transfer of this Senior Note is registerable in the Senior Note Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No provision of this Senior Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Senior Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

No service charge shall be made to a holder of this Senior Note for any transfer or exchange of this Senior Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Senior Note are exchangeable for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, only if

(x) The Depository Trust Company, as depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Senior Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Senior Note. Any Senior Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Senior Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Senior Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Senior Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Senior Note shall be in writing and addressed to the Bank at One PNC Plaza, 10 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Lisa Kovac, or to such other address of the Bank as the Bank may notify the holder of this Senior Note.

This Senior Note shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles) and all applicable federal laws and regulations.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Senior Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM — as tenants in common

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with right of
survivorship and not as tenants
in common

UNIF GIFT MIN ACT — _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used
though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address,
including postal zip code, of assignee)

the within Senior Note and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer said Senior Note on the books of the Issuing and Paying Agent, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Senior Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at

(Please print or typewrite name and address of the undersigned)

For this Senior Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other place or places of which the Bank shall from time to time notify the holder of this Senior Note, not more than 60 days nor less than 30 days prior to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Senior Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Senior Notes to be issued to the holder for the portion of this Senior Note not being repaid (in the absence of any such specification, one such Senior Note will be issued for the portion not being repaid):

\$ _____

Dated: _____

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Senior Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

THIS SUBORDINATED NOTE IS AN OBLIGATION SOLELY OF PNC BANK, NATIONAL ASSOCIATION (THE "BANK") AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR THE PNC FINANCIAL SERVICES GROUP, INC. OR ANY AFFILIATE THEREOF OTHER THAN THE BANK. THIS SUBORDINATED NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THIS SUBORDINATED NOTE IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK, IS UNSECURED, AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.

UNLESS THIS SUBORDINATED NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATED NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SUBORDINATED NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SUBORDINATED NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SUBORDINATED NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN A \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SUBORDINATED NOTE AT ALL TIMES.

No. FXR- _____
CUSIP NO.: _____

REGISTERED

GLOBAL SUBORDINATED BANK NOTE
(Fixed Rate)

ORIGINAL ISSUE DATE:	PRINCIPAL AMOUNT:
INTEREST RATE: ____%	MATURITY DATE ¹ :
INTEREST PAYMENT DATE(S): [] At Maturity only [] __ and __ of each year [] Other:	REGULAR RECORD DATES (if other than the fifteenth calendar day (whether or not a Business Day) next preceding the applicable Interest Payment Date):
INITIAL INTEREST PAYMENT DATE:	
INITIAL REDEMPTION DATE:	INITIAL REDEMPTION PERCENTAGE:
ANNUAL REDEMPTION PERCENTAGE REDUCTION:	
DAY COUNT CONVENTION [] 30/360 [] OTHER:	HOLDER'S OPTIONAL REPAYMENT DATES ²
ADDENDUM ATTACHED: [] Yes [] No	ORIGINAL ISSUE DISCOUNT: [] Yes [] No
DEFAULT RATE: ____%	Total Amount of OID: Yield to Maturity: Initial Accrual Period:

OTHER PROVISIONS:

¹ The Maturity Date will be five years or more from the Original Issue Date.

² No repayment will be made without the prior written approval of the Office of the Comptroller of the Currency (the "OCC") if such approval is then required under applicable, regulations or regulatory guidelines (including, without limitation, the applicable capital regulations and guidelines of the OCC.)

PNC Bank, National Association (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest in arrears thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date on which interest on this Subordinated Note (or any predecessor Subordinated Note) has been paid or duly provided for, on the Interest Payment Date or Dates specified above for each year (each, an "Interest Payment Date") and at maturity or upon earlier redemption or repayment, if applicable, commencing on the Initial Interest Payment Date specified above, at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Subordinated Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on the Regular Record Date, which unless otherwise specified above shall be the fifteenth calendar day (whether or not a Business Day (as defined below)) next preceding the applicable Interest Payment Date (a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and may either be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Subordinated Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Subordinated Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (which may be the Bank) (the "Issuing and Paying Agent," which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Subordinated Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or in the city in which the Bank is headquartered (the "Place of Payment"), where this Subordinated Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Subordinated Note may be served. The Bank has initially appointed PNC Bank, National Association as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd. The Bank may resign as or remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement and may appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Subordinated Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Subordinated Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Subordinated Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Subordinated Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to “this Subordinated Note”, “hereof”, “herein” and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Subordinated Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Subordinated Note to be duly executed.

PNC BANK, NATIONAL ASSOCIATION

By: _____
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Subordinated Notes referred to in the Issuing and Paying Agency Agreement.

PNC BANK, NATIONAL ASSOCIATION
as the Issuing and Paying Agent

By: _____
Authorized Signatory

[Reverse]

This Subordinated Note is one of a duly authorized issue of Subordinated Bank Notes of the Bank due five years or more from date of issue (the "Subordinated Notes").

Payments of interest hereon will include interest accrued to but excluding the relevant Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. Unless otherwise specified on the face hereof, interest on this Subordinated Note will be computed on the basis of a 360-day year of twelve 30-day months.

Any provision contained herein with respect to the calculation of the rate of interest applicable to this Subordinated Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

If any Interest Payment Date, Maturity Date or date of earlier redemption or repayment of this Subordinated Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, this Subordinated Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Maturity Date or date of earlier redemption or repayment, as the case may be. "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York and in Pittsburgh, Pennsylvania is not a day on which banking institutions are authorized or required by law, regulation or executive order to close.

The indebtedness of the Bank evidenced by this Subordinated Note, including principal, premium, if any, and interest, is unsecured and subordinate and junior in right of payment to the Bank's obligations to its depositors, its obligations under bankers' acceptances, letters of credit and Senior Bank Notes of the Bank, and its obligations to its other creditors (including its obligations to the Federal Reserve Bank, the Federal Deposit Insurance Corporation and any rights acquired by the Federal Deposit Insurance Corporation as a result of loans made by the Federal Deposit Insurance Corporation to the Bank or the purchase or guarantee of any of its assets by the Federal Deposit Insurance Corporation, pursuant to the provisions of 12 U.S.C. Section 1823(c), (d) or (e)), whether such obligations are outstanding at this date or are hereafter incurred, other than any obligations which by their express terms rank on a parity with, or junior to, the Subordinated Notes. In case of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Bank, whether voluntary or involuntary, all such obligations (except obligations which rank on a parity with, or junior to, the Subordinated Notes) shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, or interest on this Subordinated Note. In the event of any such proceeding, after payment in full of all sums owing with respect to such prior obligations, the holder of this Subordinated Note, together with any obligations of the Bank ranking on a parity with this Subordinated Note, shall be entitled to be paid from the remaining assets of the Bank

the unpaid principal, premium, if any, and interest on this Subordinated Note and such other obligations, as applicable, before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to this Subordinated Note.

No provision of this Subordinated Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this Subordinated Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

This Subordinated Note will not be subject to any sinking fund. If so provided on the face of this Subordinated Note and subject to the prior approval, if then required, of the Office of the Comptroller of the Currency (the "OCC"), this Subordinated Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof.

If no Initial Redemption Date is specified on the face hereof, this Subordinated Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, and subject to the prior approval, if then required, of the OCC, this Subordinated Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined below), together with unpaid interest accrued hereon at the applicable rate borne by this Subordinated Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Subordinated Notes at any time outstanding are to be redeemed, the terms of the Subordinated Notes to be so redeemed shall be selected by the Bank. If less than all the Subordinated Notes with identical terms at any time outstanding are to be redeemed, the Subordinated Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Subordinated Note in part only, a new Subordinated Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. The Issuing and Paying Agent is not required to register the transfer of or exchange of any Subordinated Note that has been called for redemption in whole or in part, except the unredeemed portion of the Subordinated Notes being redeemed in part, during a period beginning at the opening of business 15 calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Subordinated Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

If so provided for on the face of this Subordinated Note, this Subordinated Note may be redeemed by the holder hereof either in whole or in part on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Subordinated Note will not be repayable at the option of the

holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, if any, this Subordinated Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable at the applicable rate borne by this Subordinated Note to the date of repayment. For this Subordinated Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Subordinated Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at any such other address which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Subordinated Note in part only, a new Subordinated Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable. Unless otherwise specified on the face of this Subordinated Note, this Subordinated Note may not be repaid at the option of the holder hereof prior to the Maturity Date without the prior approval, if then required, of the OCC.

If this Subordinated Note is an Original Issue Discount Note and if an Event of Default with respect to this Subordinated Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Subordinated Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Subordinated Note shall terminate.

In case any Subordinated Note shall at any time become mutilated, destroyed, lost or stolen, and such Subordinated Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue and the Issuing and Paying Agent shall authenticate a new Subordinated Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Subordinated Note or in lieu of the Subordinated Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Subordinated Note, only upon receipt of evidence satisfactory to the Bank and the Issuing and Paying Agent that such Subordinated Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Subordinated Note, the Bank and the

Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Subordinated Note. If any Subordinated Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Subordinated Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Subordinated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Subordinated Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

An "Event of Default" with respect to this Subordinated Note will occur only if the Bank shall consent to, or a court or other administrative or governmental agency or body shall enter a decree or order for, the appointment of a receiver or other similar official (other than a conservator) in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property and, in the case of a decree or order, such decree or order shall have remained in force for a period of 60 calendar days. If an Event of Default shall occur and be continuing, the holder of this Subordinated Note may declare the principal amount of, and accrued interest and premium, if any, on, this Subordinated Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Subordinated Note may be waived by the holder hereof. **Payment of principal on this Subordinated Note may be accelerated only in the case of an Event of Default. There is no right of acceleration in the case of a default in the payment of principal of, premium, if any, or interest on, this Subordinated Note or in the performance of any other obligation of the Bank under this Subordinated Note or under any other security issued by the Bank.**

Notwithstanding anything to the contrary in this Subordinated Note, to the extent then required under or pursuant to applicable laws or regulations (including, without limitation, applicable capital regulations) then in effect, no repayment pursuant to an acceleration of maturity may be made on this Subordinated Note without the prior approval of any bank supervisory authority having jurisdiction over the Bank and requiring such approval.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the holders of the Subordinated Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation, banking association or other legal entity (collectively, the "corporation") or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Subordinated Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Subordinated Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Subordinated Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Subordinated Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Subordinated Note and may be liquidated and dissolved.

Notwithstanding any other provision of this Subordinated Note, including specifically the provisions set forth herein relating to subordination, events of default and covenants of the Bank, it is expressly understood and agreed that any conservator or receiver or other similar official of the Bank shall have the right in the performance of his legal duties, and as part of any transaction or plan of reorganization or liquidation designed to protect or further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations of this Subordinated Note to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal of, premium, if any, and interest on, this Subordinated Note and the due and punctual performance of all covenants and conditions hereof; and that the completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption pursuant to the provisions of this Subordinated Note, and shall serve to return the holder hereof to the same position, other than for substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest and principal previously due, other than by reason of acceleration, and not paid shall, in the absence of a contrary agreement by the holder of this Subordinated Note, be deemed to be immediately due and payable as of the date of such transfer and assumption, together with interest from its original due date at the rate provided for herein.

Any action by the holder of this Subordinated Note shall bind all future holders of this Subordinated Note, and of any Subordinated Note issued in exchange or substitution herefor or

in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in Pittsburgh, Pennsylvania, herein referred to as the "Subordinated Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Subordinated Notes and of transfers of the Subordinated Notes.

The transfer of this Subordinated Note is registerable in the Subordinated Note Register, upon surrender of this Subordinated Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Subordinated Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In the event of the failure by the Bank to make payment of principal of, premium, if any, or interest on this Subordinated Note (and, in the case of payment of interest, such failure to pay shall have continued for 2 days), the Bank will, upon demand of the holder of this Subordinated Note, pay to the holder of this Subordinated Note the whole amount then due and payable (without acceleration) on this Subordinated Note for principal, premium, if any, and interest, with interest on the overdue principal of, premium, if any, and interest on, this Subordinated Note to the extent provided for herein. If the Bank fails to pay such amount upon such demand, the holder of this Subordinated Note may, among other things, institute a judicial proceeding for the collection of such amount.

Notwithstanding, anything else contained herein, no prepayment whether through redemption, prepayment at the option of the Holder or acceleration on an Event of Default shall be made without prior OCC approval unless the Bank remains an eligible bank, as defined in 12 CFR 5.3(g), after the prepayment.

No service charge shall be made to a holder of this Subordinated Note for any transfer or exchange of this Subordinated Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Subordinated Note are exchangeable for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Subordinated Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Subordinated Note. Any Subordinated Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such

definitive Subordinated Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Subordinated Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Subordinated Note is registered as the owner hereof for all purposes, whether or not this Subordinated Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Subordinated Note shall be in writing and addressed to the Bank at One PNC Plaza, 10 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Lisa Kovac, or to such other address of the Bank as the Bank may notify the holder of this Subordinated Note.

This Subordinated Note shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles) and all applicable federal laws and regulations.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Subordinated Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used
though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address,
including postal zip code, of assignee)

the within Subordinated Note and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer said Subordinated Note on the books of the Issuing and Paying Agent, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Subordinated Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at

(Please print or typewrite name and address of the undersigned)

For this Subordinated Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other place or places of which the Bank shall from time to time notify the holder of this Subordinated Note, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Subordinated Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Subordinated Notes to be issued to the holder for the portion of this Subordinated Note not being repaid (in the absence of any such specification, one such Subordinated Note will be issued for the portion not being repaid):

\$ _____

Dated: _____

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

THIS SUBORDINATED NOTE IS AN OBLIGATION SOLELY OF PNC BANK, NATIONAL ASSOCIATION (THE "BANK") AND WILL NOT BE AN OBLIGATION OF, OR OTHERWISE GUARANTEED BY, ANY OTHER BANK OR THE PNC FINANCIAL SERVICES GROUP, INC. OR ANY AFFILIATE THEREOF OTHER THAN THE BANK. THIS SUBORDINATED NOTE IS NOT A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THIS SUBORDINATED NOTE IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK, IS UNSECURED, AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.

UNLESS THIS SUBORDINATED NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO THE BANK OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SUBORDINATED NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SUBORDINATED NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

THIS SUBORDINATED NOTE IS ISSUABLE ONLY IN FULLY REGISTERED FORM IN MINIMUM DENOMINATIONS OF \$250,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS SUBORDINATED NOTE MUST BE AN INSTITUTIONAL INVESTOR WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS REQUIRED TO HOLD A BENEFICIAL INTEREST IN A \$250,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF \$1,000 IN EXCESS THEREOF OF THIS SUBORDINATED NOTE AT ALL TIMES.

No. FLR- _____ REGISTERED

CUSIP NO.: _____

GLOBAL SUBORDINATED BANK NOTE
(Floating Rate)

ORIGINAL ISSUE DATE:

INITIAL INTEREST RATE: _____ %

INTEREST RATE
BASIS OR BASES:

IF LIBOR:

LIBOR Moneyline Telerate
Page:

LIBOR Reuters
Page:

Designated LIBOR Currency:

IF CMT RATE:

Designated CMT Moneyline Telerate Page:
If Moneyline Telerate Page 7052:

Weekly Average
 Monthly Average

Designated CMT Maturity Index:

INDEX CURRENCY:

MAXIMUM INTEREST RATE:

INTEREST PAYMENT DATES:

INITIAL INTEREST PAYMENT DATE:

INITIAL INTEREST RESET DATE:

INTEREST RESET DATES:

INITIAL REDEMPTION DATE:

PRINCIPAL AMOUNT:

MATURITY DATE ¹:

INDEX MATURITY:

REGULAR RECORD

DATES (if other than the fifteenth calendar day
(whether or not a Business Day) next preceding the
applicable Interest Payment Date):

SPREAD (PLUS OR MINUS) AND/OR SPREAD MULTIPLIER:

MINIMUM INTEREST RATE:

INTEREST PAYMENT PERIOD:

INTEREST RESET PERIOD:

CALCULATION AGENT (if other than PNC Bank, National Association):

ANNUAL REDEMPTION PERCENTAGE REDUCTION:

HOLDER'S OPTIONAL REPAYMENT DATES:²

¹ The Maturity Date will be five years or more from the Original Issue Date.

² No repayment will be made without the prior written approval of the Office of the Comptroller of the Currency (the "OCC") if such approval is then required under applicable, regulations or regulatory guidelines (including,

(continued...)

INITIAL REDEMPTION
PERCENTAGE:

DAY COUNT CONVENTION

- 30/360 for the period from and including _____ to but excluding _____.
- Actual/360 for the period from and including _____ to but excluding _____.
- Actual/Actual for the period from and including _____ to but excluding _____.

INTEREST CALCULATION:

- Regular Floating Rate
Subordinated Note
- Floating Rate/Fixed Rate
Subordinated Note
Fixed Rate Commencement Date:
Fixed Interest Rate:
- Inverse Floating Rate
Subordinated Note
Fixed Interest Rate:

ADDENDUM ATTACHED:

- Yes
 No

ORIGINAL ISSUE DISCOUNT

- Yes
 No

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

DEFAULT RATE: _____%

OTHER PROVISIONS:

(...continued)
without limitation, the applicable capital regulations and guidelines of the OCC.)

PNC Bank, National Association (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ United States Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest in arrears thereon from and including the Original Issue Date specified above or from and including the most recent interest payment date to which interest on this Subordinated Note (or any predecessor Subordinated Note) has been paid or duly provided for on the Interest Payment Dates specified above (each, an "Interest Payment Date"), and at maturity or upon earlier redemption or repayment, if applicable, commencing on the Initial Interest Payment Date specified above, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the Default Rate per annum specified above on any overdue principal and premium, if any, and on any overdue installment of interest. If no Default Rate is specified above, the Default Rate shall be the Interest Rate on this Subordinated Note specified above. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on the Regular Record Date, which unless otherwise specified above shall be the fifteenth calendar day (whether or not a Business Day (as defined hereinafter)) next preceding the applicable Interest Payment Date (a "Regular Record Date"); provided, however, that interest payable at maturity or upon earlier redemption or repayment, if applicable, will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date and may either be paid to the person in whose name this Subordinated Note (or any predecessor Subordinated Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Bank, notice of which shall be given to the holders of Subordinated Notes not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner.

Payment of principal of, premium, if any, and interest on, this Subordinated Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bank will at all times appoint and maintain an issuing and paying agent (which may be the Bank) (the "Issuing and Paying Agent", which term shall include any successor Issuing and Paying Agent), authorized by the Bank to pay principal of, premium, if any, and interest on, this Subordinated Note on behalf of the Bank pursuant to an issuing and paying agency agreement (the "Issuing and Paying Agency Agreement") and having an office or agency (the "Issuing and Paying Agent Office") in The City of New York or the city in which the Bank is headquartered (the "Place of Payment"), where this Subordinated Note may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to this Subordinated Note may be served. The Bank has initially appointed PNC Bank, National Association as the Issuing and Paying Agent, with the Issuing and Paying Agent Office currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd. The Bank

may resign as or remove the Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agency Agreement, and appoint a successor Issuing and Paying Agent.

Payment of principal of, premium, if any, and interest on, this Subordinated Note due at maturity or upon earlier redemption or repayment, if applicable, will be made in immediately available funds upon presentation and surrender of this Subordinated Note to the Issuing and Paying Agent at the Issuing and Paying Agent Office; provided that this Subordinated Note is presented to the Issuing and Paying Agent in time for the Issuing and Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Subordinated Note (other than at maturity or upon earlier redemption or repayment) will be made by wire transfer to such account as has been appropriately designated to the Issuing and Paying Agent by the person entitled to such payments.

Reference herein to “this Subordinated Note”, “hereof”, “herein” and comparable terms shall include an Addendum hereto if an Addendum is specified above.

Reference is hereby made to the further provisions of this Subordinated Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Bank has caused this Subordinated Note to be duly executed.

PNC BANK, NATIONAL ASSOCIATION

By: _____
Authorized Signatory

Dated:

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Subordinated Notes referred to in the Issuing and Paying Agency Agreement.

PNC BANK, NATIONAL ASSOCIATION as the Issuing and Paying
Agent

By: _____
Authorized Signatory

[Reverse]

This Subordinated Note is one of a duly authorized issue of Subordinated Bank Notes of the Bank due five years or more from date of issue (the "Subordinated Notes").

If any Interest Payment Date (other than an Interest Payment Date at the Maturity Date or date of earlier redemption or repayment of this Subordinated Note) would otherwise fall on a day that is not a Business Day, such Interest Payment Date shall be postponed to the next succeeding day that is a Business Day, except that if an Interest Rate Basis is LIBOR, as specified on the face hereof, and such next Business Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a Business Day. Except as provided above, interest payments will be made on the Interest Payment Dates shown on the face hereof. If the Maturity Date or date of earlier redemption or repayment of this Subordinated Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, and interest on, this Subordinated Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be.

The indebtedness of the Bank evidenced by this Subordinated Note, including principal, premium, if any, and interest, is unsecured and subordinate and junior in right of payment to the Bank's obligations to its depositors, its obligations under bankers' acceptances, letters of credit and Senior Bank Notes of the Bank, and its obligations to its other creditors (including its obligations to the Federal Reserve Bank, the Federal Deposit Insurance Corporation and any rights acquired by the Federal Deposit Insurance Corporation as a result of loans made by the Federal Deposit Insurance Corporation to the Bank or the purchase or guarantee of any of its assets by the Federal Deposit Insurance Corporation, pursuant to the provisions of 12 U.S.C. Section 1823(c), (d) or (e)), whether such obligations are outstanding at this date or are hereafter incurred, other than any obligations which by their express terms rank on a parity with, or junior to, the Subordinated Notes. In case of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Bank, whether voluntary or involuntary, all such obligations (except obligations which rank on a parity with, or junior to, the Subordinated Notes) shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, or interest on this Subordinated Note. In the event of any such proceeding, after payment in full of all sums owing with respect to such prior obligations, the holder of this Subordinated Note, together with any obligations of the Bank ranking on a parity with this Subordinated Note, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal, premium, if any, and interest on this Subordinated Note and such other obligations, as applicable, before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Bank ranking junior to this Subordinated Note.

No provision of this Subordinated Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of, premium, if any, and interest on, this

Subordinated Note in U.S. dollars at the times, places and rate herein prescribed in accordance with its terms.

This Subordinated Note will not be subject to any sinking fund. If so provided on the face of this Subordinated Note and subject to the prior approval, if then required, of the Office of the Comptroller of the Currency (the "OCC"), this Subordinated Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof.

If no Initial Redemption Date is specified on the face hereof, this Subordinated Note may not be redeemed prior to the Maturity Date. On and after the Initial Redemption Date, if any, and subject to the prior approval, if then required, of the OCC, this Subordinated Note may be redeemed in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the Bank at the applicable Redemption Price (as defined hereinafter), together with unpaid interest accrued hereon at the applicable rate borne by this Subordinated Note to the date of redemption (each such date, a "Redemption Date"), on written notice given not more than 60 nor less than 30 calendar days prior to the Redemption Date to the registered holder hereof. Whenever less than all the Subordinated Notes at any time outstanding are to be redeemed, the terms of the Subordinated Notes to be so redeemed shall be selected by the Bank. If less than all the Subordinated Notes with identical terms at any time outstanding are to be redeemed, the Subordinated Notes to be so redeemed shall be selected by the Issuing and Paying Agent by lot or in any usual manner approved by it. In the event of redemption of this Subordinated Note in part only, a new Subordinated Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. The Issuing and Paying Agent is not required to register the transfer of or exchange any Subordinated Note that has been called for redemption in whole or in part, except the unredeemed portion of the Subordinated Notes being redeemed in part, during a period beginning at the opening of business 15 calendar days before the day of mailing of a notice of such redemption and ending at the close of business on the day of such mailing.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof of the principal amount of this Subordinated Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof by the Annual Redemption Percentage Reduction, if any, specified on the face hereof, of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

If so provided for on the face of this Subordinated Note, this Subordinated Note may be redeemed by the holder hereof either in whole or in part on any Holder's Optional Repayment Date(s), if any, specified on the face hereof. If no Holder's Optional Repayment Date is specified on the face hereof, this Subordinated Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, if any, this Subordinated Note will be repayable in whole or in part in increments of \$1,000 (provided that any remaining principal amount hereof shall be at least \$250,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable at the applicable rate borne by this Subordinated Note to the date of repayment. For this Subordinated Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Subordinated Note

must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Issuing and Paying Agent at its offices currently located at One PNC Plaza, 9th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at any such other address which the Bank shall from time to time notify the holders of the Subordinated Notes, not more than 60 nor less than 30 calendar days prior to such Holder's Optional Repayment Date. In the event of repayment of this Subordinated Note in part only, a new Subordinated Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof. Exercise of such repayment option by the holder hereof shall be irrevocable. Unless otherwise specified on the face of this Subordinated Note, this Subordinated Note may not be repaid at the option of the holder hereof prior to the Maturity Date without the prior approval, if then required, of the OCC.

The interest rate borne by this Subordinated Note shall be determined as follows:

1. If this Subordinated Note is designated as a Regular Floating Rate Subordinated Note on the face hereof or if no designation is made for Interest Calculation on the face hereof, then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Subordinated Note is designated as a Floating Rate/Fixed Rate Subordinated Note on the face hereof, then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Reset Date specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate; and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to but excluding the Stated Maturity Date or date of earlier redemption or repayment shall be the Fixed Interest Rate, if such a rate is specified on the face hereof, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Subordinated Note is designated as an Inverse Floating Rate Subordinated Note on the face hereof, then, except as described below or in an Addendum hereto, this Subordinated Note shall bear interest equal to the Fixed Interest Rate specified on the face hereof minus the rate determined by reference to the applicable Interest Rate Basis or Bases shown on the face hereof (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified

and applied in the manner described on the face hereof; provided, however, that, unless otherwise specified on the face hereof, the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Subordinated Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to but excluding the Initial Interest Reset Date will be the Initial Interest Rate.

Notwithstanding the foregoing, if this Subordinated Note is designated on the face hereof as having an Addendum attached, this Subordinated Note shall bear interest in accordance with the terms described in such Addendum.

Except as set forth above or specified on the face hereof or in an Addendum hereto, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date (as defined hereinafter) immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date. If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if LIBOR is an applicable Interest Rate Basis and if such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day.

Unless otherwise specified on the face hereof, interest payable on this Subordinated Note on any Interest Payment Date will equal the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid (or from and including the Original Issue Date specified on the face hereof, if no interest has been paid), to but excluding the related Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be.

Unless otherwise specified on the face hereof, accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the period for which interest is being calculated. Unless otherwise specified on the face hereof, the interest factor for each such date will be computed by dividing the interest rate applicable to such day by 360 if the Commercial Paper Rate, the Federal Funds Rate, LIBOR or the Prime Rate is an applicable Interest Rate Basis or by the actual number of days in the year if the CMT Rate or the Treasury Rate is an applicable Interest Rate Basis. Unless otherwise specified on the face hereof, the interest factor for this Subordinated Note, if the interest rate is calculated with reference to two or more Interest Rate Bases, will be calculated in each period in the same manner as if only the applicable Interest Rate Bases specified on the face hereof applied.

The interest rate applicable to each day in an Interest Reset Period commencing on the related Interest Reset Date will be determined by the Calculation Agent as of the applicable Interest Determination Date and will be calculated by the Calculation Agent on or prior to the Calculation Date (as defined hereinafter), except with respect to LIBOR, which will be

calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; and the "Interest Determination Date" with respect to LIBOR shall be the second London Banking Day (as defined hereinafter) immediately preceding the applicable Interest Reset Date, unless the Designated LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. The "Interest Determination Date" with respect to the Treasury Rate shall be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as defined hereinafter) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" shall be such preceding Friday; provided, further, that if the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day. If the interest rate of this Subordinated Note is determined with reference to two or more Interest Rate Bases specified on the face hereof, the "Interest Determination Date" pertaining to this Subordinated Note shall be the latest Business Day which is at least two Business Days prior to the applicable Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined as of such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

Unless otherwise specified on the face hereof, the "Calculation Date" pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date or date of earlier redemption or repayment, as the case may be. All calculations on this Subordinated Note shall be made by the Calculation Agent specified on the face hereof or such successor thereto as is duly appointed by the Bank. The determination of any interest rate by the Calculation Agent will be final and binding absent manifest error.

All percentages resulting from any calculation on this Subordinated Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded, in the case of United States dollars, to the nearest cent or, in the case of a foreign currency, to the smallest denominational unit (with one-half cent being rounded upwards).

As used herein, "Business Day" means, unless otherwise specified on the face hereof, any day that is not a Saturday or Sunday and that in The City of New York and in Pittsburgh, Pennsylvania is not a day on which banking institutions are authorized or required by law, regulation or executive order to close and, if an Interest Rate Basis shown on the face hereof is LIBOR, is also a London Banking Day.

As used herein, unless otherwise specified on the face hereof, "London Banking Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, as specified on the face hereof, the CMT Rate shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "CMT Rate Interest Determination Date") in accordance with the following provisions:

(i) If "CMT Moneyline Telerate Page 7051" is specified on the face hereof, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof as set forth in H.15(519) (as defined hereinafter) under the caption "Treasury Constant Maturities", as such yield is displayed on Moneyline Telerate (or any successor service) on page 7051 (or any other page as may replace such page on such service) ("Moneyline Telerate Page 7051") for such CMT Rate Interest Determination Date. If such rate does not appear on Moneyline Telerate Page 7051, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof and for such CMT Rate Interest Determination Date as set forth in H.15(519) under the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity specified on the face hereof as may then be published by either the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). If the Federal Reserve Board or the United States Department of the Treasury does not publish a yield on United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof for such CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Dealers or their affiliates) (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified on the face hereof, a remaining term to maturity no more than 1 year shorter than the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination

Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof, a remaining term to maturity closest to the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two such United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof have remaining terms to maturity equally close to the Index Maturity specified on the face hereof, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) If “CMT Moneyline Telerate Page 7052” is specified on the face hereof, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof as set forth in H.15(519) opposite the caption “Treasury Constant Maturities”, as such yield is displayed on Moneyline Telerate (or any successor service) on page 7052 (or any other page as may replace such page on such service) (“Moneyline Telerate Page 7052”) for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on the Moneyline Telerate Page 7052, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof and for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15(519) opposite the caption “Treasury Constant Maturities”. If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the one-week or one-month, as specified on the face hereof, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified on the face hereof, average yield on United States Treasury securities at “constant maturity” having the Index Maturity specified on the face hereof for the applicable week or month, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the

lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified on the face hereof, a remaining term to maturity of no more than 1 year shorter than the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate on the CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers selected by the Calculation Agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof, a remaining term to maturity closest to the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate on the CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity specified on the face hereof have remaining terms to maturity equally close to the Index Maturity specified on the face hereof, the quotes for the Treasury security with the shorter original term to maturity will be used.

“H.15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Federal Reserve Board.

Commercial Paper Rate. If an Interest Rate Basis for this Subordinated Note is the Commercial Paper Rate, as specified on the face hereof, the Commercial Paper Rate shall be determined as of the applicable Interest Determination Date (a “Commercial Paper Rate Interest Determination Date”) as the Money Market Yield (as defined hereinafter) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published in H.15(519) under the caption “Commercial Paper-Nonfinancial” or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield of the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified on the face hereof as published in H.15 Daily Update (as defined hereinafter), or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Commercial Paper-Nonfinancial.” If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M.,

New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York (which may include the Dealers or their Affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for industrial issuers whose bond rating is "Aa," or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Federal Reserve Board at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Federal Funds Rate. If an Interest Rate Basis for this Subordinated Note is the Federal Funds Rate, as specified on the face hereof, the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date") as the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)", as such rate is displayed on Moneyline Telerate (or any successor service) on page 120 (or any other page as may replace such page on such service) ("Moneyline Telerate Page 120"), or, if such rate does not appear on Moneyline Telerate Page 120 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Moneyline Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York (which may include the Dealers or their affiliates) selected by the Calculation Agent, prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. If an Interest Rate Basis for this Subordinated Note is LIBOR, as specified on the face hereof, LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date") in accordance with the following provisions:

(i) (a) if "LIBOR Moneyline Telerate" is specified on the face hereof or if neither "LIBOR Reuters" nor "LIBOR Moneyline Telerate" is specified on the face hereof as the method for calculating LIBOR, LIBOR will be the rate for deposits in the Designated LIBOR Currency having the Index Maturity specified on the face hereof, commencing on the Interest Reset Date immediately following such LIBOR Interest Determination Date, that appears on the Designated LIBOR Page (as defined hereinafter) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date; or (b) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on such Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the Interest Reset Date immediately following such LIBOR Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean calculated by the Calculation Agent of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean calculated by the Calculation Agent of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"Designated LIBOR Currency" means the currency specified on the face hereof as to which LIBOR shall be calculated or, if no such currency is specified on the face hereof, United States dollars.

“Designated LIBOR Page” means (a) if “LIBOR Reuters” is specified on the face hereof, the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if “LIBOR Moneyline Telerate” is specified on the face hereof or neither “LIBOR Reuters” nor “LIBOR Moneyline Telerate” is specified on the face hereof as the method for calculating LIBOR, the display on Moneyline Telerate (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

“Principal Financial Center” means (i) the capital city of the country issuing the specified currency or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to U.S. dollars, Australian dollars, Canadian dollars, euros, South African rand and Swiss francs, the “Principal Financial Center” shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Johannesburg and Zurich, respectively.

Prime Rate. If an Interest Rate Basis for this Subordinated Note is the Prime Rate, as specified on the face hereof, the Prime Rate shall be determined as of the applicable Interest Determination Date (a “Prime Rate Interest Determination Date”) as the rate on such date as such rate is published in H.15(519) under the caption “Bank Prime Loan” or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Bank Prime Loan.” If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined hereinafter) as such bank’s prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include affiliates of the Dealers) in The City of New York selected by the Calculation Agent; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

“Reuters Screen US PRIME 1 Page” means the display on the Reuters Monitor Money Rates Service (or any successor service) on the “US PRIME 1 Page” (or such other page as may replace the US PRIME 1 Page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate. If an Interest Rate Basis for this Subordinated Note is the Treasury Rate, as specified on the face hereof, the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof under the caption "INVESTMENT RATE" on the display on Moneyline Telerate (or any successor service) on page 56 (or any other page as may replace such page on such service) ("Moneyline Telerate Page 56") or page 57 (or any other page as may replace such page on such service) ("Moneyline Telerate Page 57") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined hereinafter) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High." If such rate is not so published in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that such auction rate is not so announced by the United States Department of the Treasury on such Calculation Date, or if no such Auction is held, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified on the face hereof as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers (which may include the Dealers or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Any provision contained herein, including the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to this Subordinated Note, its Interest Payment Dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto if so specified on the face hereof.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Subordinated Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. Unless otherwise specified on the face hereof, PNC Bank, National Association will be the Calculation Agent.

At the request of the holder hereof, the Calculation Agent shall provide to the holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If this Subordinated Note is an Original Issue Discount Note and if an Event of Default with respect to this Subordinated Note shall have occurred and be continuing, the Default Amount (as defined hereafter) of this Subordinated Note may be declared due and payable in the manner and with the effect provided herein. The "Default Amount" shall be equal to the adjusted issue price as of the first day of the accrual period as determined under Final Treasury Regulation Section 1.1275-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended, in which the date of acceleration occurs increased by the daily portion of the original issue discount for each day in such accrual period ending on the date of acceleration, as determined under Final Treasury Regulation Section 1.1272-1(b) (or successor regulation) under the United States Internal Revenue Code of 1986, as amended. Upon payment of (i) the principal, or premium, if any, so declared due and payable and (ii) interest on any overdue principal and overdue interest or premium, if any (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Bank's obligations in respect of the payment of principal of, premium, if any, and interest on, this Subordinated Note shall terminate.

In case any Subordinated Note shall at any time become mutilated, destroyed, lost or stolen, and such Subordinated Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Issuing and Paying Agent and such other documents or proof as may be required by the Bank and the Issuing and Paying Agent shall be delivered to the Issuing and Paying Agent, the Bank shall issue and the Issuing and Paying Agent shall authenticate a new Subordinated Note, of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated Subordinated Note or in lieu of the Subordinated Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Subordinated Note, only upon receipt of evidence satisfactory to the

Bank and the Issuing and Paying Agent that such Subordinated Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Issuing and Paying Agent. Upon the issuance of any substituted Subordinated Note, the Bank and the Issuing and Paying Agent may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Subordinated Note. If any Subordinated Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Subordinated Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Subordinated Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of, premium, if any, or interest on, this Subordinated Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor corporation, either directly or through the Bank or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

An "Event of Default" with respect to this Subordinated Note will occur only if the Bank shall consent to, or a court or other administrative or governmental agency or body shall enter a decree or order for, the appointment of a receiver or other similar official (other than a conservator) in any liquidation, insolvency or similar proceeding with respect to the Bank or all or substantially all of its property and, in the case of a decree or order, such decree or order shall have remained in force for a period of 60 calendar days. If an Event of Default shall occur and be continuing, the holder of this Subordinated Note may declare the principal amount of, and accrued interest and premium, if any, on, this Subordinated Note due and payable immediately by written notice to the Bank. Upon such declaration and notice, such principal amount, accrued interest and premium, if any, shall become immediately due and payable. Any Event of Default with respect to this Subordinated Note may be waived by the holder hereof. **Payment of principal on this Subordinated Note may be accelerated only in the case of an Event of Default. There is no right of acceleration in the case of a default in the payment of principal of, premium, if any, or interest on, this Subordinated Note or in the performance of any other obligation of the Bank under this Subordinated Note or under any other security issued by the Bank.**

Notwithstanding anything to the contrary in this Subordinated Note, to the extent then required under or pursuant to applicable laws or regulations (including, without limitation, applicable capital regulations) then in effect, no repayment pursuant to an acceleration of maturity may be made on this Subordinated Note without the prior approval of any bank supervisory authority having jurisdiction over the Bank and requiring such approval.

The Issuing and Paying Agency Agreement provides that the Bank will promptly notify, and provide copies of any such notice to, the Issuing and Paying Agent, and the Issuing and Paying Agent will promptly mail by first-class mail, postage prepaid, copies of such notice to the

holders of the Subordinated Notes, upon the occurrence of an Event of Default or of the curing or waiver of an Event of Default.

Nothing contained herein shall prevent any consolidation or merger of the Bank with any other corporation, banking association or other legal entity (collectively, "corporation") or successive consolidations or mergers in which the Bank or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or lease of the property of the Bank as an entirety or substantially as an entirety to any other corporation authorized to acquire and operate the same; provided, however (and the Bank hereby covenants and agrees) that any such consolidation, merger, sale or conveyance shall be upon the condition that: (i) immediately after such consolidation, merger, sale or conveyance the corporation (whether the Bank or such other corporation) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall not be in default in the performance or observance of any of the terms, covenants and conditions of this Subordinated Note to be observed or performed by the Bank; and (ii) the corporation (if other than the Bank) formed by or surviving any such consolidation or merger, or the corporation to which such sale or conveyance shall have been made, shall be organized under the laws of the United States of America or any state thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on, this Subordinated Note. In case of any such consolidation, merger, sale, conveyance, transfer or lease, and upon the assumption by the successor corporation of the due and punctual performance of all of the covenants in this Subordinated Note to be performed or observed by the Bank, such successor corporation shall succeed to and be substituted for the Bank with the same effect as if it had been named in this Subordinated Note as the Bank and thereafter the predecessor corporation shall be relieved of all obligations and covenants in this Subordinated Note and may be liquidated and dissolved.

Notwithstanding any other provision of this Subordinated Note, including specifically the provisions set forth herein relating to subordination, events of default and covenants of the Bank, it is expressly understood and agreed that any conservator or receiver or other similar official of the Bank shall have the right in the performance of his legal duties, and as part of any transaction or plan of reorganization or liquidation designed to protect or further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations of this Subordinated Note to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal of, premium, if any, and interest on, this Subordinated Note and the due and punctual performance of all covenants and conditions hereof; and that the completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption pursuant to the provisions of this Subordinated Note, and shall serve to return the holder hereof to the same position, other than for substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest and principal previously due, other than by reason of acceleration, and not paid shall, in the absence of a contrary agreement by the holder of this Subordinated Note, be deemed to be immediately due and payable as of the date of such transfer and assumption, together with interest from its original due date at the rate provided for herein.

Any action by the holder of this Subordinated Note shall bind all future holders of this Subordinated Note, and of any Subordinated Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Issuing and Paying Agent in pursuance of such action.

The Issuing and Paying Agent shall maintain at its offices a register (the register maintained in such office or any other office or agency of the Issuing and Paying Agent in Pittsburgh, Pennsylvania herein referred to as the "Subordinated Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuing and Paying Agent shall provide for the registration of the Subordinated Notes and of transfers of the Subordinated Notes.

The transfer of this Subordinated Note is registerable in the Subordinated Note Register, upon surrender of this Subordinated Note for registration of transfer at the office or agency of the Issuing and Paying Agent in the Place of Payment, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Issuing and Paying Agent duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Subordinated Notes of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In the event of the failure by the Bank to make payment of principal of, premium, if any, or interest on this Subordinated Note (and, in the case of payment of interest, such failure to pay shall have continued for 2 days), the Bank will, upon demand of the holder of this Subordinated Note, pay to the holder of this Subordinated Note the whole amount then due and payable (without acceleration) on this Subordinated Note for principal of, premium, if any, and interest, with interest on the overdue principal of, premium, if any, and interest on, this Subordinated Note to the extent provided for herein. If the Bank fails to pay such amount upon such demand, the holder of this Subordinated Note may, among other things, institute a judicial proceeding for the collection of such amount.

Notwithstanding, anything else contained herein, no prepayment whether through redemption, prepayment at the option of the Holder or acceleration on an Event of Default shall be made without prior OCC approval unless the Bank remains an eligible bank, as defined in 12 CFR 5.3(g), after the prepayment.

No service charge shall be made to a holder of this Subordinated Note for any transfer or exchange of this Subordinated Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Beneficial interests represented by this Subordinated Note are exchangeable for definitive Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, only if (x) The Depository Trust Company, as depository (the "Depository") notifies the Bank that it is unwilling or unable to continue as Depository for this Subordinated Note or if at any time the Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed by the Bank within 60 days, or (y) the Bank in its sole discretion determines not to have such beneficial interests represented by this Subordinated Note. Any Subordinated Note representing such beneficial interests that is exchangeable pursuant to the preceding sentence shall be exchangeable in whole for definitive

Subordinated Notes in registered form, of like tenor and of an equal aggregate principal amount, in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Such definitive Subordinated Notes shall be registered in the name or names of such person or persons as the Depository shall instruct the Issuing and Paying Agent.

Prior to due presentment of this Subordinated Note for registration of transfer, the Bank, the Issuing and Paying Agent or any agent of the Bank or the Issuing and Paying Agent may treat the holder in whose name this Subordinated Note is registered as the owner hereof for all purposes, whether or not this Subordinated Note be overdue, and neither the Bank, the Issuing and Paying Agent nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Subordinated Note shall be in writing and addressed to the Bank at One PNC Plaza, 10 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Lisa Kovac, or to such other address of the Bank as the Bank may notify the holder of this Subordinated Note.

This Subordinated Note shall be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles) and all applicable federal laws and regulations.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Subordinated Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address,
including postal zip code, of assignee)

the within Subordinated Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____

to transfer said Subordinated Note on the books of the Issuing and Paying Agent, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Subordinated Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at _____

(Please print or typewrite name and address of the undersigned)

For this Subordinated Note to be repaid, the undersigned must give to the Issuing and Paying Agent at its offices located at One PNC Plaza, 9 Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222, Attention: Yvonne Mudd, or at such other place or places of which the Bank shall from time to time notify the holder of this Subordinated Note, not more than 60 days nor less than 30 days prior notice to the date of repayment, with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Subordinated Note is to be repaid, specify the portion hereof (which shall be increments of \$1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be \$250,000 or an integral multiple of \$1,000 in excess thereof) of the Subordinated Notes to be issued to the holder for the portion of this Subordinated Note not being repaid (in the absence of any such specification, one such Subordinated Note will be issued for the portion not being repaid):

\$ _____

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Subordinated Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

PNC BANK, NATIONAL ASSOCIATION

US\$20,000,000,000
Global Bank Note Program
for the Issue of Senior and Subordinated Bank Notes
with Maturities of more than Nine Months from Date of Issue

DISTRIBUTION AGREEMENT

July 30, 2004

J.P. MORGAN SECURITIES INC.
270 Park Avenue, 8th Floor
New York, NY 10017

AND EACH OF THE DEALERS LISTED ON SCHEDULE 1 HERETO

Dear Sirs:

PNC Bank, National Association (the "*Issuing Bank*"), a national bank organized under the laws of the United States, confirms its agreement with J.P. Morgan Securities Inc. and each of the other dealers listed on Schedule I hereto (each referred to as a "*Dealer*" and collectively referred to as the "*Dealers*") with respect to the issue and sale by the Issuing Bank of (i) senior unsecured debt obligations, with maturities of more than nine months, not insured by the Federal Deposit Insurance Corporation (the "*Senior Notes*") and (ii) subordinated unsecured obligations, with maturities of more than nine months, not insured by the Federal Deposit Insurance Corporation (the "*Subordinated Notes*" and, together with the Senior Notes, the "*Bank Notes*"). The Issuing Bank is a subsidiary of The PNC Financial Services Group, Inc., a Pennsylvania corporation (the "*Parent*").

SECTION 1. Appointment as Dealers.

(a) Appointment of Dealers. Subject to the terms and conditions stated herein, the Issuing Bank hereby agrees that Bank Notes will be sold exclusively to or through the Dealers and appoints each Dealer as a dealer for the purpose of soliciting purchases of the Bank Notes from the Issuing Bank by others. Whenever the Issuing Bank agrees to sell Bank Notes directly to a Dealer as principal for resale to others, such sale shall be made in accordance with the provisions of Section 3(a) hereof. No Dealer is authorized to appoint sub-dealers; however, any Dealer may engage the services of any other broker or dealer in connection with the offer or sale of the Bank Notes. The Issuing Bank may appoint one or more other dealers for the purpose of soliciting purchases of the Bank Notes upon the terms of this Agreement by execution of a Dealer Agreement (which may be in the form of Exhibit F-1 hereto) or pursuant to a Syndicated Terms Agreement (as defined below). In the event that the Issuing Bank elects to engage such additional dealers, the Issuing Bank shall, in the case of Bank Notes with maturities of more than one year from date of issue, provide notice to each Dealer then party to this Agreement. Each Dealer is acting in connection with the Bank Notes individually and not collectively or jointly.

(b) Aggregate Principal Amount in Relation to Sale of Bank Notes The Issuing Bank shall not approve the solicitation of purchases of Bank Notes in excess of the aggregate principal amount of such Bank Notes which shall be authorized. Not more than US\$20,000,000,000 aggregate principal amount of Bank Notes may be issued. Bank Notes may be outstanding at any one time in an aggregate maximum principal amount equal to US\$20,000,000,000. The Dealers will have no responsibility for maintaining records with respect to the aggregate principal amount of Bank Notes sold or at any time outstanding or of otherwise monitoring the availability of Bank Notes for sale.

(c) Purchases as Principal. The Dealers shall not have any obligation to purchase Bank Notes from the Issuing Bank as principal, but the Dealers may agree from time to time to purchase Bank Notes as principal. Any such purchase of Bank Notes by a Dealer as principal shall be made in accordance with Section 3(a) hereof.

(d) Solicitations as Agent. The Issuing Bank and each Dealer will, in connection with the offering of the Bank Notes on behalf of the Issuing Bank, comply with the restrictions on the offering of Bank Notes and distribution of documents relating thereto set forth in Exhibit G hereto or such other restrictions agreed to by the Issuing Bank and such Dealer. The Dealer will communicate to the Issuing Bank, orally, each offer to purchase Bank Notes solicited by such Dealer on an agency basis, other than those offers rejected by the Dealer. The Dealer shall have the right, in its absolute discretion, to reject any proposed purchase of Bank Notes, as a whole or in part, and any such rejection shall not be deemed a breach of any Dealer's agreement contained herein. The Issuing Bank may accept or reject any proposed purchase of the Bank Notes, in whole or in part. The Dealer shall make reasonable efforts to assist the Issuing Bank in obtaining performance by each purchaser whose offer to purchase Bank Notes has been solicited by the Dealer and accepted by the Issuing Bank. A Dealer shall not have any liability to the Issuing Bank in the event any such agency purchase is not consummated for any reason other than as a result of the default by the applicable Dealer of its obligations hereunder. If the Issuing Bank shall default on its obligation to deliver Bank Notes to a purchaser whose offer it has accepted, the Issuing Bank shall (i) hold the Dealer harmless against any loss, claim or damage arising from or as a result of such default by the Issuing Bank and (ii) notwithstanding such default, pay to the Dealer any commission to which it would be entitled in connection with such sale.

(e) Reliance. The Issuing Bank and the Dealers agree that any Bank Notes purchased by any Dealer shall be purchased, and any Bank Notes the placement of which a Dealer arranges shall be placed, by such Dealer in reliance on the representations, warranties, covenants and agreements of the Issuing Bank contained herein and on the terms and conditions and in the manner provided herein.

SECTION 2. Representations and Warranties.

(a) The Issuing Bank represents and warrants to each Dealer as of the date hereof, as of the date of each acceptance by the Issuing Bank of an offer for the purchase of Bank Notes (whether to a Dealer as principal or through a Dealer as agent), as of the date of each delivery of Bank Notes (whether to a Dealer as principal or through a Dealer as agent) (the date of each such delivery to a Dealer as principal being hereafter referred to as a "Settlement Date"), and as of the times referred to in Section 8(b) hereof (each of the times referenced above being referred to hereafter as a "Representation Date"), as follows:

(i) Offering Circular. The Issuing Bank has caused to be prepared an offering circular, dated July 30, 2004 (as such document may hereafter be amended or supplemented (including by any pricing supplement) by the Issuing Bank, including the material incorporated therein by reference, the "Offering Circular"), to be used by the Dealers in connection with the Dealers' solicitation of purchasers of or offering of the Bank Notes. The Issuing Bank has been authorized by the Parent to incorporate by reference in the Offering Circular the Parent's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any and all amendments thereto) filed by the Parent with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder. The Offering Circular, as of the date hereof, does not and, as of the applicable Representation Date, will not, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information furnished to the Issuing Bank in writing by or on behalf of the Dealers expressly for use therein (as of the date hereof all such information so provided by the Dealers is set forth in Schedule 2(a)(i) hereto).

The Issuing Bank will incorporate by reference in the Offering Circular the publicly available portions of each of its Consolidated Reports of Condition and Income (each, a "Call Report" and collectively, the "Call Reports") (i) for the years ended December 31, 2003, 2002 and 2001, and (ii) all Call Reports and any amendments or supplements thereto, beginning with and including the Call Report for the period ended March 31, 2004 to and including the most recent Call Report filed or published prior to the offering of any Bank Notes. The publicly available portions of any Call Reports filed by the Issuing Bank subsequent to the date of the Offering Circular and prior to the termination of the offering of the Bank Notes will be incorporated therein by reference.

The documents incorporated by reference into the Offering Circular, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied, or when so filed will comply, in all material respects, with all applicable laws, rules and regulations and, when read together with the other information in the Offering Circular, did not and will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were or are made, not misleading.

(ii) Due Organization, Valid Existence and Good Standing. The Issuing Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification,

except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Issuing Bank and its subsidiaries taken as a whole. The Issuing Bank is a subsidiary of the Parent, a Pennsylvania corporation registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, which has securities registered under the 1934 Act.

(iii) Due Authorization, Execution and Delivery of this Agreement and the Agency Agreement. The Issuing Bank has all corporate power and authority necessary to execute, deliver and perform, and it has duly authorized, executed and delivered, this Agreement and the Issuing and Paying Agency Agreement dated as of July 30, 2004 (the "Agency Agreement") between the Issuing Bank and PNC Bank, National Association, as issuing and paying agent. This Agreement and the Agency Agreement are valid and legally binding agreements of the Issuing Bank, enforceable against the Issuing Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and to general equity principles.

(iv) Due Authorization, Execution and Delivery of the Bank Notes. The Bank Notes have been duly authorized and, when duly completed, executed, authenticated, issued and delivered against payment of the consideration therefor in accordance with the provisions of the Agency Agreement and this Agreement, as specified in the Offering Circular or pursuant to any agreement with respect to the purchase of such Bank Notes, will constitute valid and legally binding obligations of the Issuing Bank enforceable in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and to general equity principles.

(v) Regulatory Exemptions. The Bank Notes to be issued by the Issuing Bank are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act") by virtue of Section 3(a)(2) thereof and comply with the requirements of 12 C.F.R. Part 16 ("Part 16"). Qualification of an indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), is not required in connection with the offer, sale, issuance and delivery of the Bank Notes as contemplated hereby.

(vi) Exemption from Investment Company Act. The Issuing Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"), or to take any other action with respect to or under the Investment Company Act.

(vii) No Defaults: Regulatory Approvals. Neither the Issuing Bank or any of its subsidiaries nor the Parent or any of its subsidiaries is in violation of its charter or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage loan agreement, note, lease or

other instrument to which it is a party or by which it or any of them or their properties are bound, except to the extent that such defaults would not in the aggregate have a material adverse effect on the Issuing Bank and its subsidiaries taken as a whole or on the Parent and its subsidiaries taken as a whole. The execution, delivery and performance by the Issuing Bank of this Agreement, of the Agency Agreement, of the Bank Notes and of any agreement with a Dealer to purchase such Bank Notes as principal, will not (A) constitute a breach of, or default under, the articles of association or by-laws or other organizational documents of the Issuing Bank or any of its subsidiaries or the Parent or any of its subsidiaries, or any material obligation, agreement, covenant or condition in any contract, indenture, mortgage loan agreement or other instrument relating to indebtedness for money borrowed to which the Issuing Bank or any of its subsidiaries or the Parent or any of its subsidiaries is a party, or (B) violate any law, order, rule, regulation or decree of any court, governmental agency or authority having jurisdiction over the Issuing Bank or its subsidiaries or the Parent or any of its subsidiaries or any property of the Issuing Bank or its subsidiaries or the Parent or any of its subsidiaries; and no consent, authorization or order of, or filing with, any court or governmental agency or body (collectively "*Approvals*") is required for the consummation by the Issuing Bank of the transactions contemplated by this Agreement and any agreement with a Dealer to purchase Bank Notes as principal, except such as have been obtained or will be obtained prior thereto and except such as may be required under applicable state or foreign securities or Blue Sky laws, assuming for purposes of Part 16 that the Bank Notes are offered and sold in compliance with the restrictions set forth in Exhibit G hereto.

(viii) OCC Notice. The Issuing Bank has not received notice from the Office of the Comptroller of the Currency (the "*OCC*") that the OCC's prior approval to issue or prepay Subordinated Notes is required under Section 5.47(f) of 12 C.F.R. Part 5.

(ix) Description of Bank Notes. The Bank Notes are substantially in the form heretofore delivered to the Dealers and conform to the description thereof contained in the Offering Circular under the caption "Description of Notes".

(x) Priority of Bank Notes. The Senior Notes are unsecured and unsubordinated debt obligations of the Issuing Bank and rank *pari passu* among themselves and with all other unsecured and unsubordinated debt obligations of the Issuing Bank except, pursuant to Section 11(d)(11) of the Federal Deposit Insurance Act, the Issuing Bank's unsecured deposit liabilities; the Subordinated Notes are unsecured and subordinated debt obligations of the Issuing Bank and rank *pari passu* among themselves and with all other debt obligations of the Issuing Bank which are subordinate and junior in right of payment to the Issuing Bank's obligations to depositors and general creditors, other than obligations which, by their express terms, rank junior to the Subordinated Notes.

(xi) No Material Adverse Change. Since the respective dates as of which information is given in the Offering Circular, (a) there has not been any material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of operations, or any development reasonably likely to result in a prospective material adverse change in the condition, financial or otherwise, business affairs, business

prospects or results of operations, of the Issuing Bank and its subsidiaries, or the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular, and (b) there have been no material transactions entered into by the Issuing Bank or any of its subsidiaries or the Parent or any of its subsidiaries other than those in the ordinary course of business, other than as set forth or contemplated in the Offering Circular.

(xii) Rating. The Bank Notes have been rated by a “nationally recognized statistical rating organization” (as that term is defined by the SEC for purposes of Rule 436(g)(2) under the 1933 Act) and by each other nationally recognized statistical rating organization that has rated the Bank Notes, in one of its four highest rating categories.

(xiii) Financial Statements and Financial Information. The consolidated financial statements and other financial information of the Parent and its consolidated subsidiaries included or incorporated by reference in the Offering Circular present fairly the consolidated financial position of the Parent and its consolidated subsidiaries as of the dates indicated therein and the consolidated results of their operations for the periods specified therein; and, except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. The Call Reports and other financial information of the Issuing Bank included or incorporated by reference in the Offering Circular present fairly the financial position of the Issuing Bank and the results of its operations for the periods specified therein; and, except as stated therein, have been prepared in conformity with regulatory instructions issued by the Federal Financial Institution Examination Council applied on a consistent basis. The financial information of certain financial institutions, if any, acquired or proposed to be acquired by the Parent or the Issuing Bank included or incorporated by reference in the Offering Circular present fairly the financial positions of such financial institutions as of the dates indicated therein and the results of their operations for the periods specified therein.

(xiv) Legal Proceedings. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Issuing Bank, threatened against or affecting, the Parent or any of its subsidiaries or the Issuing Bank or any of its subsidiaries, which would be required to be disclosed in the Offering Circular by the Parent or any of its subsidiaries or the Issuing Bank or any of its subsidiaries if the Bank Notes were required to be registered with the SEC on Form S-1 under the 1933 Act, or which might materially and adversely affect the consummation of this Agreement or the Agency Agreement or any transaction contemplated hereby or thereby.

(xv) Commodity Exchange Act. The Bank Notes, when issued, authenticated and delivered pursuant to the provisions of this Agreement and the Agency Agreement, will be excluded or exempted under the provisions of the Commodity Exchange Act.

(b) Additional Certifications. Any certificate signed by any officer of the Issuing Bank or the Parent and delivered to the Dealers or to counsel for the Dealers in

connection with an offering of Bank Notes, or the sale of Bank Notes to a Dealer as principal, contemplated by this Agreement shall be deemed a representation and warranty at the time made by the Issuing Bank to the Dealers as to the matters covered thereby on the date of such certificate and at each Representation Date referred to in Section 2(a) hereof subsequent thereto relating to such offering or sale.

SECTION 3. Purchases as Principal; Solicitations as Agents.

(a) Purchases as Principal. Unless otherwise agreed by a Dealer and the Issuing Bank, Bank Notes shall be purchased by the Dealer as principal. Such purchases shall be made in accordance with terms agreed upon by the Dealer and the Issuing Bank with respect to such information (as applicable) as is specified in Exhibit A hereto (which terms shall be agreed upon orally, with written confirmation prepared by the Dealer and mailed or sent via facsimile transmission to the Issuing Bank) and, in the case of sales to Dealers on a syndicated basis, a separate terms agreement substantially in the form of Exhibit F-2 hereto (a "*Syndicated Terms Agreement*"). The Dealer's commitment to purchase Bank Notes as principal from the Issuing Bank shall be deemed to have been made on the basis of the representations and warranties of the Issuing Bank herein contained and shall be subject to the terms and conditions herein set forth. Each purchase of Bank Notes from the Issuing Bank, unless otherwise agreed by the Issuing Bank and such Dealer, shall be at a discount from the principal amount of each such Bank Note equivalent to the applicable commission, in immediately available funds, set forth in Exhibit B hereto. The amount of such discount shall be set forth in the written confirmation referred to above and the pricing supplement referred to in Section 4(f). The Dealer may engage the services of any other broker or dealer in connection with the resale of the Bank Notes purchased as principal and may allow any portion of the discount received from the Issuing Bank in connection with such purchases to such brokers and dealers. At the time of each purchase of Bank Notes by a Dealer as principal, the Dealer shall specify the requirements for the opinions of counsel and officers' certificates pursuant to Sections 6(a), 6(b) and 6(c) hereof. The resale of any Bank Notes acquired by such Dealer as principal shall be subject to all of the applicable selling restrictions set forth in Exhibit G hereto.

(b) Solicitations as Agents. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, when agreed upon by the Issuing Bank and a Dealer, such Dealer, as an agent of the Issuing Bank, will use its reasonable efforts to solicit offers to purchase the Bank Notes upon the terms and conditions set forth herein and in the Offering Circular. All Bank Notes sold through a Dealer as agent will be sold at 100% of their principal amount unless otherwise agreed to by the Issuing Bank and the Dealer.

The Issuing Bank reserves the right, in its sole discretion, to suspend solicitation of purchases of the Bank Notes through the Dealers, as agents, commencing at any time for any period of time or permanently. Upon receipt of instructions from the Issuing Bank, the Dealers will forthwith suspend solicitation of purchases from the Issuing Bank until such time as the Issuing Bank has advised the Dealers that such solicitation may be resumed.

The Issuing Bank agrees to pay each Dealer a commission, in the form of a discount, equal to the applicable percentage of the principal amount of each Bank Note sold by

the Issuing Bank as a result of a solicitation made by such Dealer as set forth in Exhibit B hereto, or as otherwise agreed by the Issuing Bank and such Dealer. The amount of such commission shall be set forth in the written confirmation relating to such sale and in the pricing supplement referred to in Section 4(f). The Dealers may reallocate any portion of the commission payable pursuant hereto to dealers in connection with the offer and sale of any Bank Notes.

(c) Administrative Procedures. The purchase price, interest rate or formula, maturity date, discount or commission amount and other terms of the Bank Notes (as applicable) specified in Exhibit A hereto shall be agreed upon by the Issuing Bank and the applicable Dealer and set forth in a pricing supplement to the Offering Circular to be prepared in connection with each sale of Bank Notes. Administrative procedures with respect to the sale of Bank Notes shall be agreed upon from time to time by the Dealers and the Issuing Bank (the “*Procedures*”). The initial Procedures, as agreed upon by the Dealers and the Issuing Bank, are set forth in Exhibit H hereto. The Dealers and the Issuing Bank agree to perform the respective duties and obligations specifically provided to be performed by the Dealers and the Issuing Bank herein and in the Procedures.

(d) Delivery. The documents required to be delivered pursuant to Section 6 hereof on the date hereof shall be delivered at the office of Cravath, Swaine & Moore LLP, 825 Eighth Avenue, New York, New York 10019, on the date hereof at 10:00 a.m. New York time, or at such other place and time as the Dealers and the Issuing Bank may agree upon in writing (the “*Closing Time*”). If such documents are delivered via facsimile or electronic delivery, original copies of documents shall be sent promptly thereafter.

(e) Offering and Sale of Bank Notes. The Issuing Bank and the Dealers agree that the Bank Notes are to be offered and sold as set forth in the Offering Circular. Each Dealer hereby severally represents and warrants to, and agrees with, the Issuing Bank that, in relation to Bank Notes to be issued and sold in reliance upon Section 16.6(a) of Part 16, it will only offer and sell Bank Notes to, or accept offers to purchase Bank Notes from, persons it reasonably believes are “accredited investors” (as defined in Rule 501(a) under the 1933 Act) in minimum denominations of not less than \$250,000.

SECTION 4. Covenants of the Issuing Bank

The Issuing Bank covenants with the Dealers as follows:

(a) Amending Offering Circular. The Issuing Bank will give the Dealers notice of its intention to prepare any additional offering circular supplement with respect to the sale of Bank Notes or any amendment or supplement to the Offering Circular and will furnish the Dealers with copies of any such amendment or supplement or other documents proposed to be distributed a reasonable time in advance of such distribution and will not distribute any such amendment or supplement or other documents in a form to which the Dealers or counsel for the Dealers shall reasonably object. The Issuing Bank will advise the Dealers of (i) any request of any bank regulatory agency or the SEC for any amendment of or supplement to the Offering Circular (including, without limitation, the documents incorporated by reference therein) or for any additional information; (ii) the institution or threat by any bank regulatory agency or the SEC of any proceeding with respect to the Offering Circular (including, without limitation, the

documents incorporated by reference therein) or any amendment or supplement thereto or the offering or sale of the Bank Notes, and (iii) the receipt by the Issuing Bank of any notification with respect to the suspension of the qualification of the Bank Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Issuing Bank will use its best efforts to prevent the issuance of any order or similar action interfering with the offering or sale of the Bank Notes or the use of the Offering Circular, and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) Copies of Offering Circular. The Issuing Bank will deliver to the Dealers as many copies of the Offering Circular (as amended or supplemented, including documents incorporated by reference therein) as the Dealers shall reasonably request in connection with sales or solicitations of offers to purchase the Bank Notes.

(c) Revisions of Offering Circular — Material Changes. Except as otherwise provided in subsection (d) of this Section 4, if any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of counsel for the Dealers or counsel for the Issuing Bank, to amend or supplement the Offering Circular in order that the Offering Circular will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, immediate notice shall be given, and confirmed in writing, to the Dealers to cease the solicitation of offers to purchase the Bank Notes in their capacity as agents and to cease sales of any Bank Notes the Dealers may then own as principal, and the Issuing Bank will promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission. The Dealers shall, at such time as the Issuing Bank shall have furnished to the Dealers an amended or supplemented Offering Circular in form satisfactory to the Dealers and their counsel, resume solicitation of offers to purchase Bank Notes using the Offering Circular as so amended and supplemented.

(d) Suspension of Certain Obligations. The Issuing Bank shall not be required to comply with the provisions of subsection (c) of this Section 4 during any period from the later of the time (i) the Dealers shall have suspended solicitation of purchases of the Bank Notes in their capacity as agents pursuant to a request from the Issuing Bank and (ii) no Dealer shall then hold any Bank Notes purchased as principal pursuant hereto, until the time the Issuing Bank shall determine the solicitation of purchases of the Bank Notes should be resumed or the Dealers shall subsequently purchase Bank Notes from the Issuing Bank as principal pursuant hereto.

(e) Regulatory Reports. The Issuing Bank shall provide the Dealers with copies of any publicly available reports (financial or otherwise) furnished to or filed by either the Issuing Bank or the Parent with any federal or state supervisory or regulatory authority as promptly as practicable after such reports become publicly available.

(f) Preparation of Pricing Supplements. The Issuing Bank will prepare, with respect to any Bank Notes to be sold through or to the Dealers pursuant to this Agreement, a pricing supplement with respect to such Bank Notes substantially in the form attached hereto as Exhibit A.

(g) Blue Sky Qualifications. The Issuing Bank will endeavor, in cooperation with the Dealers, to qualify the Bank Notes for offering and sale under the applicable securities laws of such States and other jurisdictions of the United States as the Dealers may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Bank Notes; provided, however, that the Issuing Bank shall not be required to take any action which would subject it to general or unlimited service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Issuing Bank will file such statements and reports as may be required by the laws of each jurisdiction in which the Bank Notes have been qualified as above provided. The Issuing Bank will promptly advise the Dealers of the receipt by it of any notification with respect to the suspension of the qualification of the Bank Notes for sale in any such State or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) Stand-Off Agreement. In connection with a purchase by a Dealer of Bank Notes as principal, between the date of the agreement to purchase such Bank Notes and the Settlement Date with respect to such purchase, the Issuing Bank will not, without the prior consent of the Dealer who is a party to such agreement, offer or sell, or enter into any agreement to sell, any debt securities or deposit obligations of the Issuing Bank (other than the Bank Notes that are to be sold pursuant to such agreement, deposit and other bank obligations issued and sold directly by the Issuing Bank in the ordinary course of its business and debt instruments described in Section 3(a)(3) of the 1933 Act).

(i) Termination of Purchaser Obligations. The Issuing Bank agrees that any person who has agreed to purchase Bank Notes as the result of an offer to purchase solicited by a Dealer has the right, exercisable only prior to such purchase, to refuse to purchase and pay for such Bank Notes if, on the related Settlement Date fixed pursuant to the Procedures, any event or condition set forth in Section 12(b) hereof shall have occurred and be continuing on such date (it being understood that the judgment of such person with respect to the impracticability of such purchase of the Bank Notes shall be substituted, for purposes of this Section 4(i), for the respective judgment of such Dealer with respect to certain matters referred to in such Section 12(b), and that such Dealer shall have no duty or obligation whatsoever to exercise the judgment permitted under such Section 12(b) on behalf of any such person).

(j) Filing with the OCC. To the extent then required by applicable regulation, the Issuing Bank will file the Offering Circular with the OCC no later than the fifth business day after it is first used, and, to the extent then required by applicable regulation, the Issuing Bank will file with the OCC any amendment or supplement to the Offering Circular within five business days after it is first used, excluding any document incorporated by reference therein.

SECTION 5. Payment of Expenses.

Whether or not the transactions contemplated hereunder are consummated or this Agreement or any agreement by a Dealer to purchase Bank Notes as principal is terminated, the Issuing Bank agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement including: (a) the printing, preparation and delivery of the Offering Circular and all amendments and supplements thereto; (b) the preparation and reproduction of this Agreement; (c) the preparation, issuance and delivery of the Bank Notes,

including any fees and expenses related to the use of book-entry notes; (d) the fees and disbursements of the Issuing Bank's counsel and accountants and the Dealers' counsel and of any calculation agents or exchange rate agents; (e) any advertising and other out-of-pocket expenses of the Dealers incurred with the approval of the Issuing Bank; (f) the qualification of the Bank Notes under state securities laws in accordance with the provisions of Section 4(g) hereof, including the filing fees and the reasonable fees and disbursements of counsel for the Dealers in connection therewith and in connection with the preparation of any Blue Sky Survey and any Legal Investment Survey; (g) the fees and expenses, if any, incurred with respect to compliance with any applicable requirements of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc., including the filing fees and the fees and disbursements of counsel to the Dealers in connection therewith; (h) all fees paid to exchanges in connection with the listing of the Bank Notes on any exchange; and (i) the cost of preparing and providing any CUSIP or other identification numbers for the Bank Notes.

Whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, the Issuing Bank also agrees to pay all fees charged by rating agencies for the rating of any of the Bank Notes as well as the fees, expenses and disbursements of counsel to the Dealers incurred in connection with the establishment of the Global Bank Note Program described in the Offering Circular and from time to time in connection with the transactions contemplated hereby and any opinions to be rendered by such counsel hereunder.

SECTION 6. Conditions of Dealers' Obligations.

The obligations of the Dealers to solicit offers to purchase the Bank Notes as agents of the Issuing Bank, the obligations of any purchasers of Bank Notes sold through a Dealer as agent, and any obligation of a Dealer to purchase Bank Notes pursuant to any agreement by such Dealer to purchase Bank Notes as principal (or otherwise), will be subject at all times to the accuracy of the representations and warranties contained herein on the part of the Issuing Bank and to the accuracy of the statements of the Issuing Bank's and the Parent's officers made in any certificate furnished pursuant to the provisions hereof, to the performance and observance by the Issuing Bank of all covenants and agreements herein contained and to the following additional conditions precedent:

(a) Legal Opinions. On the date hereof and, if required pursuant to Section 8(c) hereof, the Dealers shall have received the following legal opinions, dated as of the date hereof, or as of such other applicable date as the case may be, and in form and substance satisfactory to the Dealers:

(i) Opinions of Counsel to the Issuing Bank and the Parent. The opinion of Thomas R. Moore, Esq., internal counsel to the Issuing Bank and the Parent, and the opinion of Reed Smith LLP, external counsel to the Issuing Bank and the Parent, substantially in the forms of Exhibit C-1 and Exhibit C-2 hereto respectively.

(ii) Opinion of Counsel to the Dealers. The opinion of Cravath, Swaine & Moore LLP, counsel to the Dealers, covering such matters as they may request.

(b) Officer's Certificates. On the date hereof and, if required pursuant to Section 8(b) hereto, on each other applicable date as the case may be, the Dealers shall have received a certificate of the President, a Senior Vice President or a Vice President, or the equivalent thereof, of the Issuing Bank satisfactory to the Dealers, substantially in the form of Exhibit D hereto.

(c) Representations Certificate. On the date hereof and, if required pursuant to Section 8(b) hereto, on each other applicable date as the case may be the Dealers shall have received a certificate of the President, a Senior Vice President or a Vice President of the Parent, substantially in the form of Exhibit E hereto.

(d) Accountant's Comfort Letter. On the date hereof and, if required pursuant to Section 8(d) hereof, the Dealers shall have received a letter dated the date hereof or such other applicable date as the case may be and in form and substance satisfactory to the Dealers, from the independent accountants to the Parent, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference into the Offering Circular, and confirming that they are independent certified public accountants with respect to the Parent pursuant to the *Code of Professional Conduct* of the American Institute of Certified Public Accountants.

(e) Ratings. The Bank Notes shall have been rated investment grade by at least one nationally recognized statistical rating organization.

(f) Other Documents. On the date hereof and on each Settlement Date, counsel to the Dealers shall have been furnished with such documents and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the issuance and sale of the Bank Notes as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Issuing Bank in connection with the issuance and sale of the Bank Notes as herein contemplated shall be satisfactory in form and substance to the Dealers and to counsel to the Dealers.

(g) Termination. If any condition specified in this Section 6 shall not have been fulfilled when and as required to be fulfilled, this Agreement (or, at the option of the Dealer, any applicable agreement by such Dealer to purchase Bank Notes as principal) may be terminated, insofar as this Agreement or such agreement relates to a particular Dealer, by such Dealer, by notice to the Issuing Bank at any time prior to the fulfillment of such condition and any such termination shall be without liability of any party to any other party, except that the provisions under Section 5 hereof, the indemnity and contribution agreements set forth in Sections 9 and 10 hereof, the provisions of Section 11 hereof, the termination procedures of Section 12(c) hereof, the notice provisions of Section 13 hereof, the provisions set forth under "Parties" of Section 14 hereof and the governing law provisions set forth under Section 15 hereof shall remain in effect.

SECTION 7. Delivery of and Payment for Bank Notes Sold through a Dealer

Delivery of Bank Notes sold by the Issuing Bank through a Dealer as agent shall be made by the Issuing Bank to such Dealer for the account of any purchaser only against payment therefor in immediately available funds. In the event that a purchaser shall fail either to accept delivery of or to make payment for a Bank Note on the date fixed for settlement, the Dealer shall promptly notify the Issuing Bank and deliver the Bank Note to the Issuing Bank, and, if the Dealer has theretofore paid the Issuing Bank for such Bank Note, the Issuing Bank will promptly return such funds to the Dealer. If such failure shall have occurred for any reason other than as a result of the default by the applicable Dealer with respect to its obligations hereunder, the Issuing Bank will reimburse such Dealer on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Issuing Bank.

SECTION 8. Additional Covenants of the Issuing Bank

The Issuing Bank covenants and agrees with each Dealer that:

(a) Reaffirmation of Representations and Warranties. Each acceptance by the Issuing Bank of an offer for the purchase of Bank Notes (whether to a Dealer as principal or through the Dealer as agent), and each delivery of such Bank Notes to the Dealers, shall be deemed to be an affirmation that the representations and warranties of the Issuing Bank contained in this Agreement and in any certificate theretofore delivered to the Dealers pursuant hereto are true and correct at the time of such acceptance or delivery, as the case may be, and an undertaking that such representations and warranties will be true and correct at the time of delivery by the Issuing Bank to the purchaser or his agent, or to the applicable Dealer, of such Bank Notes relating to such acceptance or delivery, as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Offering Circular as amended and supplemented to each such time, including any amendment resulting from incorporation by reference of documents filed by the Issuing Bank or the Parent).

(b) Subsequent Delivery of Certificates. Each time that (i) the Offering Circular shall be amended or supplemented (other than by an amendment or supplement providing solely for pricing information), (ii) there is filed with the OCC or SEC any document incorporated by reference into the Offering Circular (but only upon request from the Dealers with respect to a document incorporated by reference into the Offering Circular), (iii) if requested by a Dealer in connection with the purchase of Bank Notes by such Dealer as principal, the Issuing Bank sells Bank Notes to such Dealer as principal, (iv) the Issuing Bank issues and sells Bank Notes in a form not previously certified to the Dealers by the Issuing Bank, or (v) if so indicated in the applicable Syndicated Terms Agreement, the Issuing Bank sells Bank Notes to the Dealers pursuant to a Syndicated Terms Agreement, in each case the Issuing Bank shall furnish or cause to be furnished to the Dealers forthwith certificates from each of the Issuing Bank and the Parent dated the date of filing of such amendment, supplement, or document with the OCC or the SEC, or the Settlement Date, as the case may be, in form satisfactory to the Dealers to the effect that the statements contained in the certificates referred to in Sections 6(b) and 6(c) hereof which were last furnished to the Dealers are true and correct at the time of such amendment or supplement or filing or sale, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Offering

Circular as amended and supplemented to such time, including any amendment resulting from incorporation by reference of documents filed by the Issuing Bank and the Parent), or, in lieu of such certificates, certificates of the same form as the certificates referred to in said Sections 6(b) and 6(c), modified as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such certificates; provided, however, that except if the Dealers shall then hold any Notes acquired from the Bank as principal (other than such Notes as shall have been held for a period of ninety days or more), no certificates need be given during any period in which the Dealers have been instructed to or have suspended the solicitation and receipt of offers to purchase Notes but shall be required to be given before the Dealers shall again resume solicitation and receipt of offers to purchase Notes.

(c) Subsequent Delivery of Legal Opinions. Each time that (i) an annual report is filed with the OCC or SEC, (ii) the Offering Circular shall be amended or supplemented, other than documents incorporated by reference (but only upon request from the Dealers with respect to an amendment or supplement providing solely pricing information), (iii) other than an annual report, there is filed with the OCC or SEC any document, including a quarterly report, incorporated by reference in the Offering Circular (but only upon request from the Dealers), (iv) the Issuing Bank sells Bank Notes to such Dealer as principal, if part of the terms agreed upon by the Dealer and the Issuing Bank, (v) the Issuing Bank issues and sells Bank Notes in a form not previously certified to the Dealers by the Issuing Bank, or (vi) if so indicated in the applicable Syndicated Terms Agreement, the Issuing Bank sells Bank Notes to the Dealers pursuant to a Syndicated Terms Agreement, in each case the Issuing Bank shall furnish or cause to be furnished forthwith to the Dealers and their counsel a written opinion from each counsel last furnishing the opinions referred to in Section 6(a)(i) hereof, or other counsel satisfactory to the Dealers, dated the date of filing of such amendment, supplement or document with the OCC or the SEC, or the Settlement Date, as the case may be, in form satisfactory to the Dealers, of the same form as the opinions referred to in Section 6(a)(i) hereof but modified, as necessary, to relate to the Offering Circular as amended and supplemented to the time of delivery of such opinions or, in lieu of such opinion by either counsel, such counsel last furnishing such opinion to the Dealer shall furnish the Dealers with a letter to the effect that the Dealer may rely on such last opinion to the same extent as though it was dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter authorizing reliance); provided, however, that except if the Dealers shall then hold any Notes acquired from the Bank as principal (other than such Notes as shall have been held for a period of ninety days or more), no opinions need be given during any period in which the Dealers have been instructed to or have suspended the solicitation and receipt of offers to purchase Notes but shall be required to be given before the Dealers shall again resume solicitation and receipt of offers to purchase Notes.

(d) Subsequent Delivery of Comfort Letters. Each time that (i) the Offering Circular shall be amended or supplemented or there is filed with the OCC or SEC any document incorporated by reference in the Offering Circular (but only upon request from the Dealers except with respect to an amendment or supplement setting forth or incorporating by reference financial information), (ii) the Issuing Bank sells Bank Notes to such Dealer as principal, if part of the terms agreed upon by the Dealer and the Issuing Bank, or (iii) if so indicated in the applicable Syndicated Terms Agreement, the Issuing Bank sells Bank Notes to the Dealers

pursuant to a Syndicated Terms Agreement, in each case the Issuing Bank shall cause the independent accountants to the Parent forthwith to furnish the Dealers a letter, dated the date of filing of such amendment, supplement or document with the OCC or the SEC, or the Settlement Date, as the case may be, in form satisfactory to the Dealers, of the same tenor as the letter referred to in Section 6(d) hereof with such changes as may be necessary to reflect the amended and supplemented financial information included or incorporated by reference in the Offering Circular, as amended or supplemented to the date of such letter; provided, however, that if the Offering Circular is amended or supplemented solely to include financial information as of and for a fiscal quarter, the independent accountants to the Parent may limit the scope of such letter to the unaudited financial statements included in such amendment or supplement unless any other information included therein of an accounting, financial or statistical nature is of such a nature that, in the Dealer's judgment, such letter should cover such other information; provided, however, that except if the Dealers shall then hold any Notes acquired from the Bank as principal (other than such Notes as shall have been held for a period of ninety days or more), no letters need be given during any period in which the Dealers have been instructed to or have suspended the solicitation and receipt of offers to purchase Notes but shall be required to be given before the Dealers shall again resume solicitation and receipt of offers to purchase Notes.

SECTION 9. Indemnification.

(a) Indemnification of Dealers. The Issuing Bank agrees to indemnify and hold harmless each Dealer and each person, if any, who controls each Dealer within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

- (i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Offering Circular (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, provided that (subject to Section 9(d) hereof) any such settlement is effected with the written consent of the Issuing Bank; and
- (iii) against any and all expense whatsoever (including the fees and disbursements of counsel chosen by the Dealers), as incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Issuing Bank by the Dealers expressly for use in the Offering Circular (or any amendment or supplement thereto). This indemnity will be in addition to any liability that the Issuing Bank may otherwise have.

(b) Indemnification of the Issuing Bank. Each Dealer agrees, severally and not jointly, to indemnify and hold harmless the Issuing Bank and each person, if any, who controls the Issuing Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense whatsoever described in the indemnity contained in subsection (a) of this Section 9, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Offering Circular (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Issuing Bank by such Dealer expressly for use in the Offering Circular (or any amendment or supplement thereto).

(c) Actions Against Parties; Notification. Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this Section 9. In the case of parties indemnified pursuant to Section 9(a) hereof, counsel to the indemnified parties shall be selected by the applicable Dealer(s) and, in the case of parties indemnified pursuant to Section 9(b) hereof, counsel to the indemnified parties shall be selected by the Issuing Bank. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 9 or Section 10 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any

settlement of the nature contemplated by Section 9(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 10. Contribution.

If the indemnification provided for in Section 9 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuing Bank, on the one hand, and the applicable Dealer(s), on the other hand, from the offering of the Bank Notes that were the subject of the claim for indemnification or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuing Bank, on the one hand, and the applicable Dealer(s), on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Issuing Bank, on the one hand, and the applicable Dealer(s), on the other hand, in connection with the offering of the Bank Notes that were the subject of the claim for indemnification shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Bank Notes (before deducting expenses) received by the Issuing Bank and the total discount or commission received by each applicable Dealer, as the case may be, bears to the aggregate initial offering price of such Bank Notes.

The relative fault of the Issuing Bank, on the one hand, and the applicable Dealer(s), on the other hand, shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Issuing Bank or by the applicable Dealer(s) and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuing Bank and the Dealers agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the applicable Dealer(s) were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 10. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 10 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any applicable untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 10, (i) no Dealer shall be required to contribute any amount in excess of the amount by which the total discount or commission received by such Dealer in connection with the offering of the Bank Notes that were the subject of the claim for indemnification exceeds the amount of any damages which such Dealer has otherwise been required to pay by reason of any applicable untrue or alleged untrue statement or omission or alleged omission and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 10, each person, if any, who controls a Dealer within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Dealer, and each person, if any, who controls the Issuing Bank within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Issuing Bank. The obligations of each of the Dealers and the Issuing Bank under this Section 10 to contribute are several in proportion to the respective purchases or sales made by or through it to which such loss, claim, damage or liability (or action in respect thereof) relates and are not joint.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement, or contained in certificates of officers of the Issuing Bank or the Parent pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Dealers or any controlling person of a Dealer, or by or on behalf of the Issuing Bank, and shall survive each delivery of and payment for any of the Bank Notes.

SECTION 12. Termination.

(a) **Termination of this Agreement.** This Agreement (excluding any agreement hereunder by a Dealer to purchase Bank Notes as principal) may be terminated for any reason, at any time by the Issuing Bank or any of the Dealers, in each case as to itself, immediately upon the giving of 30 days' written notice of such termination to the other parties hereto in accordance with the provisions of Section 13 hereof.

(b) **Termination of an Agreement to Purchase Bank Notes as Principal** A Dealer may terminate an agreement hereunder by such Dealer to purchase Bank Notes as principal, immediately upon notice to the Issuing Bank, at any time prior to the Settlement Date relating thereto:

(i) if there has been, since the date of such agreement or since the respective dates as of which information is given in the Offering Circular as it exists immediately prior to such agreement, any material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of operations, or any development reasonably likely to result in a prospective material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of

operations, of the Issuing Bank and its subsidiaries, or of the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business;

(ii) if since the date of any such agreement by such Dealer to purchase Bank Notes, there shall have occurred any material adverse change in the financial markets in the United States or in international financial markets, or any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other national or international calamity or crisis the effect of which would, in the judgment of such Dealer, materially prejudice the marketing of the Bank Notes or the enforcement of contracts for the sale of the Bank Notes;

(iii) if since the date of any such agreement by such Dealer to purchase Bank Notes, trading in any securities of the Issuing Bank or the Parent shall have been suspended by the SEC or a national securities exchange, or if trading generally on the New York Stock Exchange, the American Stock Exchange or the Chicago Board of Trade shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by any of said exchanges or by order of the SEC or any other governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or if a banking moratorium shall have been declared by federal, New York or Pennsylvania authorities;

(iv) if the rating assigned by any nationally recognized statistical rating agency (as defined by the SEC for purposes of Rule 436(g)(2) under the 1933 Act) to any debt securities of the Issuing Bank as of the date of such agreement shall have been lowered since that date or if any such rating agency shall have publicly announced that it has placed any debt securities of the Issuing Bank or the Parent on what is commonly termed a "watch list" for possible downgrading; or

(v) if there shall have come to such Dealer's attention any facts that would cause such Dealer to believe that the Offering Circular or any amendment thereto or supplement thereof, at the time it was required to be delivered to a purchaser of Bank Notes, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading.

(c) General. In the event of any such termination described in Section 12(a) or Section 12(b) hereto, none of the parties will have any liability to the other parties hereto, except that (i) the Dealers shall be entitled to any commissions earned in accordance with the third paragraph of Section 3(b) hereof, (ii) if at the time of termination (a) a Dealer shall own any Bank Notes purchased with the intention of reselling them or (b) an offer to purchase any of the Bank Notes has been accepted by the Issuing Bank but the time of delivery to the purchaser or his agent of such Bank Notes relating thereto has not occurred, the covenants set forth in Sections 4 and 8 hereof shall remain in effect until such Bank Notes are so resold or delivered, as the case may be, and (iii) the provisions of Section 5 hereof, the indemnity and contribution agreements set forth in Sections 9 and 10 hereof, and the provisions of Sections 11, 12(c), 13, 14 and 15 hereof shall remain in effect.

SECTION 13. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Issuing Bank:

PNC Bank, National Association
One PNC Plaza
249 Fifth Avenue
Tenth Floor
Pittsburgh, PA 15222
Attention: Lisa Kovac, Vice President & Funding Manager
Facsimile Number: (412) 762-1728
Telephone Number: (412) 762-8400

If to the Parent:

The PNC Financial Services Group, Inc.
One PNC Plaza
Tenth Floor
249 Fifth Avenue
Pittsburgh, PA 15222
Attention: Lisa Kovac, Vice President & Funding Manager
Facsimile Number: (412) 762-1728
Telephone Number: (412) 762-8400

If to J.P. Morgan Securities Inc.:

J.P. Morgan Securities Inc.
270 Park Avenue
9th Floor
New York, NY 10017
Attention: Transaction Execution Group
Facsimile Number: (212) 834-6702

If to any other Dealer: at its notice address(es) specified on Schedule I hereto or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 13.

SECTION 14. Parties.

This Agreement shall inure to the benefit of and be binding upon the Dealers and the Issuing Bank and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 9 and 10 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained.

This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Bank Notes shall be deemed to be a successor by reason merely of such purchase. Notwithstanding the foregoing, the purchasers referred to in Section 4(i) shall have the rights set forth therein.

SECTION 15. Governing Law.

This Agreement and all the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the State of New York, excluding any choice-of-law principles that would otherwise require the application of the law of any other jurisdiction.

SECTION 16. Counterparts.

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Dealers thirteen counterparts hereof, whereupon this instrument along with all counterparts will become a binding agreement between the Issuing Bank and each of the Dealers in accordance with its terms.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

by _____

Name:

Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

J. P. MORGAN SECURITIES INC.

by _____

Name:
Title:

BARCLAYS CAPITAL INC.

by _____

Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

by _____

Name:
Title:

CREDIT SUISSE FIRST BOSTON LLC

by _____

Name:
Title:

GOLDMAN, SACHS & CO.

by _____

Name:
Title:

HSBC SECURITIES (USA) INC.

by _____

Name:
Title:

LEHMAN BROTHERS INC.

by _____

Name:
Title:

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

by _____

Name:
Title:

MORGAN STANLEY & CO., INCORPORATED

by _____

Name:
Title:

PNC CAPITAL MARKETS, INC.

by _____

Name:
Title:

Form of Pricing Supplement

The following terms, if applicable, shall be agreed to by the Dealer and the Bank in connection with each sale of Bank Notes:

Principal Amount: \$ _____

Choose One:

- Short-Term Senior Bank Note
- Medium-Term Senior Bank Note
- Subordinated Bank Note

Interest Rate:

If Fixed Rate Note:

Interest Rate:

If Floating Rate Note:

Interest Rate Basis:

Initial Interest Rate:

Spread or Spread Multiplier, if any:

Interest Reset Date(s):

Interest Payment Date(s):

Index Maturity:

Maximum Interest Rate, if any:

Minimum Interest Rate, if any:

Interest Reset Period:

Interest Payment Period:

Calculation Agent:

If Redeemable:

Initial Redemption Date:

Additional Redemption Dates:

Initial Redemption Percentage:

Annual Redemption Percentage Reduction:

If Repayable:

Optional Repayment Date(s):

Trade Date:

Date of Maturity:

Purchase Price: _____%

Discount:

Commission:

Settlement Date and Time:

Additional Terms:

Also, in connection with the purchase of Bank Notes by the Dealer, agreement as to whether the following will be required:

- (a) Officers' Certificates pursuant to Section 8(b) of the Distribution Agreement.
- (b) Legal Opinions pursuant to Section 8(c) of the Distribution Agreement.
- (c) Comfort Letter pursuant to Section 8(d) of the Distribution Agreement.

Unless otherwise agreed by the Issuing Bank and a Dealer, as compensation for the services of the Dealers hereunder, the Issuing Bank shall pay the applicable Dealer, on a discount basis, a commission for the sale of each Bank Note of the Issuing Bank equal to the principal amount of such Bank Note multiplied by the appropriate percentage set forth below of the principal amount of such Bank Note:

<u>MATURITY RANGES</u>	<u>PERCENT OF PRINCIPAL AMOUNT</u>
From 9 months to less than 1 year	.125
From 1 year to less than 18 months	.150
From 18 months to less than 2 years	.200
From 2 years to less than 3 years	.250
From 3 years to less than 4 years	.350
From 4 years to less than 5 years	.450
From 5 years to less than 6 years	.500
From 6 years to less than 7 years	.550
From 7 years to less than 10 years	.600
From 10 years to less than 15 years	.625
From 15 years to less than 20 years	.700
From 20 years to less than 30 years	.750
From 30 years to 50 years	as agreed

OPINION OF INTERNAL COUNSEL TO THE ISSUING BANK AND THE PARENT

Pursuant to Section 6(a)(i) (and to the extent required by Sections 3(a) and 8(c)) of the Distribution Agreement, internal counsel to the Issuing Bank shall furnish to the Dealers an opinion, to the effect that:

Upon the basis of the foregoing, it is my opinion that:

(i) The Issuing Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States, the Parent is a corporation and a financial holding company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and each of the Issuing Bank and the Parent is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Issuing Bank and its subsidiaries taken as a whole or the Parent and its subsidiaries taken as a whole, as the case may be. The Issuing Bank is a wholly owned direct or indirect subsidiary of the Parent, a Pennsylvania corporation and financial holding company which has securities registered under the Securities Act of 1933, as amended (the "1933 Act").

(ii) The Distribution Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Issuing Bank and are valid and legally binding agreements of the Issuing Bank, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and general equity principles and except as rights under the Distribution Agreement and the Agency Agreement to indemnity and contribution may be limited by federal or state laws.

(iii) The Bank Notes have been duly authorized and, when issued and authenticated against payment of the consideration therefore in accordance with the provisions of the Agency Agreement and the Distribution Agreement, will be valid and binding obligations of the Issuing Bank, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and general equity principles.

(iv) Assuming that Bank Notes are both (a) offered and sold in minimum denominations of \$250,000 only to persons who are “accredited investors”, as defined in Rule 501(a) under the 1933 Act, and (b) purchasers receive an Offering Circular, excluding the documents incorporated by reference therein, as required by Section 16.6(a) of Part 16, then such Bank Notes will comply with Part 16 by virtue of Section 16.6(a).

(v) The Bank Notes are exempt from registration under Section 3(a)(2) of the 1933 Act. Neither registration of the Bank Notes under the 1933 Act nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of such Bank Notes pursuant to the Distribution Agreement or any applicable agreement by a Dealer party to the Distribution Agreement to purchase the Bank Notes as principal.

(vi) The Issuing Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or to take any other action with respect to or under the Investment Company Act.

(vii) No consent, approval or authorization of or filing with any governmental body or agency is required for the performance by the Issuing Bank of any obligation under the Distribution Agreement, the Bank Notes, the Agency Agreement and any applicable agreement by a Dealer party to the Distribution Agreement to purchase the Bank Notes as principal, except such as have been obtained or will be obtained prior thereto and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Bank Notes.

(viii) The Senior Notes are unsecured and unsubordinated debt obligations of the Issuing Bank and rank pari passu among themselves and with all other unsecured and unsubordinated debt obligations of the Issuing Bank except, pursuant to Section 11(d)(11) of the Federal Deposit Insurance Act, the Issuing Bank’s unsecured deposit liabilities; the Subordinated Notes are unsecured and subordinated debt obligations and rank pari passu among themselves and with all other debt obligations of the Issuing Bank which are subordinate and junior in right of payment to the Issuing Bank’s obligations to depositors and general creditors, other than obligations which, by their express terms, rank junior to such Subordinated Notes.

(ix) Neither the Issuing Bank or any of its subsidiaries nor the Parent or any of its subsidiaries is in violation of their charters or articles or certificates of incorporation or, to my knowledge is, in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage loan agreement, note, lease or other instrument to

which it is a party or by which it or any of them or their properties may be bound. The execution, issuance and delivery by the Issuing Bank of the Bank Notes, the execution, delivery and performance by the Issuing Bank of the Distribution Agreement, the Agency Agreement and any agreement by a Dealer party to the Distribution Agreement to purchase the Bank Notes as principal, and the execution, delivery and performance by the Parent of the Representations Certificate, will not violate in any material respect, any law, rule or regulation or will not violate any order, judgment or decree known to me, applicable to the Parent and its subsidiaries or to the Issuing Bank and its subsidiaries or violate any provision of the Issuing Bank's or the Parent's By-laws or Articles of Association or Articles of Incorporation, as the case may be or, to my knowledge, conflict with or result in a breach of or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Parent and its subsidiaries or the Issuing Bank and its subsidiaries pursuant to any material contract, indenture, mortgage loan agreement, note, lease or other instrument to which the Parent or any of its subsidiaries or the Issuing Bank or any of its subsidiaries, or the property of any of them, is bound or subject.

(x) Except as may be set forth in the Offering Circular, or in the documents incorporated therein by reference, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now known to me to be pending, or, to my knowledge, threatened against or affecting, the Parent or any of its subsidiaries or the Issuing Bank or any of its subsidiaries, which would be required to be disclosed in the Offering Circular by the Parent or any of its subsidiaries or the Issuing Bank or any of its subsidiaries if the Bank Notes were required to be registered with the SEC on Form S-1 under the 1933 Act, or which might materially and adversely affect the consummation of this Agreement, the Agency Agreement or any transaction contemplated hereby or thereby.

(xi) The Representations Certificate has been duly authorized, executed and delivered by a duly authorized officer of the Parent.

(xii) Nothing has come to my attention that would lead me to believe that the Offering Circular contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

OPINION OF EXTERNAL COUNSEL TO THE ISSUING BANK AND THE PARENT

Pursuant to Section 6(a)(i) (and to the extent required by Sections 3(a) and 8(c)) of the Distribution Agreement, external counsel to the Issuing Bank shall furnish to the Dealers an opinion, with respect to the Issuing Bank, to the effect that:

(i) Assuming the Distribution Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Issuing Bank, they are valid and legally binding agreements of the Issuing Bank, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and general equity principles and except as rights under the Distribution Agreement and the Agency Agreement to indemnity and contribution may be limited by federal or state laws.

(ii) Assuming the Bank Notes have been duly authorized and issued and authenticated against payment of the consideration therefor in accordance with the provisions of the Agency Agreement and the Distribution Agreement, then the Bank Notes will be valid and binding obligations of the Issuing Bank, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to, or affecting, the rights of creditors of national banking associations, including laws relating to conservatorship and receivership of insured depository institutions, and general equity principles.

(iii) Assuming that Bank Notes are both (a) offered and sold in minimum denominations of \$250,000 only to persons who are “accredited investors”, as defined in Rule 501(a) under the 1933 Act, and (b) purchasers receive an Offering Circular, excluding the documents incorporated by reference therein, as required by Section 16.6(a) of Part 16, then such Bank Notes will comply with Part 16 by virtue of Section 16.6(a).

(iv) The Bank Notes are exempt from registration under Section 3(a)(2) of the 1933 Act. Neither registration of the Bank Notes under the 1933 Act nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the offer, sale, issuance or delivery of such Bank Notes pursuant to the Distribution Agreement or any applicable agreement by a Dealer party to the Distribution Agreement to purchase the Bank Notes as principal.

(v) The Bank Notes conform to the description thereof contained in the Offering Circular under the caption “Description of Notes”.

(vi) The Senior Notes are unsecured and unsubordinated debt obligations of the Issuing Bank and rank pari passu among themselves and with all other unsecured and unsubordinated debt obligations of the Issuing Bank except, pursuant to Section 11(d)(11) of the Federal Deposit Insurance Act, the Issuing Bank's unsecured deposit liabilities; the Subordinated Notes are unsecured and subordinated debt obligations and rank pari passu among themselves and with all other debt obligations of the Issuing Bank which are subordinate and junior in right of payment to the Issuing Bank's obligations to depositors and general creditors, other than obligations which, by their express terms, rank junior to such Subordinated Notes.

(vii) Nothing has come to our attention that would lead us to believe that the Offering Circular (other than financial statements and other financial data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ISSUING BANK
OFFICERS' CERTIFICATE

Pursuant to Section 6(b) of the Distribution Agreement, dated July 30, 2004, (the "Distribution Agreement"), among PNC Bank, National Association (the "Issuing Bank"), J.P. Morgan Securities Inc. and each of the other Dealers listed on Schedule I thereto, each undersigned officer hereby certifies, on behalf of the Issuing Bank, that:

(i) since the respective dates as of which information is given in the Offering Circular, there has not been any material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of operations, or any development reasonably likely to result in a prospective material adverse change in the financial condition or results of operations, of the Issuing Bank and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular;

(ii) the representations and warranties of the Issuing Bank contained in Section 2 of the Distribution Agreement are true and correct with the same force and effect as though expressly made at and as of the date hereof except for those representations and warranties that expressly relate to an earlier date, which are true and correct as of such date; and

(iii) the Issuing Bank has performed or complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Distribution Agreement at or prior to the date hereof.

For the purpose hereof, capitalized terms used herein which have been defined in the Distribution Agreement shall have the meanings ascribed to them in the Distribution Agreement.

IN WITNESS WHEREOF, this certificate has been executed and delivered this day of .

PNC BANK, NATIONAL ASSOCIATION

by

Name:

Title:

THE PNC FINANCIAL SERVICES GROUP, INC.

REPRESENTATIONS CERTIFICATE

Pursuant to Section 6(c) of the Distribution Agreement, dated July 30, 2004 (the "Distribution Agreement"), among PNC Bank, National Association (the "Issuing Bank"), J.P. Morgan Securities Inc. and each of the other dealers listed on Schedule I thereto (collectively, the "Dealers"), each undersigned officer of The PNC Financial Services Group, Inc. (the "Parent"), hereby represents and warrants on behalf of the Parent to each Dealer as of the date hereof, as of each time that there is filed with the Securities and Exchange Commission (the "SEC") any document relating to the Parent incorporated by reference in the Offering Circular, as of the date of each acceptance by the Issuing Bank of an offer for the purchase of Bank Notes (whether through such Dealer as agent or to such Dealer as principal), as of each applicable Settlement Date and as of each applicable Representation Date as follows:

(i) Authorization To Incorporate by Reference. The Parent has authorized the Issuing Bank to incorporate by reference in the Offering Circular the Parent's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any and all amendments or supplements thereto) filed by the Parent with the SEC pursuant to the Securities Exchange Act of 1934 (the "1934 Act") and the rules and regulations thereunder (the "Incorporated Documents").

(ii) Incorporated Documents. The Incorporated Documents, at the time they were or hereafter are filed with the SEC, complied or when so filed will comply, as the case may be, with the requirements of the 1934 Act and the rules and regulations promulgated thereunder, and, when read together with the other information in the Offering Circular, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(iii) Financial Statements. The financial statements and other financial information of the Parent and its consolidated subsidiaries included or incorporated by reference in the Offering Circular present fairly or will present fairly, as the case may be, the consolidated financial condition of the Parent and its consolidated subsidiaries as of the dates indicated therein and the consolidated results of their operations for the periods specified therein; and such financial statements have been prepared and will be prepared, as the case may be, in conformity with generally accepted accounting principles in the United States.

(iv) Due Organization, Valid Existence and Good Standing. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania, and is licensed, registered or

qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification and where the failure to be so licensed, registered or qualified might reasonably be expected to materially adversely affect its business.

(v) No Material Adverse Change. Since the respective dates as of which information is given in the Offering Circular, there has not been any material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of operations, or any development that could be expected to result in a prospective material adverse change in the condition, financial or otherwise, business affairs, business prospects or results of operations, of the Parent and its subsidiaries considered as one enterprise whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular (including the Incorporated Documents).

In addition, to induce the Dealers to enter into the Distribution Agreement, the Parent agrees to indemnify and hold harmless each Dealer and each person, if any, who controls each Dealer within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the 1934 Act (each, a "Controlling Person") to the same extent and upon the same terms that the Issuing Bank agrees to indemnify and hold harmless each Dealer and each such Controlling Person in Section 9 of the Distribution Agreement and to contribute to the payment of any losses, liabilities, claims, damages or expenses incurred by each Dealer or each such Controlling Person to the same extent and upon the same terms that the Issuing Bank agrees to contribute in Section 10 of the Distribution Agreement.

All representations and warranties contained in this certificate shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Dealers or any controlling person of the Dealers, or by or on behalf of the Parent and, shall survive each delivery of and payment for any of the Bank Notes.

For the purpose hereof, capitalized terms used herein which have been defined in the Distribution Agreement shall have the meanings ascribed to them in the Distribution Agreement.

IN WITNESS WHEREOF, this certificate has been executed and delivered on behalf of the Parent this day of .

THE PNC FINANCIAL SERVICES GROUP, INC.

by

Name:

Title:

PNC BANK, NATIONAL ASSOCIATION

Bank Notes with Maturities of
More than Nine Months from Date of IssueDealer Agreement

[date]

[Name of Dealer]
[Address of Dealer]

Dear Sirs:

Reference is made to the Distribution Agreement (including the exhibits thereto) dated, as of July 30, 2004 (the "Distribution Agreement"), among PNC Bank, National Association (the "Issuing Bank"), a bank organized under the laws of the United States, J.P. Morgan Securities Inc. and each of the other Dealers listed on Schedule I thereto with respect to the issue and sale by the Issuing Bank of the Bank Notes (as such term is defined in the Distribution Agreement). A conformed copy of the Distribution Agreement has been attached hereto as Annex A.

WHEREAS the Issuing Bank is permitted under the terms of the Distribution Agreement to appoint additional dealers for the purpose of soliciting purchases of the Bank Notes upon such terms as the Issuing Bank and such dealers may agree; and

WHEREAS [Name of dealer] and the Issuing Bank wish to enter into an agreement appointing [Name of Dealer] as an additional dealer with respect to the Bank Notes.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the Issuing Bank hereby agrees that [Name of Dealer] shall become an additional Dealer (as defined herein) with respect to the Bank Notes and [Name of Dealer] hereby agrees to become a Dealer with respect to the Bank Notes and to be bound by the terms and conditions of the Distribution Agreement, which terms and conditions are hereby incorporated by reference herein except that the terms "Dealer" and "Dealers" shall instead mean or include [Name of Dealer]. No person other than [Name of Dealer] shall be deemed to be a Dealer under this Agreement.

This Agreement may be signed in counterparts, each of which shall be deemed an original, which taken together shall constitute one and the same instrument.

If the foregoing is in accordance with your understanding of our agreement please sign and return to us the enclosed duplicate hereof, whereupon this letter, including Annex A, and your acceptance shall represent a binding agreement between you and the Issuing Bank in accordance with its terms.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

by _____

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

[Name of Dealer]

by _____

Name:

Title:

FORM OF SYNDICATED TERMS AGREEMENT

[Date]

To: The Dealers Listed on Annex 1 Hereto

In care of

, (the "Lead Dealer")

PNC Bank, National Association (the "Issuer")
U.S.\$20,000,000,000 Global Bank Note Program

Ladies and Gentlemen:

Subject to the terms and conditions of the Distribution Agreement, dated July 30, 2004, among the Issuer, J.P. Morgan Securities Inc. and the other dealers listed on Schedule I thereto (together with the dealers named in Annex 1 hereto, the "Dealers") concerning the sale of Bank Notes to be issued by the Issuer, as amended or supplemented (the "Distribution Agreement"), the dealers named in Annex 1 hereto agree to purchase on a syndicated basis the Bank Notes due of the Issuer (the "Notes"), described in the Pricing Supplement attached as Annex 2 hereto, on the terms set out in such Pricing Supplement and on the terms set out below. Unless otherwise defined herein, all terms used herein have the meanings given to them in the Distribution Agreement.

1. Subject to the terms and conditions of the Distribution Agreement and this Agreement, the Issuer hereby agrees to issue the Notes, and the Dealers severally agree to purchase the Notes at the purchase price of ___% per Note (being equal to the issue price of % of the principal amount less a management and underwriting fee of % of the principal amount and a selling concession of % of the principal amount).

2. The purchase price specified above will be paid by the Lead Dealer on behalf of the Dealers by wire transfer in immediately available funds to the Issuer at [time] on , or at such other time and/or date as the Issuer and the Lead Dealer on behalf of the Dealers may agree (the "Settlement Time") against delivery of the Notes to or upon your order in the manner contemplated in the Distribution Agreement and the Agency Agreement.

3. The Dealers' obligations hereunder are conditioned on (a) the receipt of: (i) opinions of counsel described in Section 6(a) of the Distribution Agreement, dated as of the Settlement Time, (ii) a "comfort letter" described in Section 6(d) of the Distribution Agreement, dated as of the Settlement Time, (iii) the officers' certificates described in Section 6(b) of the Distribution Agreement, dated as of the Settlement Time; (b) since the date of this Agreement, there having not occurred, in the opinion of the

Dealers, a change in financial, political or economic conditions as would be likely to prejudice materially the sale by the Dealers of the Notes; and (c) such other opinions, certificates and documents as may be agreed by the Issuer and the Dealers on or prior to the date of this Agreement.

4. The Issuer hereby appoints each Dealer party hereto which is not a party to the Distribution Agreement (each a "New Dealer") as a Dealer under the Distribution Agreement solely for the purposes of the issue of the Notes (the "Issue"), pursuant to Section 1(a) of the Distribution Agreement. Each such New Dealer shall be vested, in relation to the Issue, with all authority, rights, powers, duties and obligations of a Dealer purchasing Bank Notes pursuant to the Distribution Agreement, as if originally named as a Dealer under the Distribution Agreement.

In consideration of the Issuer appointing each New Dealer as a Dealer with respect to the Issue, each New Dealer hereby undertakes for the benefit of the Issuer and each of the other Dealers, that, in relation to the Issue it will perform and comply with all of the duties and obligations expressed to be assumed by a Dealer under the Distribution Agreement, a copy of which it acknowledges it has received.

Each New Dealer acknowledges that such appointment is limited to the Issue and is not for any other issue of Bank Notes of the Issuer pursuant to the Distribution Agreement and that such appointment will terminate upon issue of the Bank Notes comprising the Issue but without prejudice to any rights, duties or obligations which have arisen prior to such termination.

For the purposes hereof, the notice details of each New Dealer are as follows (insert name, address, telephone, telecopy and attention):

[insert notice details]

This Agreement is a Syndicated Terms Agreement referred to in the Distribution Agreement and shall be governed by and construed in accordance with the law of the State of New York, without regard to conflicts of law principles.

Very truly yours,

[DEALERS] [NEW DEALERS],

by _____

Name:

Title:

Accepted: [Date]

PNC BANK, NATIONAL ASSOCIATION

by _____

Name:

Title:

DEALER

PRINCIPAL AMOUNT
OF NOTES

TOTAL

[ATTACH PRICING SUPPLEMENT]

SELLING RESTRICTIONS

The Issuing Bank and each Dealer will, in connection with the offering of the Bank Notes, comply with the restrictions on the offering of Bank Notes and distribution of documents relating thereto set forth below and/or such other restrictions agreed to by the Issuing Bank and such Dealer. Capitalized terms used below but not defined herein have the meanings ascribed to them in the Offering Circular.

General

No action has been taken by the Issuing Bank that would permit a public offering of the Bank Notes or possession or distribution of the Offering Circular or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, each Dealer has agreed, and each other dealer will be required to agree, that it will comply, to the best of its knowledge in good faith and on reasonable grounds after making all reasonable investigations, with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Bank Notes or possesses or distributes the Offering Circular or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Bank Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuing Bank nor any other Dealer shall have any responsibility therefor.

With regard to each Bank Note, the relevant purchaser will be required to comply with such restrictions as the Issuing Bank and the relevant purchaser shall agree and as shall be set out in the Offering Circular and applicable Pricing Supplement.

The Bank Notes have not been, and are not required to be, registered with the SEC under the 1933 Act. The Bank Notes are being offered and sold pursuant to exemptions from registration with the OCC set forth in Part 16. To qualify for these exemptions from registration with the OCC, among other things, the Bank Notes must be offered and sold only to investors that are "accredited investors" (as defined in Rule 501(a) pursuant to the 1933 Act) and must be sold in minimum denominations of US\$250,000 or the equivalent thereof in other currencies (and not be exchangeable for Bank Notes in smaller denominations). Each Dealer has severally agreed, and each other distribution dealer shall be required to agree, with the Issuing Bank that in any initial offering hereunder, in relation to Bank Notes to be issued and sold in reliance upon Section 16.6(a) of Part 16, such Dealer, and such other dealer, shall only offer and sell Bank Notes to, or accept offers to purchase Bank Notes from, persons it reasonably believes are accredited investors (as defined in Rule 501(a) under the Securities Act) in minimum denominations of not less than US\$250,000.

ADMINISTRATIVE PROCEDURES
FOR FIXED RATE AND FLOATING RATE
SENIOR AND SUBORDINATED BANK NOTES
With maturities of more than nine months
(Dated as of July 30, 2004)

Short-Term Senior Bank Notes (“Short-Term Senior Notes”), Medium-Term Senior Bank Notes (“Medium-Term Senior Notes,” and together with the Short-Term Senior Notes, the “Senior Notes”) and Subordinated Bank Notes (the “Subordinated Notes,” and together with the Senior Notes, the “Notes”) are to be offered from time to time for sale by PNC Bank, National Association, a banking association chartered under the laws of the United States, through each of J.P. Morgan Securities Inc., Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse First Boston LLC, Goldman, Sachs & Co., HSBC Securities (USA) Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and PNC Capital Markets, Inc. who, as dealers (each, a “Dealer” and, collectively, the “Dealers”), will purchase the Notes as principal from the Issuing Bank for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Dealer or, if so specified in the applicable Pricing Supplement, for resale at a fixed public offering price. If agreed to by the Issuing Bank and the applicable Dealer, such Dealer may utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes at 100% of the principal amount thereof. Only those provisions in these Administrative Procedures that are applicable to the particular role that a Dealer will perform shall apply.

The Notes are being sold pursuant to a distribution agreement (the “Distribution Agreement”), dated July 30, 2004, between the Issuing Bank and the Dealers. The Distribution Agreement provides both for the sale of Notes by the Issuing Bank to the Dealers as principal for resale to investors and other purchasers and for the sale of Notes by the Issuing Bank through the Dealers as agents and not as principal, in which case the Dealers will act as agents of the Issuing Bank in soliciting Note purchases. The Notes will be issued pursuant to an issuing and paying agency agreement (the “Issuing and Paying Agency Agreement”), dated as of July 30, 2004, between the Issuing Bank, as issuer, and PNC Bank, National Association, as issuing and paying agent (the “Issuing and Paying Agent”). As used herein, the term “Offering Circular” refers to the most recent offering circular, as such document may be amended or supplemented, which has been prepared by the Issuing Bank for use by the Dealers in connection with the offering of the Notes.

The Notes will be issued in book-entry form (each beneficial interest in a global Note, a “Book-Entry Note” and collectively, the “Book-Entry Notes”) and represented by one or more fully registered global Notes (each, a “Global Note” and collectively, the “Global Notes”) delivered to the Issuing and Paying Agent, as agent for The Depository Trust Company, as depository (“DTC,” which term includes any

successor thereof), and recorded in the book-entry system maintained by DTC. Book-Entry Notes represented by a Global Note are exchangeable for definitive Notes in registered form, of like tenor and of an equal aggregate principal amount, by the owners of such Book-Entry Notes only upon certain limited circumstances described in the Offering Circular and the applicable Global Note.

In connection with the qualification of Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Issuing and Paying Agent will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under the Letters of Representations from the Issuing Bank and the Issuing and Paying Agent to DTC, dated July 30, 2004 and a Certificate Agreement, dated August 19, 1996, as amended on July 30, 2004, between the Issuing and Paying Agent and DTC (the "Certificate Agreement"), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS").

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Notes.

Date of Issuance/Authentication:

Each Note will be dated as of the date of its authentication by the Issuing and Paying Agent. Each Note shall also bear an original issue date (the "Original Issue Date"), which shall be the settlement date for such Note. The Original Issue Date shall remain the same for all Notes subsequently issued upon transfer, exchange or substitution of an original Note regardless of their dates of authentication.

Maturities:

Each Short-Term Senior Note will mature on a date (the "Maturity Date") selected by the purchaser and agreed to by the Issuing Bank which is more than nine months and not more than one year from its Original Issue Date, as selected by the initial purchaser and agreed to by the Issuing Bank; each Medium-Term Senior Note will have a Maturity Date selected by the purchaser and agreed to by the Issuing Bank which is more than one year from its Original Issue Date; and each Subordinated Note will have a Maturity Date selected by the purchaser and agreed to by the Issuing Bank which is five years or more from its Original Issue Date.

Registration:

Notes will be issued only in fully registered form.

Calculation of Interest:

Unless otherwise specified therein and in the applicable Pricing Supplement, interest (including

payments for partial periods) on Fixed Rate Notes having maturities of greater than one year will be computed and paid semi-annually on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Fixed Rate Notes having maturities of one year or less will be computed on the basis of the actual number of days in the year divided by 360 and will be payable only at maturity. Unless otherwise specified therein and in the applicable Pricing Supplement, interest on Floating Rate Notes will be calculated and paid on the basis of the actual number of days in the year divided by 360 in the case of Commercial Paper Rate Notes, LIBOR Notes, Federal Funds Rate Notes and Prime Rate Notes, and by the actual number of days in the year divided by 365 or 366, as the case may be, in the case of CMT Rate Notes and Treasury Rate Notes.

Redemption/Repayment:

The Notes will be subject to redemption by the Issuing Bank on and after their respective Initial Redemption Dates, if any; provided, further, that so long as required under then applicable law (including without limitation, applicable capital regulations), Subordinated Notes may not be redeemed by the Issuing Bank prior to their Maturity Date without the prior written approval of the Office of the Comptroller of the Currency (the "OCC"). Initial Redemption Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note. If no Initial Redemption Dates are indicated with respect to a Note, such Note will not be redeemable prior to its Maturity Date.

The Notes will be subject to repayment at the option of the holders thereof in accordance with the terms of the Notes on their respective Holder's Optional Repayment Dates, if any; provided, further, that so long as required under then applicable law (including without limitation, applicable capital regulations), Subordinated Notes which are subject to repayment may not be repaid at the option of the holder, in

Acceptance and Rejection
of Offers:

whole or in part, prior to their Maturity Date without the prior written approval of the OCC. Holder's Optional Repayment Dates, if any, will be fixed at the time of sale and set forth in the applicable Pricing Supplement and in the applicable Note, and in the case of a Subordinated Note, will not be earlier than five years after the Original Issue Date of such Subordinated Note. If no Holder's Optional Repayment Dates are indicated with respect to a Note, such Note will not be repayable at the option of the holder prior to its Maturity Date.

Preparation of Pricing Supplement:

When the Dealer is soliciting offers to purchase the Notes, the Issuing Bank shall have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. Each Dealer shall promptly communicate to the Issuing Bank, orally, each offer to purchase Notes solicited by such Dealer on an agency basis, other than those offers rejected by the Dealer. Each Dealer shall have the right, without notice to the Issuing Bank, to reject any proposed purchase of Notes through it, in whole or in part.

Procedure for Changing Rates
or Other Variable Terms:

If any offer to purchase a Note is accepted by the Issuing Bank, the Issuing Bank, with the approval of the Dealer which presented such offer (the "Presenting Dealer"), will prepare a Pricing Supplement reflecting the terms of such Note.

When the Dealers are soliciting offers to purchase the Notes from the Issuing Bank and a decision has been reached to change the interest rate or any other variable term on any Notes being sold by the Issuing Bank, the Issuing Bank will promptly advise the Dealers and the Dealers will forthwith suspend solicitation of offers to purchase such Notes. The Dealers will telephone the Issuing Bank with recommendations as to the changed interest rates or other variable terms. At such time as the Issuing Bank advises the Dealers of the new interest rates or other variable terms, the Dealers may resume solicitation of offers to purchase such Notes. Until

Suspension of Solicitation;
Amendment or Supplement:

such time, only "indications of interest" may be recorded. Immediately after acceptance by the Issuing Bank of an offer to purchase at a new interest rate or new variable term, the Issuing Bank and the Presenting Dealer shall follow the procedures set forth under the applicable "Settlement Procedures."

While the Dealers are soliciting offers to purchase Notes from the Issuing Bank, the Issuing Bank may instruct the Dealers to suspend solicitation of offers to purchase Notes at any time. Upon receipt of such instructions, the Dealers will forthwith suspend solicitation of offers to purchase Notes from the Issuing Bank until such time as the Issuing Bank has advised them that solicitation of offers to purchase may be resumed. If the Issuing Bank decides to amend the Offering Circular (including incorporating any documents by reference therein) or supplement any of such documents (other than to change rates or other variable terms), it will immediately notify, with confirmation in writing to follow, the Dealers and will furnish the Dealers and their counsel with copies of the proposed amendment (including any document proposed to be incorporated by reference therein) or supplement; provided, however, that the Issuing Bank shall be required to provide such notice and copies only to the extent that it is required to do so pursuant to the terms of the Distribution Agreement. One copy of such proposed amendment or supplement will be delivered or mailed to the Dealers at the respective addresses set forth in Schedule I to the Distribution Agreement

In the event that at the time the solicitation of offers to purchase Notes from the Issuing Bank is suspended (other than to change interest rates, maturities, prices or other similar variable terms with respect to the Notes) there shall be any offers to purchase Notes that have been accepted by the Issuing Bank which have not been settled, the Issuing Bank will promptly advise the Dealers whether such offers may be settled and whether copies of the Offering Circular, as theretofore amended and/or supplemented, as in

Delivery of Offering Circular:

effect at the time of such suspension may be delivered in connection with the settlement of such orders. The Issuing Bank will have the sole responsibility for such decision and for any arrangements which may be made in the event that the Issuing Bank determines that such orders may not be settled or that copies of such Offering Circular may not be so delivered.

Authenticity of Signatures:

A copy of the most recent Offering Circular and Pricing Supplement must accompany or precede the earlier of (a) the written confirmation of a sale sent to a customer or his agent and (b) the delivery of Notes to a customer or his agent. The Issuing Bank will provide Offering Circulars to the Dealers and the Dealers will forward Offering Circulars to their customers or their customers' agents.

Documents Incorporated by Reference:

The Dealers will have no obligations or liability to the Issuing Bank or the Issuing and Paying Agent in respect of the authenticity of the signature of any officer, employee or agent of the Issuing Bank or the Issuing and Paying Agent on any Note.

Business Day:

The Issuing Bank shall supply the Dealers with an adequate supply of all documents incorporated by reference in the Offering Circular.

“Business Day” means, unless specified in the applicable Note, any day that is not a Saturday or Sunday and that in The City of New York or in Pittsburgh, Pennsylvania is not a day on which banking institutions are authorized or required by law, regulation or executive order to close, and with respect to Notes as to which LIBOR is an applicable Interest Rate Basis (as defined below), is also a London Banking Day. “London Banking Day,” unless otherwise specified in the applicable Note, means any day on which commercial banks are open for business (including any day on which dealings in the Designated LIBOR Currency (as defined in applicable Floating Rate Note)) in London.

Issuance: All Fixed Rate Notes of the Issuing Bank issued in book-entry form having the same Original Issue Date, Interest Rate, Interest Payment Dates, Regular Record Dates, Default Rate, Maturity Date, redemption and/or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions (collectively, the “Fixed Rate Terms”) will be represented initially by a single Global Note in fully registered form; and all Floating Rate Notes of the Issuing Bank issued in book-entry form having the same Original Issue Date, interest rate basis upon which interest may be determined (each, an “Interest Rate Basis”), which may be the CMT Rate, the Commercial Paper Rate, LIBOR, the Treasury Rate, the Federal Funds Rate, the Prime Rate and any other rate set forth by the Issuing Bank in a Floating Rate Note, Initial Interest Rate, Index Maturity, Spread and/or Spread Multiplier, if any, Regular Record Dates, Maximum Interest Rate, if any, Minimum Interest Rate, if any, Interest Payment Dates, Interest Payment Period, Interest Reset Dates, Interest Reset Period, Alternate Rate Event Spread, LIBOR Screen, if any, CMT Moneyline Telerate Page, if any, Calculation Agent, Default Rate, Maturity Date, redemption or repayment terms, if any, original issue discount terms, if any, and otherwise having identical terms and provisions, (collectively, the “Floating Rate Terms”) will be represented initially by a single Global Note.

Identification: The Issuing Bank has arranged with the CUSIP Service Bureau operated by Standard & Poor’s for the American Bankers Association (the “CUSIP Service Bureau”) for the reservation of CUSIP numbers assignable to Senior Notes with maturities of more than one year, CUSIP numbers assignable to Senior Notes with maturities of more than nine months up to and including one year, and CUSIP numbers assignable to Subordinated Notes (if the Issuing Bank is so authorized to issue Subordinated Notes), consisting of CUSIP numbers which have been reserved for and relating to Global Notes, and the Issuing Bank has delivered to DTC such list of such CUSIP numbers. The Issuing and Paying Agent will

assign CUSIP numbers to Global Notes as described below under Settlement Procedure C. DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Issuing and Paying Agent has assigned to the Global Notes. The Issuing and Paying Agent will notify the Issuing Bank at any time when fewer than 100 of the reserved CUSIP numbers of any series remain unassigned to Global Notes and, if it deems it necessary, the Issuing Bank will reserve additional CUSIP numbers of such series for assignment to Global Notes. Upon obtaining such additional CUSIP numbers, the Issuing Bank will deliver a list of such additional numbers to the Issuing and Paying Agent and DTC. Book-Entry Notes having an aggregate principal amount in excess of \$500,000,000 and otherwise required to be represented by the same Global Note will instead be represented by two or more Global Notes which shall all be assigned the same CUSIP number.

Registration:

Unless otherwise specified by DTC, each Global Note will be registered in the name of Cede & Co., as nominee for DTC, on the register maintained by the Issuing and Paying Agent. The owner of a Book-Entry Note (i.e., an owner of a beneficial interest in a Global Note) (or one or more indirect participants in DTC designated by such owner) will designate one or more participants in DTC (with respect to such Book-Entry Note, the "Participants") to act as agent for such beneficial owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Book-Entry Notes in the account of such Participants. The ownership interest of such beneficial owner in such Global Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers:

Transfers of a beneficial interest in a Global Note will be accomplished by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Global Note.

Exchanges:

The Issuing and Paying Agent may deliver to DTC and the CUSIP Service Bureau at any time a written notice specifying (a) the CUSIP numbers of two or more Global Notes outstanding on such date that represent Notes having the same Fixed Rate Terms or Floating Rate Terms, as the case may be (other than Original Issue Dates), and for which interest has been paid to the same date; (b) a date, occurring at least 30 days after such written notice is delivered and at least 30 days before the next Interest Payment Date for the related Book-Entry Notes, on which such Global Notes shall be exchanged for one or more replacement Global Notes; and (c) a new CUSIP number, obtained from the Issuing and Paying Agent, to be assigned to such replacement Global Note. Upon receipt of such notice, DTC will send to its Participants a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, the Issuing and Paying Agent will deliver to the CUSIP Service Bureau written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Notes to be exchanged will no longer be valid. On the specified exchange date, the Issuing and Paying Agent will exchange such Global Notes for a single Global Note bearing the new CUSIP number, and the CUSIP numbers of the exchanged Global Notes will, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. Notwithstanding the foregoing, if the Global Notes to be exchanged exceed \$500,000,000 in aggregate principal amount, one replacement Global Note will be authenticated and issued to represent each \$500,000,000 of principal amount of the exchanged Global Notes and an additional Global Note or Global Notes will be authenticated and issued in exchange for any remaining principal amount of such exchanged Global Notes representing such Book-Entry Notes (see “Denominations” below).

Denominations:

All Book-Entry Notes will be denominated in U.S. dollars. Book-Entry Notes will be issued in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Global Notes representing Book-Entry Notes will be denominated in principal amounts not in excess of \$500,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$500,000,000 would, but for the preceding sentence, be represented by a single Global Note, then one Global Note will be issued to represent each \$500,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Note or Global Notes will be issued to represent any remaining principal amount of such Book-Entry Notes. In such case, each of the Global Notes representing such Book-Entry Notes shall be assigned the same CUSIP number. Each owner of a beneficial interest in one or more Book-Entry Notes is required to hold that beneficial interest in denominations of \$250,000 principal amount or any integral multiple of \$1,000 in excess thereof of each such Book-Entry Note at all times.

Interest:

General. Interest on each Book-Entry Note will accrue from the Original Issue Date or the most recent Interest Payment Date for which interest has been paid. Each payment of interest on a Book-Entry Note shall include interest accrued through the day preceding, as the case may be, the Interest Payment Date, Maturity Date or date of earlier redemption or repayment. Interest payable on the Maturity Date or date of earlier redemption or repayment of a Book-Entry Note will be payable to the holder to whom the principal of such Book-Entry Note is payable. DTC will arrange for each pending deposit message described under Settlement Procedure D below to be transmitted to the Standard & Poor's Ratings Services, which will use the information in the message to include certain terms of the related Book-Entry Note in the appropriate daily bond report published by the Standard & Poor's Ratings Services.

Regular Record Dates. Unless otherwise specified in the applicable Pricing Supplement, the Regular

Record Date with respect to any Interest Payment Date for a Fixed Rate Book-Entry Note with a maturity of greater than one year and for a Floating Rate Book-Entry Note shall be the date 15 calendar days (whether or not a Business Day) prior to such Interest Payment Date. Unless otherwise specified in the applicable Pricing Supplement, interest on a Fixed Rate Book-Entry Note with a maturity of one year or less will be payable only at maturity to the person to whom principal shall be payable.

Interest Payment Dates. Interest payments will be made on each Interest Payment Date commencing with the first Interest Payment Date following the Original Issue Date; provided, however, that the first payment of interest on any Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the second Interest Payment Date following the Original Issue Date. If any Interest Payment Date of a Fixed Rate Book-Entry Note falls on a day which is not a Business Day, the related payment of interest on such Fixed Rate Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date. If any Interest Payment Date with respect to any Floating Rate Book-Entry Note would otherwise be a day that is not a Business Day, such Interest Payment Date will be the next succeeding Business Day, except that in the case of a LIBOR Book-Entry Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day.

Fixed Rate Book-Entry Notes. Unless otherwise specified in the applicable Pricing Supplement, interest payments on Fixed Rate Book-Entry Notes having maturities of greater than one year will be payable on the Interest Payment Dates specified in the Fixed Rate Book-Entry Notes and on the Maturity Date. Unless otherwise specified in the applicable Pricing Supplement, interest on Fixed Rate Book-Entry Notes having maturities of one year or less will be payable only at maturity.

Floating Rate Notes. Interest payments on Floating Rate Book-Entry Notes will be made as specified in the Floating Rate Book-Entry Note.

Notice of Interest Payments and Regular Record Dates. On the first Business Day after any Regular Record Date, the Issuing and Paying Agent will deliver to DTC a written list of Regular Record Dates and Interest Payment Dates that will occur during the six-month period beginning on such first Business Day with respect to Floating Rate Book-Entry Notes. Promptly after each Interest Determination Date for Floating Rate Book-Entry Notes, the Issuing and Paying Agent will notify the Standard & Poor's Ratings Services of the interest rates determined on such Interest Determination Date.

Payments of Principal and Interest:

Payments of Interest Only. Promptly after each Regular Record Date, the Issuing and Paying Agent will deliver to the Issuing Bank and DTC a written notice specifying by CUSIP number the amount of interest to be paid on each Book-Entry Note on the following Interest Payment Date (other than an Interest Payment Date coinciding with the Maturity Date or date of earlier redemption or repayment) and the total of such amounts. DTC will confirm the amount payable on each Book-Entry Note on such Interest Payment Date by reference to the daily bond reports published by the Standard & Poor's Ratings Services. On such Interest Payment Date, the Issuing Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, an amount sufficient to pay the total amount of interest then due and owing (other than on the Maturity Date or date of earlier redemption or repayment), at the times and in the manner set forth below under "Manner of Payment."

Payments on the Maturity Date or Date of Earlier Redemption or Repayment. On or about the first Business Day of each month, the Issuing and Paying

Agent will deliver to DTC a written list of principal of, premium, if any, and interest on, each Book-Entry Note maturing on any Maturity Date or date of earlier redemption or repayment in the following month. The Issuing and Paying Agent and DTC will confirm the amounts of such principal of, premium, if any, and interest on, a Book-Entry Note on or about the fifth Business Day preceding such date. On such Maturity Date or date of earlier redemption or repayment, the Issuing Bank will pay to the Issuing and Paying Agent, and the Issuing and Paying Agent in turn will pay to DTC, the principal amount of such Book-Entry Note, together with interest and premium, if any, due on such Maturity Date or date of earlier redemption or repayment, at the times and in the manner set forth below under “Manner of Payment.” If any Maturity Date or date of earlier redemption or repayment of a Book-Entry Note falls on a day which is not a Business Day, the related payment of principal of, premium, if any, or interest on, such Book-Entry Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment were due, and no interest shall accrue on the amount so payable for the period from and after such Maturity Date or date of earlier redemption or repayment, as the case may be. Promptly after payment to DTC of the principal of, premium, if any, and interest due on, the Maturity Date or date of earlier redemption or repayment of all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will cancel such Global Note and deliver such Global Note to the Issuing Bank with an appropriate debit advice. On the first Business Day of each month, the Issuing and Paying Agent will deliver to the Issuing Bank a written statement indicating the total principal amount of outstanding Global Notes as of the close of business on the immediately preceding Business Day.

Manner of Payment. The total amount of any principal of, premium, if any, and interest on, Book-Entry Notes due on any Interest Payment Date or Maturity Date or date of earlier redemption or repayment shall be paid by the Issuing Bank to the

Issuing and Paying Agent in immediately available funds available for use by the Issuing and Paying Agent no later than 1:00 p.m., New York City time, on such date. The Issuing Bank will make such payment on such Book-Entry Notes by instructing the Issuing and Paying Agent to withdraw funds from an account maintained by the Issuing Bank at the Issuing and Paying Agent. The Issuing Bank will confirm such instructions in writing to the Issuing and Paying Agent. Upon receipt of such funds, the Issuing and Paying Agent will pay by separate wire transfer (using message entry instructions in a form previously specified by DTC) to an account previously specified by DTC, in funds available for immediate use by DTC, each payment of principal of, premium, if any, and interest on, a Book-Entry Note on such date. Thereafter on such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names Book-Entry Notes are recorded in the book-entry system maintained by DTC. Neither the Issuing Bank nor the Issuing and Paying Agent will have any responsibility or liability for the payment by DTC of the principal of, premium, if any, or interest on, the Book-Entry Notes to such Participants.

Withholding Taxes. The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Note will be determined and withheld by the Participant, indirect participant in DTC or other person responsible for forwarding payments and materials directly to the beneficial owner of such Book-Entry Note.

Settlement Procedures:

Settlement Procedures with regard to Book-Entry Notes purchased by each Dealer as principal or sold by each Dealer, as agent of the Issuing Bank, will be as follows:

- A. The Presenting Dealer will advise the Issuing Bank by telephone, confirmed by facsimile, of the following settlement information:
 - 1. Principal amount of such Book-Entry Notes.

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2. Whether the Note is a Short-Term Senior Note, Medium-Term Senior Note or a Subordinated Note.
 3. (a) Fixed Rate Book-Entry Notes:
 - (i) Interest Rate;
 - (ii) Interest Payment Dates for Fixed Rate Book-Entry Notes; and
 - (b) Floating Rate Book-Entry Notes:
 - (i) Initial Interest Rate;
 - (ii) Interest Rate Basis;
 - (iii) Index Maturity;
 - (iv) Spread and/or Spread Multiplier, if any;
 - (v) Maximum Interest Rate, if any;
 - (vi) Minimum Interest Rate, if any;
 - (vii) Interest Payment Dates;
 - (viii) Interest Payment Period;
 - (ix) Interest Reset Dates;
 - (x) Calculation Agent (if other than the Issuing and Paying Agent);
 - (xi) Interest Reset Period;
 - (xii) Other terms, if any.
 4. Price to public, if any, of such Book-Entry Notes (if such Book-Entry Notes are not being offered "at the market").
 5. Settlement Date (Original Issue Date).
 6. Trade Date.

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7. Maturity Date.
 8. Redemption provisions, if any, including: Initial Redemption Date, Initial Redemption Percentage and Annual Redemption Percentage Reduction.
 9. Repayment provisions, if any, including: Holder's Optional Repayment Date(s).
 10. The Presenting Dealer's commission or discount, as applicable.
 11. Such other information specified with respect to such Book-Entry Notes.
- B. If any offer to purchase a Note is accepted by the Issuing Bank, the Issuing Bank, with the approval of the Presenting Dealer, will prepare a Pricing Supplement reflecting the information set forth in Settlement Procedure A above, and will transmit the Pricing Supplement to the Presenting Dealer by electronic or facsimile transmission.
- C. The Issuing Bank will advise the Issuing and Paying Agent by electronic means, telephone (confirmed in writing at any time on the same date), facsimile transmission or by other acceptable means of the information set forth in Settlement Procedure A above, and the name of the Presenting Dealer. The Issuing and Paying Agent on behalf of the Issuing Bank will assign a CUSIP number of the appropriate series to the Global Note representing such Book-Entry Notes and will notify the Issuing Bank by facsimile transmission or other electronic transmission of such CUSIP number as soon as practicable, and as soon thereafter as practicable, the Issuing Bank will notify the Presenting Dealer by telephone of such CUSIP number. Each such instruction given by the Issuing Bank to the Issuing and Paying Agent will constitute a representation and warranty by the Issuing Bank to the Issuing and Paying Agent and the Dealers that (i) the issuance and delivery of such Global Note has been duly and validly authorized by the Issuing Bank and (ii) that such Global Note, when completed,

authenticated and delivered pursuant to the Issuing and Paying Agency Agreement, will constitute the valid and legally binding obligation of the Issuing Bank.

- D. The Issuing and Paying Agent will communicate to DTC and the Presenting Dealer through DTC's Participant Terminal System, a pending deposit message specifying the following settlement information:
1. The information set forth in Settlement Procedure A.
 2. The identification numbers of the participant accounts maintained by DTC on behalf of the Issuing and Paying Agent and the Presenting Dealer.
 3. Identification as a Senior Note or a Subordinated Note.
 4. Identification as a Fixed Rate Book-Entry Note or Floating Rate Book-Entry Note.
 5. The initial Interest Payment Date for each Global Note representing such Book-Entry Notes, the number of days by which such date succeeds the related Regular Record Date for DTC purposes and, if then calculable, the amount of interest payable on such Interest Payment Date (which amount shall have been confirmed by the Issuing and Paying Agent).
 6. The CUSIP number of each Global Note representing such Book-Entry Notes.
 7. Whether such Global Note represents any other Notes issued or to be issued in book-entry form.
- E. The Issuing and Paying Agent will complete, authenticate and deliver to DTC by retention as custodian for DTC the Global Note representing such Book-Entry Notes in a form that has been approved by the Issuing Bank, the Issuing and Paying Agent and the Dealers.
- F. DTC will credit the Book-Entry Notes represented by such Global Note to the participant account of the Issuing and Paying Agent maintained by DTC except as provided in Settlement Procedure H below.

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- G. The Issuing and Paying Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Issuing and Paying Agent's participant account and credit such Book-Entry Notes to the participant account of the Presenting Dealer maintained by DTC and (ii) to debit the settlement account of the Presenting Dealer and credit the settlement account of the Issuing and Paying Agent maintained by DTC, in an amount equal to the price of such Book-Entry Notes less such Dealer's commission. Any entry of such deliver order shall be deemed to constitute a representation and warranty by the Issuing and Paying Agent to DTC that (i) the Global Note representing such Book-Entry Notes has been issued and authenticated and (ii) the Issuing and Paying Agent is holding such Global Note pursuant to the Certificate Agreement.
- H. In the case of Book-Entry Notes sold through a Dealer acting as agent, the Presenting Dealer will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Presenting Dealer's participant account and credit such Book-Entry Notes to the participant account of the Participants maintained by DTC and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Presenting Dealer maintained by DTC, in an amount equal to the initial public offering price of such Book-Entry Notes.
- I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures G and H will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.
- J. The Issuing and Paying Agent will credit to an account of the Issuing Bank maintained at the

Issuing and Paying Agent funds available for immediate use in the amount transferred to the Issuing and Paying Agent in accordance with Settlement Procedure G.

K. In the case of Book-Entry Notes sold through a Dealer acting as agent, the Presenting Dealer will confirm the purchase of such Book-Entry Notes to the purchaser either by transmitting to the Participant with respect to such Book-Entry Notes a confirmation order through DTC's Participant Terminal System or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable:

For offers to purchase Book-Entry Notes accepted by the Issuing Bank, Settlement Procedures A through K set forth above shall be completed as soon as possible. However, all information on sales settling one day or more after the Trade Date will be transmitted to DTC no later than 10:00 a.m. on the Settlement Date.

If a sale is to be settled on the same Business Day as the Trade Date, Settlement Procedure A shall be completed no later than 11:00 a.m. on such Business Day, Settlement Procedure C shall be completed no later than 12:00 p.m. on such Business Day and Settlement Procedure D shall be completed no later than 1:00 p.m. on such Business Day.

If a sale is to be settled more than one Business Day after the Trade Date, Settlement Procedures A and B must be completed no later than 4:00 p.m. on the Trade Date and Settlement Procedures C and D may, if necessary, be completed at any time on the first Business Day after such Trade Date. Settlement Procedure I is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Note is rescheduled or cancelled, the Issuing and Paying Agent will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m., New York City time, on the Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Issuing and Paying Agent fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure G, then the Issuing and Paying Agent may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Book-Entry Note to the participant account of the Issuing and Paying Agent maintained at DTC. DTC will process the withdrawal message, provided that such participant account contains a principal amount of the Global Note representing such Book-Entry Note that is at least equal to the principal amount to be debited. If withdrawal messages are processed with respect to all Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will mark such Global Note "cancelled," make appropriate entries in its records and return such Global Note to the Issuing Bank. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. If withdrawal messages are processed with respect to some of the Book-Entry Notes represented by a Global Note, the Issuing and Paying Agent will exchange such Global Note for two Global Notes, one of which shall represent the Book-Entry Notes for which such withdrawal messages are processed and shall be cancelled immediately after issuance, and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

In the case of any Book-Entry Note sold through a Dealer, acting as agent, if the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Book-Entry Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the

applicable Dealer may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures G and H, respectively. Thereafter, the Issuing and Paying Agent will deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Dealer to perform its obligations hereunder or under the Distribution Agreement, the Issuing Bank will reimburse such Dealer on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Issuing Bank.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to a Book-Entry Note that was to have been represented by a Global Note also representing other Book-Entry Notes, the Issuing and Paying Agent will provide, in accordance with Settlement Procedure E, for the authentication and issuance of a Global Note representing such remaining Book-Entry Notes and will make appropriate entries in its records.

[Schedules omitted]

FORMS OF EMPLOYEE STOCK OPTION, RESTRICTED STOCK,
RESTRICTED DEFERRAL, AND INCENTIVE SHARE AGREEMENTS

FORM OF STANDARD EMPLOYEE STOCK OPTION AGREEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

OPTIONEE: <Name>

GRANT DATE: _____, 200_

OPTION PRICE: \$ _____ per share

COVERED SHARES: «Shares»

Terms defined in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time (“Plan”) are used in this Agreement (“Agreement”) as defined in the Plan unless otherwise defined in the Agreement or an Annex thereto. In the Agreement, “PNC” means The PNC Financial Services Group, Inc. and “Corporation” means PNC and its Subsidiaries. For certain definitions, see Annex A attached hereto and incorporated herein by reference. Headings used in the Agreement and in the Annexes hereto are for convenience only and are not part of the Agreement and Annexes.

1. Grant of Option. Pursuant to the Plan and subject to the terms of the Agreement, PNC hereby grants to Optionee an Option to purchase from PNC that number of shares of PNC common stock specified above as the “Covered Shares,” exercisable at the Option Price.

2. Terms of the Option.

2.1 Type of Option. The Option is intended to be a Nonstatutory Stock Option without Rights.

2.2 Option Period. The Option is exercisable in whole or in part as to any Covered Shares as to which it is outstanding and has become exercisable (“vested”) at any time and from time to time through the Expiration Date.

To the extent that the Option or relevant portion thereof is outstanding, the Option will vest as to Covered Shares as set forth in this Section 2.2.

(a) Unless the Option has become fully vested pursuant to Section 2.2(b), 2.2(c), 2.2(d) or 2.2(e), the Option will become exercisable (“vest”):

(i) as to one-third (1/3rd) of the Covered Shares (rounded down to the nearest whole Share), commencing on the first (1st) anniversary date of the Grant Date *provided that* Optionee is still an employee of the Corporation on such vesting date or is a Retiree whose Retirement date occurred on or after the six (6) month anniversary date of the Grant Date;

(ii) as to one-half (1/2) of the remaining Covered Shares (rounded down to the nearest whole Share), commencing on the second (2nd) anniversary date of the Grant Date *provided that* Optionee is still an employee of the Corporation on such vesting date or is a Retiree whose Retirement date occurred on or after the first (1st) anniversary date of the Grant Date; and

(iii) as to the remaining Covered Shares, commencing on the third (3rd) anniversary date of the Grant Date *provided that* Optionee is still an employee of the Corporation on such vesting date or is a Retiree whose Retirement date occurred on or after the first (1st) anniversary date of the Grant Date.

(b) If Optionee's employment is terminated by the Corporation by reason of Total and Permanent Disability and not for Cause, the Option will vest as to all outstanding Covered Shares as to which it has not otherwise vested commencing on Optionee's Termination Date.

(c) If Optionee's employment with the Corporation is terminated by reason of Optionee's death, the Option will immediately vest as to all outstanding Covered Shares as to which it has not otherwise vested, and the Option may be exercised by Optionee's properly designated beneficiary, by the person or persons entitled to do so under Optionee's will, or by the person or persons entitled to do so under the applicable laws of descent and distribution.

(d) If Optionee's employment with the Corporation is terminated during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, the Option will vest as to all outstanding Covered Shares as to which it has not otherwise vested commencing on Optionee's Termination Date.

(e) Notwithstanding any other provision of this Section 2.2, to the extent that the Option is outstanding but not yet fully vested at the time a Change in Control occurs, the Option will vest as to all then outstanding Covered Shares as to which it has not otherwise vested, effective as of the day immediately prior to the occurrence of the Change in Control, *provided that*, at the time the Change in Control occurs, Optionee is either (i) an employee of the Corporation or (ii) a former employee of the Corporation whose unvested Option, or portion thereof, is then outstanding and continues to qualify for vesting pursuant to the terms of Section 2.2(a)(i), (ii) and/or (iii).

If Optionee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Optionee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Optionee's employment with the Corporation terminates effective at the time this occurs.

2.3 Nontransferability; Designation of Beneficiary. The Option is not transferable or assignable by Optionee other than by transfer to a properly designated beneficiary in the event of death, or by will or the laws of descent and distribution.

During Optionee's lifetime, the Option may be exercised only by Optionee or, in the event of Optionee's legal incapacity, by his or her legal representative.

During Optionee's lifetime, Optionee may file with PNC, at such address and in such manner as PNC may from time to time direct, on a form to be provided by PNC on request, a designation of a beneficiary or beneficiaries (a "properly designated beneficiary") to hold and exercise Optionee's stock options, to the extent outstanding and exercisable, in accordance with their respective stock option agreements and the Plan in the event of Optionee's death. In the absence of a properly designated beneficiary, the Option will be held and may be exercised by the person or persons entitled to do so under Optionee's will or under the applicable laws of descent and distribution.

3. Capital Adjustments. The number and class of Covered Shares as to which the Option is outstanding and has not yet been exercised and the Option Price will be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect corporate transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")), including without limitation cancellation of the Option immediately prior to the effective time of the Corporate Transaction and payment, in cash, in consideration therefor, of an amount equal to the product of (a) the excess, if any, of the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction over the Option Price and (b) the total number of Covered Shares subject to the Option that were outstanding and unexercised immediately prior to the effective time of the Corporate Transaction.

All determinations hereunder will be made by the Committee in its sole discretion and will be final, binding and conclusive for all purposes on all parties, including without limitation the holder of the Option.

No fractional shares will be issued on exercise of the Option. PNC will determine the manner in which any fractional shares will be treated.

4. Exercise of Option.

4.1 Notice and Effective Date. The Option may be exercised, in whole or in part, by delivering to PNC written notice of such exercise, in such form as PNC may from time to time prescribe, accompanied by full payment of the aggregate Option Price with respect to that portion of the Option being exercised and satisfaction of any amounts required to be withheld pursuant to applicable tax laws in connection with such exercise.

In addition, notwithstanding Sections 4.2 and 4.3, Optionee may elect to complete his or her Option exercise through a brokerage service/margin account pursuant to the broker-assisted cashless option exercise procedure under Regulation T of the Board of Governors of the Federal Reserve System and in such manner as may be permitted by PNC from time to time consistent with said Regulation T.

The effective date of such exercise will be the Exercise Date. Until PNC notifies Optionee to the contrary, the form attached to the Agreement as Annex B shall be used to exercise the Option and the form attached to the Agreement as Annex C shall be used to make tax payment elections.

In the event that the Option is exercised, pursuant to Section 2.3, by any person or persons other than Optionee, such notice of exercise must be accompanied by appropriate proof of the derivative right of such person or persons to exercise the Option.

4.2 Payment of Option Price. Upon exercise of the Option, in whole or in part, Optionee may pay the aggregate Option Price (a) in cash, (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) having an aggregate Fair Market Value on the Exercise Date not exceeding that portion of the aggregate Option Price being paid using such shares, or (c) through a combination of cash and shares of PNC common stock; *provided, however,* that shares of PNC common stock used to pay all or any portion of the aggregate Option Price may not be subject to any contractual restriction, pledge or other encumbrance and must be shares that have been owned by Optionee for at least six (6) months prior to the Exercise Date and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed, or, in either case, for such other period as may be specified or permitted by PNC.

4.3 Payment of Taxes. Optionee may elect to satisfy any or all applicable federal, state, or local tax liabilities incurred in connection with exercise of the Option (a) by payment of cash, (b) subject to such terms and conditions as PNC may from time to time establish, through the retention by PNC of sufficient whole shares of PNC common stock otherwise issuable upon such exercise to satisfy the minimum amount of taxes required to be withheld in connection with such exercise, or (c) subject to such terms and conditions as PNC may from time to time establish, using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Optionee for at least six (6) months prior to the Exercise Date and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed, or, in either case, for such other period as may be specified or permitted by PNC.

For purposes of this Section 4.3, shares of PNC common stock that are used to satisfy applicable taxes will be valued at their Fair Market Value on the date the tax withholding obligation arises. In no event will the Fair Market Value of the shares of PNC common stock otherwise issuable upon exercise of the Option but retained pursuant to Section 4.3(b) exceed the minimum amount of taxes required to be withheld in connection with the Option exercise.

4.4 Effect. The exercise, in whole or in part, of the Option will cause a reduction in the number of unexercised Covered Shares as to which the Option is outstanding equal to the number of shares of PNC common stock with respect to which the Option is exercised.

5. Restrictions on Exercise and on Shares Issued on Exercise. Notwithstanding any other provision of the Agreement, the Option may not be exercised at any time that PNC does not have in effect a registration statement under the Securities Act of 1933 as amended relating to the offer of shares of PNC common stock under the Plan unless PNC agrees to permit such exercise. Upon the issuance of any shares of PNC common stock pursuant to exercise of the Option at a time when such a registration statement is not in effect, Optionee will, upon the request of PNC, agree in writing that Optionee is acquiring such shares for investment only and not with a view to resale and that Optionee will not sell, pledge, or otherwise dispose of such shares unless and until (a) PNC is furnished with an opinion of counsel to the effect that registration of such shares pursuant to the Securities Act of 1933 as amended is not required by that Act or by rules and regulations promulgated thereunder, (b) the staff of the SEC has issued a no-action letter with respect to such disposition, or (c) such registration or notification as is, in the opinion of counsel for PNC, required for the lawful disposition of such shares has been filed and has become effective; *provided, however*, that PNC is not obligated hereby to file any such registration or notification. PNC may place a legend embodying such restrictions on the certificate(s) evidencing such shares.

6. Rights as Shareholder. Optionee will have no rights as a shareholder with respect to any Covered Shares until the Exercise Date and then only with respect to those shares of PNC common stock issued upon such exercise of the Option and not retained as provided in Section 4.3.

7. Employment. Neither the granting of the Option evidenced by the Agreement nor any term or provision of the Agreement will constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Optionee for any period.

8. Subject to the Plan. The Option evidenced by the Agreement and the exercise thereof are subject to the terms and conditions of the Plan, which is incorporated by reference herein and made a part hereof, but the terms of the Plan will not be considered an enlargement of any benefits under the Agreement. In addition, the Option is subject to any rules and regulations promulgated by or under the authority of the Committee.

9. Optionee Covenants.

9.1 General. Optionee and PNC acknowledge and agree that Optionee has received adequate consideration with respect to enforcement of the provisions of Sections 9 and 10 hereof, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Optionee from earning a living.

9.2 Non-Solicitation; No-Hire. Optionee agrees to comply with the provisions of subsections (a) and (b) of this Section 9.2 while employed by the Corporation and for a period of twelve (12) months after Optionee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Optionee shall not, directly or indirectly, either for Optionee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Optionee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Optionee shall not, directly or indirectly, either for Optionee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on,

or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Optionee assist any other Person in such activities.

Notwithstanding the above, if Optionee's employment with the Corporation is terminated by the Corporation without Cause or by Optionee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.10 of Annex A or, if Optionee was a party to a CIC Severance Agreement that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 9.2 shall no longer apply and shall be replaced with the following subsection (c):

(c) No-Hire. Optionee agrees that Optionee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

9.3 Confidentiality. During Optionee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Optionee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Optionee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

9.4 Ownership of Inventions. Optionee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Optionee during the term of Optionee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Optionee agrees to assign and hereby does assign to PNC or its designee all of Optionee's right, title and interest, including copyrights and patent rights, in and to all Developments. Optionee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 9.4 shall be performed by Optionee without further compensation and shall continue beyond the Termination Date.

10. Enforcement Provisions. Optionee understands and agrees to the following provisions regarding enforcement of the Agreement.

10.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Optionee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

10.2 Equitable Remedies. A breach of the provisions of any of Sections 9.2, 9.3 or 9.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Optionee, and each and every person and entity acting in concert or participating with Optionee, from initiation and/or continuation of such breach.

10.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 9.2 by legal proceedings, the period during which Optionee shall comply with said provisions shall extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

10.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

10.5 Severability. The restrictions and obligations imposed by Sections 9.2, 9.3 and 9.4 are separate and severable, and it is the intent of Optionee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations shall remain valid and binding upon Optionee.

10.6 Reform. In the event any of Sections 9.2, 9.3 and 9.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Optionee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

10.7 Waiver of Jury Trial. Each of Optionee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 9.2, 9.3 and 9.4.

10.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Optionee, Optionee agrees to reimburse PNC for any amounts Optionee may be required to reimburse the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Optionee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

11. Amendment of Pre-2004 Options and Reloads. For purposes of all PNC stock options held by Optionee that were granted prior to January 1, 2004 and outstanding on February 18, 2004 (or, in the case of reload stock options, that were outstanding on February 18, 2004 or will be granted after February 18, 2004 in connection with the exercise of original stock options granted prior to January 1, 2004), the terms of each such option are amended to include, or shall include, as the case may be, the following provisions:

(a) Notwithstanding any other provision of such option relating to vesting, to the extent that the such option is outstanding but not yet fully vested at the time a Change in Control occurs, the option will vest as to all then outstanding Covered Shares as to which it has not otherwise vested, effective as of the day immediately prior to the occurrence of the Change in Control, *provided that*, at the time the Change in Control occurs, the optionee either (i) is an employee of the Corporation or (ii) is a former employee of the Corporation whose unvested option, or portion thereof, is then outstanding and continues to qualify for vesting under the terms of the relevant stock option agreement as amended;

(b) If there is a Change in Control, then notwithstanding any other provisions of such option relating to the date of expiration or expiration date of the option, to the extent that such option is outstanding and vested or vests at the time the Change in Control occurs, such option will not expire at the earliest before the close of business on the ninetieth (90th) day after the occurrence of the Change in Control (or the tenth (10th) anniversary of the Grant Date if earlier), *provided that*, either (i) the optionee is an employee of the Corporation at the time the Change in Control occurs and the optionee's employment with the Corporation is not terminated for Cause or (ii) the optionee is a former employee of the Corporation whose option, or portion thereof, is outstanding at the time the Change in Control occurs because it qualified and continues to qualify pursuant to the terms of the relevant stock option agreement as amended for an exception to the general rule that stock options expire at the time the optionee ceases to be an employee of the Corporation;

(c) If, under the relevant stock option agreement as amended, more than one exception to the general rule that stock options expire on termination of the optionee's employment with the Corporation is applicable to such option or a portion thereof, then the option, or such portion of the option, will expire in accordance with the provision or provisions of said agreement that specify the latest expiration date;

(d) If the terms of the relevant stock option agreement as amended provide for the early expiration of such stock option in certain circumstances where the optionee has engaged in competitive conduct or activity or in other conduct or activity that is inimical, contrary, harmful or detrimental to the Corporation's interests (a "detrimental conduct" provision), no determination that the optionee has engaged in such detrimental conduct may be made on or after the occurrence of a Change in Control; and

(e) If the termination of the optionee's employment with the Corporation meets the definition of Retirement, then with respect to any portion of the option that is outstanding and vested on optionee's retirement date or that qualifies for post-employment vesting under the terms of the relevant stock option agreement and vests thereafter, such option will qualify for an exception to the general rule that options expire at the time the optionee ceases to be an employee and will expire on the tenth (10th) anniversary date of the Grant Date, subject to the operation of any detrimental conduct provision that may be applicable.

The terms of PNC employee stock options granted after January 1, 2004 (including reload options granted after February 18, 2004) shall also include the capital adjustment provisions set forth in Section 3, unless and until the Committee determines otherwise.

12. Effective Date. If Optionee does not accept the grant of the Option by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms of the Agreement in any way, within sixty (60) days of receipt by Optionee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Option and the Agreement at any time prior to Optionee's delivery to PNC of a copy of the Agreement executed by Optionee.

Otherwise, upon execution and delivery of the Agreement by both PNC and Optionee and, in the event that Optionee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Option and the Agreement are effective as of the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf effective as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

Accepted and agreed to as of the Grant Date.

Optionee

Annex A - Certain Definitions
Annex B - Notice of Exercise
Annex C - Tax Payment Election Form

ANNEX A

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT
CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply to the Nonstatutory Stock Option Agreement (“Agreement”) to which this Annex A is attached.

A.1 “Board” means the Board of Directors of PNC.

A.2 “Cause.”

(a) “Cause” during a Coverage Period. If the termination of Optionee’s employment with the Corporation occurs during a Coverage Period, then, for purposes of the Agreement, “Cause” means:

(i) the willful and continued failure of Optionee to substantially perform Optionee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Optionee by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that Optionee has not substantially performed Optionee’s duties; or

(ii) the willful engaging by Optionee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (i) and (ii), no act or failure to act, on the part of Optionee, shall be considered willful unless it is done, or omitted to be done, by Optionee in bad faith and without reasonable belief that Optionee’s action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Optionee’s superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Optionee in good faith and in the best interests of the Corporation.

The cessation of employment of Optionee will be deemed to be a termination of Optionee’s employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Optionee, as part of the notice of Optionee’s termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Optionee is guilty of conduct described in clause (i) or (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Optionee, together with written notice that PNC believes that Optionee is guilty of conduct described in clause (i) or (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Optionee is given an opportunity, together with counsel, to be heard before the Board.

(b) “Cause” other than during a Coverage Period. If the termination of Optionee’s employment with the Corporation occurs other than during a Coverage Period, then, for purposes of the Agreement, “Cause” means:

(i) the willful and continued failure of Optionee to substantially perform Optionee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Optionee by PNC that

specifically identifies the manner in which it is believed that Optionee has not substantially performed Optionee's duties;

(ii) a material breach by Optionee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Optionee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Optionee for, or entry by Optionee into a pre-trial disposition with respect to, the commission of a felony; or

(v) entry of any order against Optionee, by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, that relates to or arises out of Optionee's employment or other service relationship with the Corporation.

The cessation of employment of Optionee will be deemed to have been a termination of Optionee's employment with the Corporation for Cause for purposes of the Agreement only if and when the CEO or his or her designee (or, if Optionee is the CEO, the Board) determines that Optionee is guilty of conduct described in clause (i), (ii) or (iii) above or that an event described in clause (iv) or (v) above has occurred with respect to Optionee and, if so, determines that the termination of Optionee's employment with the Corporation will be deemed to have been for Cause.

A.3 "CEO" means the chief executive officer of PNC.

A.4 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC or any of its Subsidiaries shall not by itself constitute a Change in Control.

A.5 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.7(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.7(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.6 "CIC Severance Agreement" means the written agreement, if any, between Optionee and PNC providing, among other things, for certain change in control severance benefits.

A.7 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.4; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.8 "Competitive Activity" means, for purposes of the Agreement and for purposes of determining whether Optionee will be deemed to have violated the detrimental conduct clause of Prior Options, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (1) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Optionee's Termination Date or (2) engaged in business activities that Optionee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Optionee's Termination Date, in either case whether Optionee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.9 "Corporation" means PNC and its Subsidiaries.

A.10 "Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is two (2) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period

will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is two (2) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clauses (a)(i) and (a)(ii) in the preceding sentence.

A.11 "Detrimental Conduct." For purposes of the Agreement and for purposes of determining whether Optionee will be deemed to have violated the detrimental conduct clause of Prior Options, "Detrimental Conduct" means:

- (i) Optionee has engaged, without the prior written consent of PNC (at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Optionee's Termination Date through the first (1st) anniversary of Optionee's Termination Date;
- (ii) a material breach by Optionee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;
- (iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Optionee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;
- (iv) any conviction (including a plea of guilty or of *nolo contendere*) of Optionee for, or entry by Optionee into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of Optionee's employment or other service relationship with the Corporation; or
- (v) entry of any order against Optionee, by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, that relates to or arises out of Optionee's employment or other service relationship with the Corporation.

Optionee will be deemed to have engaged in Detrimental Conduct, for purposes of the Agreement and for purposes of determining whether Optionee will be deemed to have violated the detrimental conduct clause of Prior Options, only if and when the CEO or his or her designee (or, if Optionee is the CEO, the Board) determines that Optionee has engaged in conduct described in clause (i) above, that Optionee is guilty of conduct described in clause (ii) or (iii) above, or that an event described in clause (iv) or (v) above has occurred with respect to Optionee and, if so, determines that Optionee will be deemed to have engaged in Detrimental Conduct.

A.12 "Exchange Act" means the Securities Exchange Act of 1934 as amended and the rules and regulations promulgated thereunder.

A.13 "Exercise Date" means the date on which PNC receives written notice, in such form as PNC may from time to time prescribe, of the exercise, in whole or in part, of the Option pursuant to the terms of the Agreement, subject to full payment of the aggregate Option Price and satisfaction of all taxes required to be withheld in connection with such exercise as provided in Sections 4.1, 4.2 and 4.3 of the Agreement.

A.14 "Expiration Date."

(a) Expiration Date. Expiration Date means the date on which the Option expires, which will be the tenth (10th) anniversary of the Grant Date unless the Option expires earlier pursuant to any of the provisions set forth in Sections A.14(b) through A.14(d);

provided, however, if there is a Change in Control, then notwithstanding Sections A.14(c) and A.14(d), to the extent that the Option is outstanding and vested or vests at the time the Change in Control occurs, the Option will not expire at the earliest before the close of business on the

ninetieth (90th) day after the occurrence of the Change in Control (or the tenth (10th) anniversary of the Grant Date if earlier), *provided that* either (1) Optionee is an employee of the Corporation at the time the Change in Control occurs and Optionee's employment with the Corporation is not terminated for Cause or (2) Optionee is a former employee of the Corporation whose Option, or portion thereof, is outstanding at the time the Change in Control occurs by virtue of the application of one or more of the exceptions set forth in Section A.14(c) and at least one of such exceptions is still applicable at the time the Change in Control occurs.

In no event will the Option remain outstanding beyond the tenth (10th) anniversary of the Grant Date.

(b) Termination for Cause. Upon a termination of Optionee's employment with the Corporation for Cause, unless the Committee determines otherwise, the Option will expire at the close of business on Optionee's Termination Date with respect to all Covered Shares, whether or not vested and whether or not Optionee is eligible to Retire or Optionee's employment also terminates for another reason.

(c) Ceasing to be an Employee other than by Termination for Cause If Optionee ceases to be an employee of the Corporation other than by termination of Optionee's employment for Cause, then unless the Committee determines otherwise, the Option will expire at the close of business on Optionee's Termination Date with respect to all Covered Shares, whether or not vested, except to the extent that the provisions set forth in subsection (1), (2), (3), (4) or (5) of this Section A.14(c) apply to Optionee's circumstances and such applicable subsection specifies a later expiration date for all or a portion of the Option. If more than one of such exceptions is applicable to the Option or a portion thereof, then the Option or such portion of the Option will expire in accordance with the provisions of the subsection that specifies the latest expiration date.

(1) Retirement. If the termination of Optionee's employment with the Corporation meets the definition of Retirement, then the Option will expire on the tenth (10th) anniversary of the Grant Date with respect to any Covered Shares as to which the Option is vested on the Retirement date or thereafter vests pursuant to Section 2.2 of the Agreement.

(2) Death. If Optionee's employment with the Corporation is terminated by reason of Optionee's death, then the Option will expire on the tenth (10th) anniversary of the Grant Date.

(3) Termination during a Coverage Period without Cause or with Good Reason If Optionee's employment with the Corporation is terminated (other than by reason of Optionee's death) during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, then the Option will expire on the third (3rd) anniversary of such Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(4) Total and Permanent Disability. If Optionee's employment is terminated by the Corporation by reason of Total and Permanent Disability, then the Option will expire on the third (3rd) anniversary of such Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(5) DEAP or Agreement or Arrangement in lieu of or in addition to DEAP In the event that (a) Optionee's employment with the Corporation is terminated by the Corporation, and Optionee is offered and has entered into the standard Waiver and Release Agreement with PNC or a Subsidiary under an applicable PNC or Subsidiary Displaced Employee Assistance Plan, or any successor plan by whatever name known ("DEAP"), or Optionee is offered and has entered into a similar waiver and release agreement between PNC or a Subsidiary and Optionee pursuant to the terms of an agreement or arrangement entered into by PNC or a Subsidiary and Optionee in

lieu of or in addition to the DEAP, and (b) Optionee has not revoked such waiver and release agreement, and (c) the time for revocation of such waiver and release agreement by Optionee has lapsed, then the Option will expire at the close of business on the ninetieth (90th) day after Optionee's Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date) with respect to any Covered Shares as to which the Option has already become vested; *provided, however*, that if Optionee returns to employment with the Corporation no later than said ninetieth (90th) day, then for purposes of the Agreement, the entire Option, whether vested or unvested, will be treated as if the termination of Optionee's employment with the Corporation had not occurred.

If the vested portion of the Option (or the entire Option if fully vested) will expire on Optionee's Termination Date unless the conditions set forth in this Section A.14(c)(5) are met, then such vested Option or portion thereof will not terminate on the Termination Date, but Optionee will not be able to exercise the Option after such Termination Date unless and until all of the conditions set forth in this Section A.14(c)(5) have been met and the Option will terminate on the ninetieth (90th) day after Optionee's Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(d) **Detrimental Conduct.** If the Option would otherwise remain outstanding after Optionee's Termination Date with respect to any of the Covered Shares pursuant to one or more of the exceptions set forth in the subsections of Section A.14(c), then notwithstanding the provisions of such exception or exceptions, the Option will expire on the date that PNC determines that Optionee has engaged in Detrimental Conduct, if earlier than the date on which the Option would otherwise expire; *provided, however*, that:

(1) no determination that Optionee has engaged in Detrimental Conduct may be made on or after the date of Optionee's death, and Detrimental Conduct will not apply to conduct by or activities of beneficiaries or other successors to the Option in the event of Optionee's death;

(2) in the event that Optionee's employment with the Corporation is terminated (other than by reason of Optionee's death) during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, whether or not another exception is applicable, no determination that Optionee has engaged in Detrimental Conduct may be made, for purposes of the Agreement and for purposes of determining whether Optionee will be deemed to have violated the detrimental conduct clause of Prior Options, on or after such Termination Date; and

(3) no determination that Optionee has engaged in Detrimental Conduct may be made after the occurrence of a Change in Control.

For purposes of Prior Options that contain a clause in the definition of expiration date or date of expiration providing for the early termination of the stock option in certain circumstances where the optionee has engaged in competitive conduct or activity or in other conduct or activity that is inimical, contrary, or harmful to the Corporation's interests (the "detrimental conduct clause"), the detrimental conduct clause of the Prior Options will be deemed to have the same meaning and application as this Section A.14(d), and the standard of conduct, standard of proof, and procedures to be followed when determining whether such detrimental conduct clause will apply and the impact on expiration of the stock option of making such determination will be the same as that provided for in this Section A.14(d).

A.15 "Good Reason" means:

(a) the assignment to Optionee of any duties inconsistent in any respect with Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control,

or any other action by the Corporation that results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Optionee;

(b) a reduction by the Corporation in Optionee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Optionee to be based at any office or location that is more than fifty (50) miles from Optionee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan in which Optionee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Optionee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue Optionee's participation in such plan (or in such substitute or alternative plan) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Optionee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Optionee with benefits substantially similar to those received by Optionee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which Optionee was participating, at costs substantially similar to those paid by Optionee, immediately prior to the CIC Triggering Event or the Change in Control.

A.16 "Grant Date" means the date set forth as the Grant Date on page 1 of the Agreement.

A.17 "Option" means the Nonstatutory Stock Option granted to Optionee in Section 1 of the Agreement pursuant to which Optionee may purchase shares of PNC common stock as provided in the Agreement.

A.18 "Option Price" means the dollar amount per share of PNC common stock set forth as the Option Price on page 1 of the Agreement.

A.19 "Optionee" means the person identified as Optionee on page 1 of the Agreement.

A.20 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.21 "PNC" means The PNC Financial Services Group, Inc.

A.22 "Prior Options" means PNC stock options granted prior to January 1, 2001 or, in the case of reload stock options, that were or will be granted in connection with the exercise of original stock options issued prior to that date.

A.23 "Retiree" means an Optionee who has Retired.

A.24 "Retire" or "Retirement" means termination of Optionee's employment with the Corporation (a) at any time on or after the first day of the first month coincident with or next following the date on which Optionee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Optionee's death or by the

Corporation for Cause or, unless the Committee determines otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries.

A.25 "Right(s)" means stock appreciation right(s) in accordance with the terms of Article 7 of the Plan.

A.26 "SEC" means the Securities and Exchange Commission.

A.27 "Termination Date" means Optionee's last date of employment with the Corporation. If Optionee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Optionee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Optionee's employment with the Corporation terminates effective at the time this occurs.

A.28 "Total and Permanent Disability" means, unless the Committee determines otherwise, Optionee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

FORM OF ADDENDUM TO STOCK OPTION AGREEMENT
FOR GRANTS WITH RELOAD FEATURE

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

ADDENDUM
TO
NONSTATUTORY STOCK OPTION AGREEMENT ("AGREEMENT")
DATED _____, 200__

OPTIONEE: <EMPLOYEE>
ORIGINAL OPTION GRANT DATE: _____, 200__
ORIGINAL OPTION PRICE: \$ _____ per share
ORIGINAL OPTION COVERED SHARES: <SHARES>

THIS ADDENDUM to the Agreement with respect to the original nonstatutory stock option referenced above ("Original Option") is made and entered into by and between The PNC Financial Services Group, Inc. ("PNC") and the optionee identified above ("Optionee") in order to provide for the grant of a certain additional stock option or options ("Reload Option") upon the terms and conditions set forth in this Addendum and the Reload Nonstatutory Stock Option Agreement for each such grant subsequently delivered to Optionee by PNC and signed by the parties.

1. Definitions. Terms defined in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time ("Plan"), or in the Agreement or an Annex thereto, are used in this Addendum as defined in the Plan, or in the Agreement or an Annex thereto, unless otherwise defined in this Addendum.

2. Grant of Reload Option. Provided that Optionee exercises all or a portion of the Original Option while employed by PNC or one of its Subsidiaries and in the manner specified in Section 3 of this Addendum, Optionee will be granted a Reload Option, as set forth in Section 4 of this Addendum, in connection with each such exercise. Such Reload Option will be granted upon the terms and conditions set forth in a Reload Nonstatutory Stock Option Agreement provided to Optionee for such grant by PNC following the exercise of the Original Option, subject to Optionee's timely acceptance of such grant in the manner specified in such Reload Nonstatutory Stock Option Agreement.

3. Required Manner of Original Option Exercise. To receive a Reload Option, Optionee must exercise all or a portion of the Original Option while employed by PNC or one of its Subsidiaries, and must pay all or a portion of the aggregate Option Price for such exercise or satisfy all or a portion of the minimum, exercise-related withholding tax requirements incurred in connection with such exercise, or both, in the following manner:

- *Exercise Price*: Pay all or a portion of the aggregate Option Price, in accordance with and subject to the limitations of Section 4.2 of the Agreement, for exercise of the Original Option or portion thereof using eligible previously-acquired shares of PNC common stock, either by physically delivering certificates for the shares to PNC or through PNC's attestation procedure, where Optionee delivers an executed affidavit of share ownership form to PNC in which Optionee attests to ownership of a specified number of eligible previously-acquired shares of PNC common stock (which may be in certificated or non-certificated form).
- *Exercise-Related Withholding Taxes*: Satisfy all or a portion of the minimum, exercise-related withholding tax requirements incurred in connection with exercise of the Original Option or portion thereof, in accordance with and subject to the limitations of Section 4.3 of the Agreement, either (i) using eligible previously-acquired shares of PNC common stock (either by physical

delivery of the share certificates to PNC or through PNC's attestation procedure) or (ii) by having PNC retain shares otherwise issuable to Optionee on exercise of the Original Option or portion thereof and attesting to PNC that Optionee owns a number of eligible previously-acquired shares of PNC common stock at least equal to the number of shares retained.

Eligible Shares. In order for shares to be eligible previously-acquired shares of PNC common stock for purposes of this Section 3 of the Addendum ("Eligible Shares"), Optionee must have owned those shares for at least six (6) months prior to the Original Option Exercise Date and, in the case of restricted stock, at least six (6) months must have passed since the restrictions lapsed, or, in either case, such other period as may be specified or permitted by PNC. In addition, to be Eligible Shares, those shares cannot be subject to any contractual restriction, pledge or other encumbrance.

4. Nature of Reload Option.

(a) A Reload Option will be an Option to purchase, at Fair Market Value as of the Original Option Exercise Date, a number of shares of PNC common stock equal to the aggregate number of whole Eligible Shares that Optionee, in the manner set forth in Section 3 of this Addendum, either used or attested to the ownership of in connection with the exercise of all or a portion of the Original Option, in order to pay all or a portion of the aggregate Option Price for such exercise, to satisfy all or a portion of the minimum, exercise-related withholding tax requirements incurred in connection with such exercise, or both.

Any additional Eligible Shares that Optionee may decide to use for exercise-related tax withholding in excess of the minimum required withholding amount are not counted in determining the number of shares of PNC common stock underlying a Reload Option.

(b) Subject generally to the lapse of a one-year vesting period beginning upon the Reload Option's Grant Date, a Reload Option will be exercisable only between its Grant Date and the Original Option Expiration Date, and only in accordance with the terms and conditions of the governing Reload Nonstatutory Stock Option Agreement.

5. No Additional Reload Option. No Reload Option will entitle Optionee to receive another Reload Option upon its exercise.

6. Applicable Law. Notwithstanding anything in this Addendum, PNC will not be required to comply with any term, covenant or condition of this Addendum if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Optionee, Optionee agrees to reimburse PNC for any amounts Optionee may be required to reimburse the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of this Addendum to the extent that doing so would require that Optionee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

7. Effective Date. This Addendum will not be effective unless and until the Original Option Agreement is effective in accordance with its terms. Upon effectiveness of the Original Option Agreement and upon execution and delivery of this Addendum by both PNC and Optionee, this Addendum is effective as of the Original Option Grant Date.

IN WITNESS WHEREOF, PNC has caused this Addendum to be signed on its behalf, effective as of the Original Option Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

Chairman and Chief Executive Officer

ATTEST:

By:

Corporate Secretary

Accepted and Agreed to as of the Original Option Grant Date:

Optionee

FORM OF STOCK OPTION AGREEMENT FOR
EXECUTIVE WITH 1-YEAR VESTING

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

OPTIONEE: <Name>
GRANT DATE: _____, 200_
OPTION PRICE: \$ _____ per share
COVERED SHARES: «Shares»

Terms defined in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time ("Plan") are used in this Agreement ("Agreement") as defined in the Plan unless otherwise defined in the Agreement or an Annex thereto. In the Agreement, "PNC" means The PNC Financial Services Group, Inc. and "Corporation" means PNC and its Subsidiaries. For certain definitions, see Annex A attached hereto and incorporated herein by reference. Headings used in the Agreement and in the Annexes hereto are for convenience only and are not part of the Agreement and Annexes.

1. Grant of Option. Pursuant to the Plan and subject to the terms of the Agreement, PNC hereby grants to Optionee an Option to purchase from PNC that number of shares of PNC common stock specified above as the "Covered Shares," exercisable at the Option Price.

2. Terms of the Option.

2.1 Type of Option. The Option is intended to be a Nonstatutory Stock Option without Rights.

2.2 Option Period. The Option is exercisable in whole or in part as to any Covered Shares as to which it is outstanding and has become exercisable ("vested") at any time and from time to time through the Expiration Date.

To the extent that the Option is otherwise outstanding, the Option will vest as to Covered Shares as set forth in this Section 2.2.

(a) Unless the Option has become vested pursuant to Section 2.2(b), 2.2(c), 2.2(d) or 2.2(e), the Option will become exercisable ("vest") as to all outstanding Covered Shares commencing on the first (1st) anniversary date of the Grant Date *provided that* Optionee is still an employee of the Corporation on such vesting date.

(b) If Optionee's employment is terminated by the Corporation by reason of Total and Permanent Disability and not for Cause, the Option will vest as to all outstanding Covered Shares as to which it has not otherwise vested commencing on Optionee's Termination Date.

(c) If Optionee's employment with the Corporation is terminated by reason of Optionee's death, the Option will immediately vest as to all outstanding Covered Shares as to which it has not otherwise vested, and the Option may be exercised by Optionee's properly designated beneficiary, by the person or persons entitled to do so under Optionee's will, or by the person or persons entitled to do so under the applicable laws of descent and distribution.

(d) If Optionee's employment with the Corporation is terminated during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, the Option will vest as to all outstanding Covered Shares as to which it has not otherwise vested commencing on Optionee's Termination Date.

(e) Notwithstanding any other provision of this Section 2.2, to the extent that the Option is outstanding but not yet vested at the time a Change in Control occurs, the Option will vest as to all then outstanding Covered Shares, effective as of the day immediately prior to the occurrence of the Change in Control, *provided that*, at the time the Change in Control occurs, Optionee is an employee of the Corporation.

If Optionee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Optionee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Optionee's employment with the Corporation terminates effective at the time this occurs.

2.3 Nontransferability; Designation of Beneficiary. The Option is not transferable or assignable by Optionee other than by transfer to a properly designated beneficiary in the event of death, or by will or the laws of descent and distribution.

During Optionee's lifetime, the Option may be exercised only by Optionee or, in the event of Optionee's legal incapacity, by his or her legal representative.

During Optionee's lifetime, Optionee may file with PNC, at such address and in such manner as PNC may from time to time direct, on a form to be provided by PNC on request, a designation of a beneficiary or beneficiaries (a "properly designated beneficiary") to hold and exercise Optionee's stock options, to the extent outstanding and exercisable, in accordance with their respective stock option agreements and the Plan in the event of Optionee's death. In the absence of a properly designated beneficiary, the Option will be held and may be exercised by the person or persons entitled to do so under Optionee's will or under the applicable laws of descent and distribution.

3. Capital Adjustments. The number and class of Covered Shares as to which the Option is outstanding and has not yet been exercised and the Option Price will be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect corporate transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")), including without limitation cancellation of the Option immediately prior to the effective time of the Corporate Transaction and payment, in cash, in consideration therefor, of an amount equal to the product of (a) the excess, if any, of the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction over the Option Price and (b) the total number of Covered Shares subject to the Option that were outstanding and unexercised immediately prior to the effective time of the Corporate Transaction.

All determinations hereunder will be made by the Committee in its sole discretion and will be final, binding and conclusive for all purposes on all parties, including without limitation the holder of the Option.

No fractional shares will be issued on exercise of the Option. PNC will determine the manner in which any fractional shares will be treated.

4. Exercise of Option.

4.1 Notice and Effective Date. The Option may be exercised, in whole or in part, by delivering to PNC written notice of such exercise, in such form as PNC may from time to time prescribe, accompanied by full payment of the aggregate Option Price with respect to that portion of the Option being exercised and satisfaction of any amounts required to be withheld pursuant to applicable tax laws in connection with such exercise.

In addition, notwithstanding Sections 4.2 and 4.3, Optionee may elect to complete his or her Option exercise through a brokerage service/margin account pursuant to the broker-assisted cashless option exercise procedure under Regulation T of the Board of Governors of the Federal Reserve System and in such manner as may be permitted by PNC from time to time consistent with said Regulation T.

The effective date of such exercise will be the Exercise Date. Until PNC notifies Optionee to the contrary, the form attached to the Agreement as Annex B shall be used to exercise the Option and the form attached to the Agreement as Annex C shall be used to make tax payment elections.

In the event that the Option is exercised, pursuant to Section 2.3, by any person or persons other than Optionee, such notice of exercise must be accompanied by appropriate proof of the derivative right of such person or persons to exercise the Option.

4.2 Payment of Option Price. Upon exercise of the Option, in whole or in part, Optionee may pay the aggregate Option Price (a) in cash, (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) having an aggregate Fair Market Value on the Exercise Date not exceeding that portion of the aggregate Option Price being paid using such shares, or (c) through a combination of cash and shares of PNC common stock; *provided, however*, that shares of PNC common stock used to pay all or any portion of the aggregate Option Price may not be subject to any contractual restriction, pledge or other encumbrance and must be shares that have been owned by Optionee for at least six (6) months prior to the Exercise Date and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed, or, in either case, for such other period as may be specified or permitted by PNC.

4.3 Payment of Taxes. Optionee may elect to satisfy any or all applicable federal, state, or local tax liabilities incurred in connection with exercise of the Option (a) by payment of cash, (b) subject to such terms and conditions as PNC may from time to time establish, through the retention by PNC of sufficient whole shares of PNC common stock otherwise issuable upon such exercise to satisfy the minimum amount of taxes required to be withheld in connection with such exercise, or (c) subject to such terms and conditions as PNC may from time to time establish, using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Optionee for at least six (6) months prior to the Exercise Date and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed, or, in either case, for such other period as may be specified or permitted by PNC.

For purposes of this Section 4.3, shares of PNC common stock that are used to satisfy applicable taxes will be valued at their Fair Market Value on the date the tax withholding obligation arises. In no event will the Fair Market Value of the shares of PNC common stock otherwise issuable upon exercise of the Option but retained pursuant to Section 4.3(b) exceed the minimum amount of taxes required to be withheld in connection with the Option exercise.

4.4 Effect. The exercise, in whole or in part, of the Option will cause a reduction in the number of unexercised Covered Shares as to which the Option is outstanding equal to the number of shares of PNC common stock with respect to which the Option is exercised.

5. Restrictions on Exercise and on Shares Issued on Exercise. Notwithstanding any other provision of the Agreement, the Option may not be exercised at any time that PNC does not have in effect a registration statement under the Securities Act of 1933 as amended relating to the offer of shares of PNC common stock under the Plan unless PNC agrees to permit such exercise. Upon the issuance of any shares of PNC common stock pursuant to exercise of the Option at a time when such a registration statement is not in effect, Optionee will, upon the request of PNC, agree in writing that Optionee is acquiring such shares for investment only and not with a view to resale and that Optionee will not sell, pledge, or otherwise dispose of such shares unless and until (a) PNC is furnished with an opinion of counsel to the effect that registration of such shares pursuant to the Securities Act of 1933 as amended is not required by that Act or by rules and regulations promulgated thereunder, (b) the staff of the SEC has issued a no-action letter with respect to such disposition, or (c) such registration or notification as is, in the opinion of counsel for PNC, required for the lawful disposition of such shares has been filed and has become effective; *provided, however*, that PNC is not obligated hereby to file any such registration or notification. PNC may place a legend embodying such restrictions on the certificate(s) evidencing such shares.

6. Rights as Shareholder. Optionee will have no rights as a shareholder with respect to any Covered Shares until the Exercise Date and then only with respect to those shares of PNC common stock issued upon such exercise of the Option and not retained as provided in Section 4.3.

7. Employment. Neither the granting of the Option evidenced by the Agreement nor any term or provision of the Agreement will constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Optionee for any period.

8. Subject to the Plan. The Option evidenced by the Agreement and the exercise thereof are subject to the terms and conditions of the Plan, which is incorporated by reference herein and made a part hereof, but the terms of the Plan will not be considered an enlargement of any benefits under the Agreement. In addition, the Option is subject to any rules and regulations promulgated by or under the authority of the Committee.

9. Optionee Covenants.

9.1 General. Optionee and PNC acknowledge and agree that Optionee has received adequate consideration with respect to enforcement of the provisions of Sections 9 and 10 hereof, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Optionee from earning a living.

9.2 Non-Solicitation; No-Hire. Optionee agrees to comply with the provisions of subsections (a) and (b) of this Section 9.2 while employed by the Corporation and for a period of twelve (12) months after Optionee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Optionee shall not, directly or indirectly, either for Optionee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Optionee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Optionee shall not, directly or indirectly, either for Optionee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Optionee assist any other Person in such activities.

Notwithstanding the above, if Optionee's employment with the Corporation is terminated by the Corporation without Cause or by Optionee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.10 of Annex A or, if Optionee was a party to a CIC Severance Agreement that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 9.2 shall no longer apply and shall be replaced with the following subsection (c):

(c) No-Hire. Optionee agrees that Optionee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

9.3 Confidentiality. During Optionee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Optionee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Optionee, other than (a) information generally known in the Corporation's industry or acquired from public

sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

9.4 Ownership of Inventions. Optionee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Optionee during the term of Optionee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Optionee agrees to assign and hereby does assign to PNC or its designee all of Optionee's right, title and interest, including copyrights and patent rights, in and to all Developments. Optionee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 9.4 shall be performed by Optionee without further compensation and shall continue beyond the Termination Date.

10. Enforcement Provisions. Optionee understands and agrees to the following provisions regarding enforcement of the Agreement.

10.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Optionee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

10.2 Equitable Remedies. A breach of the provisions of any of Sections 9.2, 9.3 or 9.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Optionee, and each and every person and entity acting in concert or participating with Optionee, from initiation and/or continuation of such breach.

10.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 9.2 by legal proceedings, the period during which Optionee shall comply with said provisions shall extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

10.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

10.5 Severability. The restrictions and obligations imposed by Sections 9.2, 9.3 and 9.4 are separate and severable, and it is the intent of Optionee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations shall remain valid and binding upon Optionee.

10.6 Reform. In the event any of Sections 9.2, 9.3 and 9.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Optionee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

10.7 Waiver of Jury Trial. Each of Optionee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 9.2, 9.3 and 9.4.

10.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Optionee, Optionee agrees to reimburse PNC for any amounts Optionee may be required to reimburse the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Optionee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

11. Amendment of Pre-2004 Options. For purposes of all PNC stock options held by Optionee that were granted prior to January 1, 2004 and outstanding on February 18, 2004, the terms of each such option are amended to include, or shall include, as the case may be, the following provisions:

- (a) Notwithstanding any other provision of such option relating to vesting, to the extent that the such option is outstanding but not yet fully vested at the time a Change in Control occurs, the option will vest as to all then outstanding Covered Shares as to which it has not otherwise vested, effective as of the day immediately prior to the occurrence of the Change in Control, *provided that*, at the time the Change in Control occurs, the optionee is an employee of the Corporation;
- (b) If there is a Change in Control, then notwithstanding any other provisions of such option relating to the date of expiration or expiration date of the option, to the extent that such option is outstanding and vested or vests at the time the Change in Control occurs, such option will not expire at the earliest before the close of business on the ninetieth (90th) day after the occurrence of the Change in Control (or the tenth (10th) anniversary of the Grant Date if earlier), *provided that*, either (i) the optionee is an employee of the Corporation at the time the Change in Control occurs and the optionee's employment with the Corporation is not terminated for Cause or (ii) the optionee is a former employee of the Corporation whose option, or portion thereof, is outstanding at the time the Change in Control occurs because it qualified and continues to qualify pursuant to the terms of the relevant stock option agreement as amended for an exception to the general rule that stock options expire at the time the optionee ceases to be an employee of the Corporation;
- (c) If, under the relevant stock option agreement as amended, more than one exception to the general rule that stock options expire on termination of the optionee's employment with the Corporation is applicable to such option or a portion thereof, then the option, or such portion of the option, will expire in accordance with the provision or provisions of said agreement that specify the latest expiration date;
- (d) If the terms of the relevant stock option agreement as amended provide for the early expiration of such stock option in certain circumstances where the optionee has engaged in competitive conduct or activity or in other conduct or activity that is inimical, contrary, harmful or detrimental to the Corporation's interests (a "detrimental conduct" provision), no determination that the optionee has engaged in such detrimental conduct may be made on or after the occurrence of a Change in Control; and
- (e) If the termination of the optionee's employment with the Corporation meets the definition of Retirement, then with respect to any portion of the option that is outstanding and vested on optionee's retirement date or that qualifies for post-employment vesting under the terms of the relevant stock option agreement and vests thereafter, such option will qualify for an exception to the general rule that options expire at the time the optionee ceases to be an employee and will expire on the tenth (10th) anniversary date of the Grant Date, subject to the operation of any detrimental conduct provision that may be applicable.

The terms of PNC employee stock options granted after January 1, 2004 shall also include the capital adjustment provisions set forth in Section 3, unless and until the Committee determines otherwise.

12. Effective Date. If Optionee does not accept the grant of the Option by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms of the Agreement in any way, within sixty (60) days of receipt by Optionee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Option and the Agreement at any time prior to Optionee's delivery to PNC of a copy of the Agreement executed by Optionee.

Otherwise, upon execution and delivery of the Agreement by both PNC and Optionee and the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Option and the Agreement are effective as of the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf effective as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

Accepted and agreed to as of the Grant Date.

Optionee

Annex A - Certain Definitions
Annex B - Notice of Exercise
Annex C - Tax Payment Election Form

ANNEX A

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT
CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply to the Nonstatutory Stock Option Agreement (“Agreement”) to which this Annex A is attached.

A.1 “Board” means the Board of Directors of PNC.

A.2 “Cause.”

(a) “Cause” during a Coverage Period. If the termination of Optionee’s employment with the Corporation occurs during a Coverage Period, then, for purposes of the Agreement, “Cause” means:

(i) the willful and continued failure of Optionee to substantially perform Optionee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Optionee by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that Optionee has not substantially performed Optionee’s duties; or

(ii) the willful engaging by Optionee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (i) and (ii), no act or failure to act, on the part of Optionee, shall be considered willful unless it is done, or omitted to be done, by Optionee in bad faith and without reasonable belief that Optionee’s action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Optionee’s superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Optionee in good faith and in the best interests of the Corporation.

The cessation of employment of Optionee will be deemed to be a termination of Optionee’s employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Optionee, as part of the notice of Optionee’s termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Optionee is guilty of conduct described in clause (i) or (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Optionee, together with written notice that PNC believes that Optionee is guilty of conduct described in clause (i) or (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Optionee is given an opportunity, together with counsel, to be heard before the Board.

(b) “Cause” other than during a Coverage Period. If the termination of Optionee’s employment with the Corporation occurs other than during a Coverage Period, then, for purposes of the Agreement, “Cause” means:

(i) the willful and continued failure of Optionee to substantially perform Optionee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental

illness), after a written demand for substantial performance is delivered to Optionee by PNC that specifically identifies the manner in which it is believed that Optionee has not substantially performed Optionee's duties;

(ii) a material breach by Optionee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Optionee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Optionee for, or entry by Optionee into a pre-trial disposition with respect to, the commission of a felony; or

(v) entry of any order against Optionee, by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, that relates to or arises out of Optionee's employment or other service relationship with the Corporation.

The cessation of employment of Optionee will be deemed to have been a termination of Optionee's employment with the Corporation for Cause for purposes of the Agreement only if and when the CEO or his or her designee (or, if Optionee is the CEO, the Board) determines that Optionee is guilty of conduct described in clause (i), (ii) or (iii) above or that an event described in clause (iv) or (v) above has occurred with respect to Optionee and, if so, determines that the termination of Optionee's employment with the Corporation will be deemed to have been for Cause.

A.3 "CEO" means the chief executive officer of PNC.

A.4 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC or any of its Subsidiaries shall not by itself constitute a Change in Control.

A.5 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.7(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.7(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.6 "CIC Severance Agreement" means the written agreement, if any, between Optionee and PNC providing, among other things, for certain change in control severance benefits.

A.7 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.4; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.8 "Competitive Activity" means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (1) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Optionee's Termination Date or (2) engaged in business activities that Optionee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Optionee's Termination Date, in either case whether Optionee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.9 "Corporation" means PNC and its Subsidiaries.

A.10 "Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is two (2) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is

two (2) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clauses (a)(i) and (a)(ii) in the preceding sentence.

A.11 "Detrimental Conduct" means, for purposes of the Agreement:

- (i) Optionee has engaged, without the prior written consent of PNC (at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Optionee's Termination Date through the first (1st) anniversary of Optionee's Termination Date;
- (ii) a material breach by Optionee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;
- (iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Optionee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;
- (iv) any conviction (including a plea of guilty or *nolo contendere*) of Optionee for, or entry by Optionee into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of Optionee's employment or other service relationship with the Corporation; or
- (v) entry of any order against Optionee, by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, that relates to or arises out of Optionee's employment or other service relationship with the Corporation.

Optionee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the CEO or his or her designee (or, if Optionee is the CEO, the Board) determines that Optionee has engaged in conduct described in clause (i) above, that Optionee is guilty of conduct described in clause (ii) or (iii) above, or that an event described in clause (iv) or (v) above has occurred with respect to Optionee and, if so, determines that Optionee will be deemed to have engaged in Detrimental Conduct.

A.12 "Exchange Act" means the Securities Exchange Act of 1934 as amended and the rules and regulations promulgated thereunder.

A.13 "Exercise Date" means the date on which PNC receives written notice, in such form as PNC may from time to time prescribe, of the exercise, in whole or in part, of the Option pursuant to the terms of the Agreement, subject to full payment of the aggregate Option Price and satisfaction of all taxes required to be withheld in connection with such exercise as provided in Sections 4.1, 4.2 and 4.3 of the Agreement.

A.14 "Expiration Date."

(a) Expiration Date. Expiration Date means the date on which the Option expires, which will be the tenth (10th) anniversary of the Grant Date unless the Option expires earlier pursuant to any of the provisions set forth in Sections A.14(b) through A.14(d);

provided, however, if there is a Change in Control, then notwithstanding Sections A.14(c) and A.14(d), to the extent that the Option is outstanding and vested or vests at the time the Change in Control occurs, the Option will not expire at the earliest before the close of business on the ninetieth (90th) day after the occurrence of the Change in Control (or the tenth (10th) anniversary of the Grant Date if earlier), *provided that* either (1) Optionee is an employee of the Corporation at the time the Change in Control occurs and Optionee's employment with the Corporation is not terminated for Cause or (2) Optionee is a former employee of the Corporation whose Option, or portion thereof, is outstanding at the time the Change in Control occurs by virtue of the

application of one or more of the exceptions set forth in Section A.14(c) and at least one of such exceptions is still applicable at the time the Change in Control occurs.

In no event will the Option remain outstanding beyond the tenth (10th) anniversary of the Grant Date.

(b) Termination for Cause. Upon a termination of Optionee's employment with the Corporation for Cause, unless the Committee determines otherwise, the Option will expire at the close of business on Optionee's Termination Date with respect to all Covered Shares, whether or not vested and whether or not Optionee is eligible to Retire or Optionee's employment also terminates for another reason.

(c) Ceasing to be an Employee other than by Termination for Cause If Optionee ceases to be an employee of the Corporation other than by termination of Optionee's employment for Cause, then unless the Committee determines otherwise, the Option will expire at the close of business on Optionee's Termination Date with respect to all Covered Shares, whether or not vested, except to the extent that the provisions set forth in subsection (1), (2), (3), (4) or (5) of this Section A.14(c) apply to Optionee's circumstances and such applicable subsection specifies a later expiration date for all or a portion of the Option. If more than one of such exceptions is applicable to the Option or a portion thereof, then the Option or such portion of the Option will expire in accordance with the provisions of the subsection that specifies the latest expiration date.

(1) Retirement. If the termination of Optionee's employment with the Corporation meets the definition of Retirement, then the Option will expire on the tenth (10th) anniversary of the Grant Date with respect to any Covered Shares as to which the Option is vested on the Retirement date.

(2) Death. If Optionee's employment with the Corporation is terminated by reason of Optionee's death, then the Option will expire on the tenth (10th) anniversary of the Grant Date.

(3) Termination during a Coverage Period without Cause or with Good Reason If Optionee's employment with the Corporation is terminated (other than by reason of Optionee's death) during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, then the Option will expire on the third (3rd) anniversary of such Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(4) Total and Permanent Disability. If Optionee's employment is terminated by the Corporation by reason of Total and Permanent Disability, then the Option will expire on the third (3rd) anniversary of such Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(5) DEAP or Agreement or Arrangement in lieu of or in addition to DEAP In the event that (a) Optionee's employment with the Corporation is terminated by the Corporation, and Optionee is offered and has entered into the standard Waiver and Release Agreement with PNC or a Subsidiary under an applicable PNC or Subsidiary Displaced Employee Assistance Plan, or any successor plan by whatever name known ("DEAP"), or Optionee is offered and has entered into a similar waiver and release agreement between PNC or a Subsidiary and Optionee pursuant to the terms of an agreement or arrangement entered into by PNC or a Subsidiary and Optionee in lieu of or in addition to the DEAP, and (b) Optionee has not revoked such waiver and release agreement, and (c) the time for revocation of such waiver and release agreement by Optionee has lapsed, then the Option will expire at the close of business on the ninetieth (90th) day after Optionee's Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date) with respect to any Covered Shares as to which the Option has already become vested; *provided, however*, that if Optionee returns to employment with the Corporation no later

than said ninetieth (90th) day, then for purposes of the Agreement, the entire Option, whether vested or unvested, will be treated as if the termination of Optionee's employment with the Corporation had not occurred.

If the Option is vested and will expire on Optionee's Termination Date unless the conditions set forth in this Section A.14(c)(5) are met, then such vested Option will not terminate on the Termination Date, but Optionee will not be able to exercise the Option after such Termination Date unless and until all of the conditions set forth in this Section A.14(c)(5) have been met and the Option will terminate on the ninetieth (90th) day after Optionee's Termination Date (but in no event later than on the tenth (10th) anniversary of the Grant Date).

(d) **Detrimental Conduct.** If the Option would otherwise remain outstanding after Optionee's Termination Date with respect to any of the Covered Shares pursuant to one or more of the exceptions set forth in the subsections of Section A.14(c), then notwithstanding the provisions of such exception or exceptions, the Option will expire on the date that PNC determines that Optionee has engaged in Detrimental Conduct, if earlier than the date on which the Option would otherwise expire; *provided, however*, that:

(1) no determination that Optionee has engaged in Detrimental Conduct may be made on or after the date of Optionee's death, and Detrimental Conduct will not apply to conduct by or activities of beneficiaries or other successors to the Option in the event of Optionee's death;

(2) in the event that Optionee's employment with the Corporation is terminated (other than by reason of Optionee's death) during a Coverage Period by the Corporation without Cause or by Optionee with Good Reason, whether or not another exception is applicable, no determination that Optionee has engaged in Detrimental Conduct may be made for purposes of the Agreement on or after such Termination Date; and

(3) no determination that Optionee has engaged in Detrimental Conduct may be made after the occurrence of a Change in Control.

A.15 "Good Reason" means:

(a) the assignment to Optionee of any duties inconsistent in any respect with Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation that results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Optionee;

(b) a reduction by the Corporation in Optionee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Optionee to be based at any office or location that is more than fifty (50) miles from Optionee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan in which Optionee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Optionee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue Optionee's participation in such plan (or in such substitute or alternative plan) on a basis at least as

favorable, both in terms of the amount of benefits provided and the level of Optionee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Optionee with benefits substantially similar to those received by Optionee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which Optionee was participating, at costs substantially similar to those paid by Optionee, immediately prior to the CIC Triggering Event or the Change in Control.

A.16 "Grant Date" means the date set forth as the Grant Date on page 1 of the Agreement.

A.17 "Option" means the Nonstatutory Stock Option granted to Optionee in Section 1 of the Agreement pursuant to which Optionee may purchase shares of PNC common stock as provided in the Agreement.

A.18 "Option Price" means the dollar amount per share of PNC common stock set forth as the Option Price on page 1 of the Agreement.

A.19 "Optionee" means the person identified as Optionee on page 1 of the Agreement.

A.20 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.21 "PNC" means The PNC Financial Services Group, Inc.

A.22 "Retiree" means an Optionee who has Retired.

A.23 "Retire" or "Retirement" means termination of Optionee's employment with the Corporation (a) at any time on or after the first day of the first month coincident with or next following the date on which Optionee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Optionee's death or by the Corporation for Cause or, unless the Committee determines otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries.

A.24 "Right(s)" means stock appreciation right(s) in accordance with the terms of Article 7 of the Plan.

A.25 "SEC" means the Securities and Exchange Commission.

A.26 "Termination Date" means Optionee's last date of employment with the Corporation. If Optionee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Optionee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Optionee's employment with the Corporation terminates effective at the time this occurs.

A.27 "Total and Permanent Disability" means, unless the Committee determines otherwise, Optionee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

FORM OF NON-CEG ANNUAL LTI PROGRAM
RESTRICTED STOCK GRANT AGREEMENT

200_ Long-Term Incentive Award Program Grant
Continued Employment Performance Goal
Restricted Period: Three Years (100%)

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

200_ LONG-TERM INCENTIVE AWARD PROGRAM

RESTRICTED STOCK AGREEMENT

GRANTEE: < name >
GRANT DATE: _____, 200_
SHARES: < number of whole shares >

1. Grant of Restricted Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time ("Plan"), and subject to the terms and conditions of this Restricted Stock Agreement ("Agreement"), The PNC Financial Services Group, Inc. ("PNC") hereby grants to the Grantee named above ("Grantee") an Incentive Share Award (as defined in the Plan) of the number of shares of PNC common stock set forth above, and, upon acceptance of the Grant by Grantee in accordance with Section 17, will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement and the Plan. The shares granted and issued to Grantee hereby as an Incentive Share Award subject to the terms and conditions of the Agreement and the Plan are hereafter referred to as the "Restricted Shares."

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms of Grant. The Grant will be subject to the following terms and conditions:

Restricted Shares will be subject to a Restricted Period as provided in Section A.24 of Annex A. Restricted Shares will be deposited with PNC or its designee,

or credited to a book-entry account, during the term of the Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.”

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Awarded Shares will be released and issued or reissued to, or at the proper direction of, Grantee or Grantee’s legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.6(c), if applicable, and to Section 17, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon if and when declared by the Board; *provided, however,* that all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. Restricted Shares awarded hereunder will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be necessary to reflect corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however,* that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant to Section 10.2, unless and until the Restricted Period terminates and the Awarded Shares are released and issued or reissued by PNC pursuant to Section 9.

7. Forfeiture: Death: Qualifying Disability or Retirement Termination: Termination in Anticipation of Change in Control

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.5(a), Section 7.5(c), Section 7.6(a), Section 7.6(b), or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to the third (3rd) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.5(b), Section 7.5(c) or Section 7.6(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or any certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Awarded Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.6, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to the third (3^d) anniversary of the Grant Date, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to the then outstanding Unvested Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Awarded Shares will be released and issued or reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to the third (3^d) anniversary of the Grant Date by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on

Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.5 Retirement.

(a) In the event that Grantee Retires on or after the first (1st) anniversary of the Grant Date but prior to the third (3rd) anniversary of the Grant Date, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.5(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.5(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

(c) In the event that Grantee Retires prior to the first (1st) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC on such date without payment of any consideration by PNC; *provided, however*, that the Committee may, in its sole discretion with respect to some or all of the Unvested Shares, treat such shares as if Grantee had retired on or after the first (1st) anniversary of the Grant Date.

7.6 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to the third (3rd) anniversary of the Grant Date, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good

Reason, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 7.6(b), then: (i) the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.6(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met); and (ii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also be *deemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.6(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also be *deemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.6(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.6(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.6(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.6(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude *theproviso* in Section A.6(a).

(c) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met, then in the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.6(b) are *not* met, any dividend

being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met, then the Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control; (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4 or Section 7.5 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.13 of Annex A, then with respect to all Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control; and (iii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Awarded Shares without the legend referred to in Section 3.

Upon release and issuance or reissuance of shares that have become Awarded Shares, PNC or its designee will deliver the certificate or certificates for such whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes.

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted Shares, Grantee shall satisfy all applicable federal, state or local withholding tax obligations arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been

owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises, retain sufficient whole shares of PNC common stock from the shares granted pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with the Restricted Shares. For purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Restricted Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the granting and issuance of the Restricted Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.12 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of

subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under the Plan outstanding on February 18, 2004, all restricted stock grants to employees under the Plan or PNC's 1996 Executive Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the Plan prospectus dated _____, 200_ under the heading "Recent Amendments" of the section titled "The Plan." A copy of this Plan prospectus accompanied or preceded delivery of the Agreement to Grantee.

To the extent that Grantee is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Grantee hereby acknowledges and consents to such amendments.

17. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee and, in the event that Grantee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Agreement is effective.

Grantee will not have any of the rights of a shareholder with respect to the Restricted Shares as set forth in Section 4, and will not have the right to vote or to receive dividends on such shares, until the date the Agreement is effective and the Restricted Shares are issued in accordance with this Section 17.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Agreement is effective in accordance with this Section 17 and the Restricted Shares are issued, then upon the effectiveness of the Agreement, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Agreement been effective and the Restricted Shares had been issued on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
200_ LONG-TERM INCENTIVE AWARD PROGRAM
RESTRICTED STOCK AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Stock Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares.” Provided that the Restricted Shares are then outstanding, Restricted Shares become “Awarded Shares” when both of the following have occurred: (a) the Three-Year Continued Employment Performance Goal has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee’s duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by

Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be *deemed* to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding

securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 "Committee" means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Corporation” means PNC and its Subsidiaries.

A.12 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.13 “Designated Person” will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.13(a).

A.14 “Detrimental Conduct” means:

- (a) Grantee has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date through the first (1st) anniversary of Grantee’s Termination Date;
- (b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;
- (c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;
- (d) any conviction (including a plea of guilty or *of nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the

commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be *deemed* to have engaged in Detrimental Conduct.

A.15 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.16 "Fair Market Value" as it relates to PNC common stock means the average of the high and low sale prices of the PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.17 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent

arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.18 "Grant" means the Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.19 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.20 "Grantee" means the person identified as Grantee on page 1 of the Agreement.

A.21 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.22 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group *deemed* to be a person under Section 13(d)(3) of the Exchange Act.

A.23 "PNC" means The PNC Financial Services Group, Inc.

A.24 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.6 of the Agreement, if applicable, the period from the Grant Date through (and including) the earlier of: (a) the date of Grantee's death; (b) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (c) the day immediately preceding the third (3rd) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) or Section 7.5(a) of the Agreement, if applicable.

A.25 "Retiree" means a Grantee who has Retired.

A.26 "Retire" or "Retirement" means termination of Grantee's employment with the Corporation at any time and for any reason (other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee determines otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries) if such termination of employment occurs on or after the first (1st) day of

the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation.

A.27 “SEC” means the United States Securities and Exchange Commission.

A.28 “Termination Date” means Grantee’s last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee’s employment with the Corporation terminates effective at the time this occurs.

A.29 “Three-Year Continued Employment Performance Goal” means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the third (3rd) anniversary of the Grant Date; (b) the date of Grantee’s death; and (c) the day a Change in Control is *deemed* to have occurred.

A.30 “Total and Permanent Disability” means, unless the Committee determines otherwise, Grantee’s disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.31 “Unvested Shares” means any Restricted Shares that are not Awarded Shares.

FORM OF CEG LTI PROGRAM
RESTRICTED STOCK GRANT AGREEMENT

CEG LTI Program Restricted Stock Grant
Continued Employment Performance Goal

Restricted Period: Through November __, 200_ (100%) [restricted period usually ends in November and can be between two and four years]

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

* * *

RESTRICTED STOCK AGREEMENT

* * *

GRANTEE: < name >
GRANT DATE: _____, 200_
SHARES: < number of whole shares >

1. Grant of Restricted Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time (“Plan”), and subject to the terms and conditions of this Restricted Stock Agreement (“Agreement”), The PNC Financial Services Group, Inc. (“PNC”) hereby grants to the Grantee named above (“Grantee”) an Incentive Share Award (as defined in the Plan) of the number of shares of PNC common stock set forth above, and, upon acceptance of the Grant by Grantee in accordance with Section 17, will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement and the Plan. The shares granted and issued to Grantee hereby as an Incentive Share Award subject to the terms and conditions of the Agreement and the Plan are hereafter referred to as the “Restricted Shares.”

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms of Grant. The Grant will be subject to the following terms and conditions:

Restricted Shares will be subject to a Restricted Period as provided in Section A.25 of Annex A. Restricted Shares will be deposited with PNC or its designee,

or credited to a book-entry account, during the term of the Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.”

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Awarded Shares will be released and issued or reissued to, or at the proper direction of, Grantee or Grantee’s legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.5(c), if applicable, and to Section 17, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon if and when declared by the Board; *provided, however,* that all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. Restricted Shares awarded hereunder will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be necessary to reflect corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however,* that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant to Section 10.2, unless and until the Restricted Period terminates and the Awarded Shares are released and issued or reissued by PNC pursuant to Section 9.

7. Forfeiture: Death: Qualifying Disability or Other Termination: Termination in Anticipation of Change in Control

7.1 **Forfeiture on Termination of Employment.** Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.4(c), Section 7.5(a), Section 7.5(b), or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to November __, 200__, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.4(c) or Section 7.5(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or any certificate or certificates representing such Unvested Shares.

7.2 **Forfeiture for Detrimental Conduct.** Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Awarded Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.5, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 **Death.** In the event of Grantee's death while an employee of the Corporation and prior to November __, 200__, the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to the then outstanding Unvested Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Awarded Shares will be released and issued or reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability or Other Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to November __, 200__ by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2,

remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.14 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by November __, 200__, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following November __, 200__, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following November __, 200__ if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or November __, 200__, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

(c) In the event that Grantee's employment with the Corporation is terminated prior to November __, 200__ other than by reason of death, by the Corporation by reason of Grantee's Total and Permanent Disability, or in circumstances that qualify for vesting pursuant to Section 7.5(a) or Section 7.5(b), all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC on such date without payment of any consideration by PNC unless the Committee determines otherwise. The Committee may, in its sole discretion with respect to some or all of the Unvested Shares, treat such shares in the same manner that such shares would be treated pursuant to Section 7.4 if Grantee's employment had been terminated by the Corporation by reason of Total and Permanent Disability.

7.5 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to November __, 200__, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 7.5(b), then: (i) the Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.5(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met); and (ii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also be *deemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.5(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also be *deemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.5(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.5(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.5(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.5(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude the *proviso* in Section A.6(a).

(c) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, then in the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's

Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.5(b) are *not* met, any dividend being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, then the Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control; (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.14 of Annex A, then with respect to all Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control; and (iii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Awarded Shares without the legend referred to in Section 3.

Upon release and issuance or reissuance of shares that have become Awarded Shares, PNC or its designee will deliver the certificate or certificates for such whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted

Shares, Grantee shall satisfy all applicable federal, state or local withholding tax obligations arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises, retain sufficient whole shares of PNC common stock from the shares granted pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with the Restricted Shares. For purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Restricted Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the granting and issuance of the Restricted Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of,

and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.13 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination

of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under the Plan outstanding on February 18, 2004, all restricted stock grants to employees under the Plan or PNC's 1996 Executive Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the Plan prospectus dated _____, 200_ under the heading "Recent Amendments" of the section titled "The Plan." A copy of this Plan prospectus accompanied or preceded delivery of the Agreement to Grantee.

To the extent that Grantee is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Grantee hereby acknowledges and consents to such amendments.

17. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee and, in the event that Grantee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Agreement is effective.

Grantee will not have any of the rights of a shareholder with respect to the Restricted Shares as set forth in Section 4, and will not have the right to vote or to receive dividends on such shares, until the date the Agreement is effective and the Restricted Shares are issued in accordance with this Section 17.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Agreement is effective in accordance with this Section 17 and the Restricted Shares are issued, then upon the effectiveness of the Agreement, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Agreement been effective and the Restricted Shares had been issued on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
RESTRICTED STOCK AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Stock Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares.” Provided that the Restricted Shares are then outstanding, Restricted Shares become “Awarded Shares” when both of the following have occurred: (a) the Continued Employment Performance Goal has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee’s duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be *deemed* to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental

Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 “Committee” means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Continued Employment Performance Goal” means, subject to early achievement if so determined by the Committee or *todeemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the first of the following to occur: (a) November __, 200__; (b) the day immediately preceding the date of Grantee’s death; and (c) the day immediately preceding the day a Change in Control is *deemed* to have occurred.

A.12 “Corporation” means PNC and its Subsidiaries.

A.13 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.14 “Designated Person” will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.14(a).

A.15 “Detrimental Conduct” means:

(a) Grantee has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date through the first (1st) anniversary of Grantee’s Termination Date;

(b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(d) any conviction (including a plea of guilty or *of nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be *deemed* to have engaged in Detrimental Conduct.

A.16 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.17 "Fair Market Value" as it relates to PNC common stock means the average of the high and low sale prices of the PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.18 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.19 "Grant" means the Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.20 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.21 "Grantee" means the person identified as Grantee on page 1 of the Agreement.

A.22 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.23 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group *deemed* to be a person under Section 13(d)(3) of the Exchange Act.

A.24 "PNC" means The PNC Financial Services Group, Inc.

A.25 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.5 of the Agreement, if applicable, the period from the Grant Date through (and including) the earlier of: (a) the date of Grantee's death; (b) the day immediately preceding the day a Change in Control is *deemed* to have

occurred; and (c) November __, 200_ or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) of the Agreement, if applicable.

A.26 "SEC" means the United States Securities and Exchange Commission.

A.27 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

A.28 "Total and Permanent Disability" means, unless the Committee determines otherwise, Grantee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.29 "Unvested Shares" means any Restricted Shares that are not Awarded Shares.

FORM OF 5-YEAR RESTRICTED STOCK GRANT AGREEMENT

Restricted Stock Grant
Continued Employment Performance Goals
Restricted Periods: Three Years (25%); Four Years (25%); Five Years (50%)

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
* * *
RESTRICTED STOCK AGREEMENT
* * *

GRANTEE: < name >
GRANT DATE: _____, 200_
SHARES: < number of whole shares >

1. Grant of Restricted Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time (“Plan”), and subject to the terms and conditions of this Restricted Stock Agreement (“Agreement”), The PNC Financial Services Group, Inc. (“PNC”) hereby grants to the Grantee named above (“Grantee”) an Incentive Share Award (as defined in the Plan) of the number of shares of PNC common stock set forth above, and, upon acceptance of the Grant by Grantee in accordance with Section 17, will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement and the Plan.

The shares granted and issued to Grantee hereby as an Incentive Share Award subject to the terms and conditions of the Agreement and the Plan are hereafter referred to as the “Restricted Shares.”

For purposes of determining the Restricted Period and Continued Employment Performance Goal applicable to each portion of the Restricted Shares under the Agreement, the Restricted Shares are divided into three “Tranches” as follows:

- (a) twenty-five percent (25%) of these shares (rounded down to the nearest whole share) are in the First Tranche of Restricted Shares;
- (b) another twenty-five percent (25%) of these shares (rounded down to the nearest whole share) are in the Second Tranche of Restricted Shares; and

(c) the remaining fifty percent (50%) of these shares are in the Third Tranche of Restricted Shares.

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms of Grant. The Grant is subject to the following terms and conditions:

Restricted Shares are subject to the Restricted Period applicable to such shares as provided in Section A.27 of Annex A. Restricted Shares will be deposited with PNC or its designee, or credited to a book-entry account, during the term of the applicable Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.”

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the applicable Restricted Period that become Awarded Shares as provided in Section A.1 of Annex A will be released and issued or reissued to, or at the proper direction of, Grantee or Grantee’s legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period applicable to such shares.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.6(c), if applicable, and to Section 17, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon if and when declared by the Board; *provided, however*, that all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. Restricted Shares awarded hereunder will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be

necessary to reflect corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however*, that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares, and will have the same Restricted Period and Performance Goal that are applicable to the Restricted Shares that such shares were a distribution on or for which such shares were exchanged.

6. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant to Section 10.2, unless and until the applicable Restricted Period terminates and the Awarded Shares are released and issued or reissued by PNC pursuant to Section 9.

7. Forfeiture; Death; Disability Termination; Retirement; Termination in Anticipation of Change in Control

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.5, Section 7.6(a), Section 7.6(b), or Section 8, if applicable, in the event that Grantee's employment with the Corporation terminates prior to the fifth (5th) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.5, or Section 7.6(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or any certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Awarded Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.6, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to the fifth (5th) anniversary of the Grant Date, all remaining applicable Continued Employment Performance Goals will be *deemed* to have been

achieved, and the Restricted Period or Periods with respect to all then outstanding Unvested Shares, if any, will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Awarded Shares will be released and issued or reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to the fifth (5th) anniversary of the Grant Date by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.14 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares or relevant portion thereof by the day immediately preceding the third (3rd) anniversary of the Grant Date in the case of First Tranche shares, or the fourth (4th) or fifth (5th) anniversary of the Grant Date in the case of Second or Third Tranche shares, respectively, then the Restricted Period applicable to such shares will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date in the case of First Tranche shares, or the fourth (4th) or fifth (5th) anniversary of the Grant Date in the case of Second or Third Tranche shares, respectively, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares or relevant portion thereof is affirmatively approved by the Designated Person on or prior to the last day of the applicable Restricted Period, including any extension of such Restricted Period, if applicable, then the applicable Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any such Unvested Shares then outstanding will terminate as of the end of the day on the later of (i) the date of such approval and (ii) the day immediately preceding the third (3rd) anniversary of the Grant Date in the case of First Tranche shares, or the fourth (4th) or fifth (5th) anniversary of the Grant Date in the case of Second or Third Tranche shares, respectively. The Restricted Shares outstanding at the termination of such applicable Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the applicable Restricted Period, including any extension of such Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the applicable Restricted Period without payment of any consideration by PNC.

7.5 Retirement. In the event that Grantee Retires prior to the fifth (5th) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC on such date without payment of any consideration by PNC unless the Committee determines otherwise. The Committee may, in its sole discretion with respect to some or all of the Unvested Shares, treat such shares in the same manner that such shares would be treated pursuant to Section 7.4 if Grantee's employment had been terminated by the Corporation by reason of Total and Permanent Disability.

7.6 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to the fifth (5th) anniversary of the Grant Date, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 7.6(b), then: (i) all remaining applicable Continued Employment Performance Goals will be *deemed* to have been achieved and the Restricted Period or Periods with respect to all then outstanding Unvested Shares, if any, will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.6(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met); and (ii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also be *deemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.6(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also be *deemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.6(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.6(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.6(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.6(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude the *proviso* in Section A.6(a).

(c) If Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met, then in the event that the record date for any dividend payable with respect to such Unvested Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.6(b) are *not* met, any dividend being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.6(b) are met, then such Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, all remaining applicable Continued Employment Performance Goals will be *deemed* to have been achieved and the Restricted Period or Periods with respect to all then outstanding Unvested Shares will terminate as of the day immediately preceding the Change in Control; (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but Unvested Shares remained outstanding after

such termination of employment pursuant to Section 7.4 or Section 7.5 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.14 of Annex A, then with respect to all such Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the applicable Continued Employment Performance Goal or Goals will be *deemed* to have been achieved, and the applicable Restricted Period or Periods will terminate, all as of the day immediately preceding the Change in Control; and (iii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions. Following termination of the Restricted Period applicable to such shares, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Awarded Shares without the legend referred to in Section 3.

Upon release and issuance or reissuance of shares that have become Awarded Shares, PNC or its designee will deliver the certificate or certificates for such whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes.

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted Shares, Grantee shall satisfy all applicable federal, state or local withholding tax obligations arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises with respect to any Restricted Shares, retain sufficient whole shares of PNC common stock from the shares granted pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with such shares. For purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Restricted Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the granting and issuance of the Restricted Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings: Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.13 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of

inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of

competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under the Plan outstanding on February 18, 2004, all restricted stock grants to employees under the Plan or PNC's 1996 Executive Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the Plan prospectus dated _____, 200_ under the heading "Recent Amendments" of the section titled "The Plan." A copy of this Plan prospectus accompanied or preceded delivery of the Agreement to Grantee.

To the extent that Grantee is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Grantee hereby acknowledges and consents to such amendments.

17. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement

executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee and, in the event that Grantee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Agreement is effective.

Grantee will not have any of the rights of a shareholder with respect to the Restricted Shares as set forth in Section 4, and will not have the right to vote or to receive dividends on such shares, until the date the Agreement is effective and the Restricted Shares are issued in accordance with this Section 17.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Agreement is effective in accordance with this Section 17 and the Restricted Shares are issued, then upon the effectiveness of the Agreement, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Agreement been effective and the Restricted Shares had been issued on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

Restricted Stock Grant
Continued Employment Performance Goals
Restricted Periods: Three Years (25%); Four Years (25%); Five Years (50%);

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
RESTRICTED STOCK AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Stock Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares.” Provided that the Restricted Shares are then outstanding, Restricted Shares become “Awarded Shares” when both of the following have occurred: (a) the Continued Employment Performance Goal applicable to such Restricted Shares has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period applicable to such Restricted Shares has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee’s duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be *deemed* to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental

Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 “Committee” means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Continued Employment Performance Goal” means: (a) with respect to shares in the First Tranche of Restricted Shares, the Three-Year Continued Employment Performance Goal; (b) with respect to shares in the Second Tranche of Restricted Shares, the Four-Year Continued Employment Performance Goal; and (c) with respect to shares in the Third Tranche of Restricted Shares, the Five-Year Continued Employment Performance Goal, as applicable.

A.12 “Corporation” means PNC and its Subsidiaries.

A.13 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.14 “Designated Person” will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.14(a).

A.15 “Detrimental Conduct” means:

(a) Grantee has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date through the first (1st) anniversary of Grantee’s Termination Date;

(b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(d) any conviction (including a plea of guilty or *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be *deemed* to have engaged in Detrimental Conduct.

A.16 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.17 "Fair Market Value" as it relates to PNC common stock means the average of the high and low sale prices of the PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.18 "Five-Year Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the fifth (5th) anniversary of the Grant Date; (b) the date of Grantee's death; and (c) the day a Change in Control is *deemed* to have occurred.

A.19 "Four-Year Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, or Section 8 of the Agreement, if

applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the fourth (4th) anniversary of the Grant Date; (b) the date of Grantee's death; and (c) the day a Change in Control is *deemed* to have occurred.

A.20 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.21 "Grant" means the Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.22 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.23 “Grantee” means the person identified as Grantee on page 1 of the Agreement.

A.24 “Internal Revenue Code” means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.25 “Person” has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group *deemed* to be a person under Section 13(d)(3) of the Exchange Act.

A.26 “PNC” means The PNC Financial Services Group, Inc.

A.27 “Restricted Period.” The applicable Restricted Period for Restricted Shares means, subject to early termination if so determined by the Committee or pursuant to Section 7.6 of the Agreement, if applicable, the period set forth in the applicable subsection below:

(a) For First Tranche Shares: with respect to shares in the First Tranche of Restricted Shares, the period from the Grant Date through (and including) the earlier of: (i) the date of Grantee’s death; (ii) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (iii) the day immediately preceding the third (3rd) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) or Section 7.5 of the Agreement, if applicable;

(b) For Second Tranche Shares: with respect to shares in the Second Tranche of Restricted Shares, the period from the Grant Date through (and including) the earlier of: (i) the date of Grantee’s death; (ii) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (iii) the day immediately preceding the fourth (4th) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) or Section 7.5 of the Agreement, if applicable; and

(c) For Third Tranche Shares: with respect to shares in the Third Tranche of Restricted Shares, the period from the Grant Date through (and including) the earlier of: (i) the date of Grantee’s death; (ii) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (iii) the day immediately preceding the fifth (5th) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) or Section 7.5 of the Agreement, if applicable.

A.28 “Retiree” means a Grantee who has Retired.

A.29 “Retire” or “Retirement” means termination of Grantee’s employment with the Corporation at any time and for any reason (other than termination by reason of Grantee’s death or by the Corporation for Cause or, unless the Committee determines

otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries) if such termination of employment occurs on or after the first (F) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation.

A.30 "SEC" means the United States Securities and Exchange Commission.

A.31 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

A.32 "Three-Year Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the third (3rd) anniversary of the Grant Date; (b) the date of Grantee's death; and (c) the day a Change in Control is *deemed* to have occurred.

A.33 "Total and Permanent Disability" means, unless the Committee determines otherwise, Grantee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.34 "Tranche(s)" or "First, Second or Third Tranche" has the meaning set forth in Section 1 of the Agreement.

A.35 "Unvested Shares" means any Restricted Shares that are not Awarded Shares.

FORM OF NON-NEO ANNUAL 25/25 PROGRAM
RESTRICTED STOCK GRANT AGREEMENT

Annual 25/25 Program - 200_ Restricted Stock Grant
Continued Employment Performance Goal
Restricted Period: Three Years (100%)

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

* * *
ANNUAL 25/25 PROGRAM
200_ RESTRICTED STOCK GRANT

* * *
RESTRICTED STOCK AGREEMENT
* * *

GRANTEE: < name >
GRANT DATE: February __, 200_
SHARES: < number of whole shares >

1. Grant of Restricted Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time (“Plan”), and subject to the terms and conditions of this Restricted Stock Agreement (“Agreement”), The PNC Financial Services Group, Inc. (“PNC”) hereby grants to the Grantee named above (“Grantee”) an Incentive Share Award (as defined in the Plan) of the number of shares of PNC common stock set forth above, and, upon acceptance of the Grant by Grantee in accordance with Section 17, will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement and the Plan. The shares granted and issued to Grantee hereby as an Incentive Share Award subject to the terms and conditions of the Agreement and the Plan are hereafter referred to as the “Restricted Shares.”

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms of Grant. The Grant will be subject to the following terms and conditions:

Restricted Shares will be subject to a Restricted Period as provided in Section A.24 of Annex A. Restricted Shares will be deposited with PNC or its designee, or credited to a book-entry account, during the term of the Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.”

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Awarded Shares will be released and issued or reissued to, or at the proper direction of, Grantee or Grantee’s legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.6(b) or Section 7.7(c), if applicable, and to Section 17, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon if and when declared by the Board; *provided, however*, that all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. Restricted Shares awarded hereunder will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be necessary to reflect corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however*, that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant

to Section 10.2, unless and until the Restricted Period terminates and the Awarded Shares are released and issued or reissued by PNC pursuant to Section 9.

7. Forfeiture; Death; Qualifying Disability, Retirement or DEAP Termination; Termination in Anticipation of CIC.

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.5(a), Section 7.6(a), Section 7.7(a), Section 7.7(b), or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to the third (3rd) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.5(b), Section 7.6(c) or Section 7.7(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or any certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Awarded Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.7, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to the third (3rd) anniversary of the Grant Date, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to the then outstanding Unvested Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Awarded Shares will be released and issued or reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to the third (3^d) anniversary of the Grant Date by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.5 Retirement.

(a) In the event that Grantee Retires prior to the third (3rd) anniversary of the Grant Date, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.5(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.5(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.6 DEAP Termination.

(a) In the event that Grantee's employment with the Corporation is terminated prior to the third (3rd) anniversary of the Grant Date by the Corporation and Grantee is

offered and has entered into the standard Waiver and Release Agreement with PNC or a Subsidiary under an applicable PNC or Subsidiary Displaced Employee Assistance Plan, or any successor plan by whatever name known ("DEAP"), or Grantee is offered and has entered into a similar waiver and release agreement between PNC or a Subsidiary and Grantee pursuant to the terms of an agreement or arrangement entered into by PNC or a Subsidiary and Grantee in lieu of or in addition to the DEAP, then Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.6(a) by the Designated Person specified in Section A.13 of Annex A, *provided that* Grantee does not revoke such waiver and release agreement within the time for revocation of such waiver and release agreement by Grantee.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) In the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the lapse of the time for revocation by Grantee of the waiver and release agreement specified in the first paragraph of Section 7.6(a), then such dividend will be held, without interest, pending satisfaction of the condition of Section 7.6(a) that Grantee enter into the offered waiver and release agreement and not revoke such waiver and release agreement within the time for revocation of such agreement by Grantee. In the event that this condition is *not* met, any dividend being held pending satisfaction of such condition will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(c) If (i) Grantee does not enter into, or enters into but revokes, the waiver and release agreement specified in the first paragraph of Section 7.6(a) or (ii) the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding

after Grantee's Termination Date pending the non-revocation of, and the lapse of the time within which Grantee may revoke, such waiver and release agreement and pending approval of the vesting of such shares, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on the date such failure to satisfy the conditions of Section 7.6(a) occurs without payment of any consideration by PNC.

If, by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.6(a), if applicable, such Unvested Shares are still outstanding but the Designated Person has neither affirmatively approved nor disapproved the vesting of such shares, then all such Unvested Shares will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.7 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to the third (3rd) anniversary of the Grant Date, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 7.7(b), then: (i) the Three-Year Continued Employment Performance Goal will *bedeemed* to have been achieved and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.7(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met); and (ii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also *bedeemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also *bedeemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.7(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.7(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.7(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude the *proviso* in Section A.6(a).

(c) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then in the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.7(b) are *not* met, any dividend being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then the Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control; (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4, Section 7.5 or Section 7.6 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.13 of Annex A, then with respect to all Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control, *provided, however*, in the case of Unvested Shares that remained outstanding post-employment solely pursuant to Section 7.6(a), that Grantee entered into and does not revoke the

waiver and release agreement specified in Section 7.6(a); and (iii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Awarded Shares without the legend referred to in Section 3.

Upon release and issuance or reissuance of shares that have become Awarded Shares, PNC or its designee will deliver the certificate or certificates for such whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes.

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted Shares, Grantee shall satisfy all applicable federal, state or local withholding tax obligations arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises, retain sufficient whole shares of PNC common stock from the shares granted pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with the Restricted Shares. For purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Restricted Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the

shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the granting and issuance of the Restricted Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a

customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.12 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all

Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under the Plan outstanding on February 18, 2004, all restricted stock grants to employees under the Plan or PNC's 1996 Executive Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the Plan prospectus dated _____, 200_ under the heading "Recent Amendments" of the section titled "The Plan." A copy of this Plan prospectus accompanied or preceded delivery of the Agreement to Grantee.

To the extent that Grantee is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Grantee hereby acknowledges and consents to such amendments.

17. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee and, in the event that Grantee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Agreement is effective.

Grantee will not have any of the rights of a shareholder with respect to the Restricted Shares as set forth in Section 4, and will not have the right to vote or to receive

dividends on such shares, until the date the Agreement is effective and the Restricted Shares are issued in accordance with this Section 17.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Agreement is effective in accordance with this Section 17 and the Restricted Shares are issued, then upon the effectiveness of the Agreement, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Agreement been effective and the Restricted Shares had been issued on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
ANNUAL 25/25 PROGRAM — 200_ RESTRICTED STOCK GRANT
RESTRICTED STOCK AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Stock Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares.” Provided that the Restricted Shares are then outstanding, Restricted Shares become “Awarded Shares” when both of the following have occurred: (a) the Three-Year Continued Employment Performance Goal has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee’s duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be *deemed* to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental

Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 “Committee” means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Corporation” means PNC and its Subsidiaries.

A.12 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.13 “Designated Person” will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.13(a).

A.14 “Detrimental Conduct” means:

(a) Grantee has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date through the first (1st) anniversary of Grantee’s Termination Date;

(b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(d) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be *deemed* to have engaged in Detrimental Conduct.

A.15 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.16 "Fair Market Value" as it relates to PNC common stock means the average of the high and low sale prices of the PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.17 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee

participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.18 "Grant" means the Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.19 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.20 "Grantee" means the person identified as Grantee on page 1 of the Agreement.

A.21 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.22 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group *deemed* to be a person under Section 13(d)(3) of the Exchange Act.

A.23 "PNC" means The PNC Financial Services Group, Inc.

A.24 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.7 of the Agreement, if applicable, the period from the Grant Date through (and including) the earlier of: (a) the date of Grantee's death; (b) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (c) the day immediately preceding the third (3rd) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a), Section 7.5(a) or Section 7.6(a) of the Agreement, if applicable.

A.25 "Retiree" means a Grantee who has Retired.

A.26 "Retire" or "Retirement" means termination of Grantee's employment with the Corporation at any time and for any reason (other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee determines

otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries) if such termination of employment occurs on or after the first (F) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation.

A.27 "SEC" means the United States Securities and Exchange Commission.

A.28 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

A.29 "Three-Year Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, Section 7.7, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the third (3rd) anniversary of the Grant Date; (b) the date of Grantee's death; and (c) the day a Change in Control is *deemed* to have occurred.

A.30 "Total and Permanent Disability" means, unless the Committee determines otherwise, Grantee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.31 "Unvested Shares" means any Restricted Shares that are not Awarded Shares.

FORM OF NEO ANNUAL 25/25 PROGRAM
RESTRICTED STOCK GRANT AGREEMENT

Annual 25/25 Program (NEOs) - 200_ Restricted Stock Grant
Continued Employment Performance Goal
Restricted Period: Three Years (100%)

THE PNC FINANCIAL SERVICES GROUP, INC.
1996 EXECUTIVE INCENTIVE AWARD PLAN

* * *

RESTRICTED STOCK AGREEMENT

GRANTEE: <name>
GRANT DATE: February __, 200_
SHARES: <number of whole shares>

1. Grant of Restricted Shares. Pursuant to Sections 5 and 6 of The PNC Financial Services Group, Inc. 1996 Executive Incentive Award Plan, as amended from time to time ("Plan"), and subject to the terms and conditions of this Restricted Stock Agreement ("Agreement"), The PNC Financial Services Group, Inc. ("PNC") hereby grants to the Grantee named above ("Grantee") a restricted stock award of the number of shares of PNC common stock set forth above, and, upon acceptance of the Grant by Grantee in accordance with Section 18, will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement and the Plan. The shares granted and issued to Grantee hereby as a restricted stock award subject to the terms and conditions of the Agreement and the Plan are hereafter referred to as the "Restricted Shares." The Restricted Shares are being granted and issued to Grantee as part of an Incentive Award and include Additional Stock as defined in the Plan.

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms of Grant. The Grant will be subject to the following terms and conditions:

Restricted Shares will be subject to a Restricted Period as provided in Section A.24 of Annex A. Restricted Shares will be deposited with PNC or its designee,

or credited to a book-entry account, during the term of the Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1996 Executive Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.”

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Awarded Shares will be released and issued or reissued to, or at the proper direction of, Grantee or Grantee’s legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.6(b) or Section 7.7(c), if applicable, and to Section 18, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon if and when declared by the Board; *provided, however*, that all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. Restricted Shares awarded hereunder will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be necessary to reflect corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however*, that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant to Section 10.2, unless and until the Restricted Period terminates and the Awarded Shares are released and issued or reissued by PNC pursuant to Section 9.

7. Forfeiture: Death; Qualifying Disability, Retirement, or DEAP Termination; Termination in Anticipation of Change in Control

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.5(a), Section 7.6(a), Section 7.7(a), Section 7.7(b), or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to the third (3rd) anniversary of the Grant Date, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.5(b), Section 7.6(c) or Section 7.7(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or any certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Awarded Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.7, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to the third (3rd) anniversary of the Grant Date, the Three-Year Continued Employment Performance Goal will be deemed to have been achieved, and the Restricted Period with respect to the then outstanding Unvested Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Awarded Shares will be released and issued or reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to the third (3rd) anniversary of the Grant Date by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on

Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the 180th day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Committee, or (ii) the ninetieth (90th) day following such anniversary date, if the Designated Person is the Chief Human Resources Officer of PNC, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.5 Retirement.

(a) In the event that Grantee Retires prior to the third (3^d) anniversary of the Grant Date, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.5(a) by the Designated Person specified in Section A.13 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the 180th day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Committee, or (ii) the ninetieth (90th) day following such anniversary date, if the Designated Person is the Chief Human Resources Officer of PNC, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.5(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.6 DEAP Termination.

(a) In the event that Grantee's employment with the Corporation is terminated prior to the third (3rd) anniversary of the Grant Date by the Corporation and Grantee is offered and has entered into the standard Waiver and Release Agreement with PNC or a Subsidiary under an applicable PNC or Subsidiary Displaced Employee Assistance Plan, or any successor plan by whatever name known ("DEAP"), or Grantee is offered and has entered into a similar waiver and release agreement between PNC or a Subsidiary and Grantee pursuant to the terms of an agreement or arrangement entered into by PNC or a Subsidiary and Grantee in lieu of or in addition to the DEAP, then Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.6(a) by the Designated Person

specified in Section A.13 of Annex A, *provided that* Grantee does not revoke such waiver and release agreement within the time for revocation of such waiver and release agreement by Grantee.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the 180th day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Committee, or (ii) the ninetieth (90th) day following such anniversary date, if the Designated Person is the Chief Human Resources Officer of PNC, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) In the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the lapse of the time for revocation by Grantee of the waiver and release agreement specified in the first paragraph of Section 7.6(a), then such dividend will be held, without interest, pending satisfaction of the condition of Section 7.6(a) that Grantee enter into the offered waiver and release agreement and not revoke such waiver and release agreement within the time for revocation of such agreement by Grantee. In the event that this condition is *not* met, any dividend being held pending satisfaction of such condition will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(c) If (i) Grantee does not enter into, or enters into but revokes, the waiver and release agreement specified in the first paragraph of Section 7.6(a) or (ii) the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending the non-revocation of, and the lapse of the time within which Grantee may revoke, such waiver and release agreement and pending approval of the vesting of such shares, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on the date such failure to satisfy the conditions of Section 7.6(a) occurs without payment of any consideration by PNC.

If, by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.6(a), if applicable, such Unvested Shares are still outstanding but the Designated Person has neither affirmatively approved

nor disapproved the vesting of such shares, then all such Unvested Shares will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.7 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to the third (3^d) anniversary of the Grant Date, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason, or if Grantee's employment is deemed to have been so terminated pursuant to Section 7.7(b), then: (i) the Three-Year Continued Employment Performance Goal will be deemed to have been achieved and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.7(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met); and (ii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also be deemed to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also be deemed to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.7(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.7(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.7(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude the proviso in Section A.6(a).

(c) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then in the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.7(b) are *not* met, any dividend being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then the Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control; (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4, Section 7.5 or Section 7.6 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.13 of Annex A, then with respect to all Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control, *provided, however*, in the case of Unvested Shares that remained outstanding post-employment solely pursuant to Section 7.6(a), that Grantee entered into and does not revoke the waiver and release agreement specified in Section 7.6(a); and (iii) all Restricted Shares that thereby become Awarded Shares will be released and issued or reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Awarded Shares without the legend referred to in Section 3.

Upon release and issuance or reissuance of shares that have become Awarded Shares, PNC or its designee will deliver the certificate or certificates for such whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes.

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted Shares, Grantee shall satisfy all applicable federal, state or local withholding tax obligations arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises, retain sufficient whole shares of PNC common stock from the shares granted pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with the Restricted Shares. For purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Restricted Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the granting and issuance of the Restricted Shares nor any term or provision of the Agreement shall constitute or be evidence of any

understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any

Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.12 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities

regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Modification; Interpretation; Rules and Regulations. The Committee may modify or amend the terms of the Agreement or the Grant; *provided, however*, no modification or amendment of the Agreement or the Grant shall, without the consent of Grantee, adversely affect the rights or obligations of Grantee.

The Committee will have the power to construe and interpret the Agreement. The Grant and the Agreement are also subject to any administrative guidelines and other rules and regulations relating to the Grant or the Agreement promulgated by or under the authority of the Committee. The Committee's determinations on matters within its authority will be conclusive and binding on Grantee.

17. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under PNC's 1997 Long-Term Incentive Award Plan outstanding on February 18, 2004, all restricted stock grants to employees under the Plan or PNC's 1997 Long-Term Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the Plan prospectus dated _____, 200_ under the heading "Recent Amendments" of the section titled "2004 Restricted Stock Grants." A copy of this Plan prospectus accompanied or preceded delivery of the Agreement to Grantee.

To the extent that Grantee is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Grantee hereby acknowledges and consents to such amendments.

18. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee and, in the event that Grantee is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Grant, the Agreement is effective.

Grantee will not have any of the rights of a shareholder with respect to the Restricted Shares as set forth in Section 4, and will not have the right to vote or to receive dividends on such shares, until the date the Agreement is effective and the Restricted Shares are issued in accordance with this Section 18.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Agreement is effective in accordance with this Section 18 and the Restricted Shares are issued, then upon the effectiveness of the Agreement, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Agreement been effective and the Restricted Shares had been issued on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1996 EXECUTIVE INCENTIVE AWARD PLAN
RESTRICTED STOCK AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Stock Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares.” Provided that the Restricted Shares are then outstanding, Restricted Shares become “Awarded Shares” when both of the following have occurred: (a) the Three-Year Continued Employment Performance Goal has been achieved or is deemed to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee’s duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by

Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be deemed to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding

securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 "Committee" means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Corporation” means PNC and its Subsidiaries.

A.12 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.13 “Designated Person” will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.13(a).

A.14 “Detrimental Conduct” means:

- (a) Grantee has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date through the first (1st) anniversary of Grantee’s Termination Date;
- (b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;
- (c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;
- (d) any conviction (including a plea of guilty or *of nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the

commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be deemed to have engaged in Detrimental Conduct.

A.15 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.16 "Fair Market Value" as it relates to PNC common stock means the average of the high and low sale prices of the PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.17 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent

arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.18 "Grant" means the Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.19 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.20 "Grantee" means the person identified as Grantee on page 1 of the Agreement.

A.21 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.22 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.23 "PNC" means The PNC Financial Services Group, Inc.

A.24 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.7 of the Agreement, if applicable, the period from the Grant Date through (and including) the earlier of: (a) the date of Grantee's death; (b) the day immediately preceding the day a Change in Control is deemed to have occurred; and (c) the day immediately preceding the third (3rd) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a), Section 7.5(a) or Section 7.6(a) of the Agreement, if applicable.

A.25 "Retiree" means a Grantee who has Retired.

A.26 "Retire" or "Retirement" means termination of Grantee's employment with the Corporation at any time and for any reason (other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee determines otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries) if such termination of employment occurs on or after the first (1st) day of

the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation.

A.27 “SEC” means the United States Securities and Exchange Commission.

A.28 “Termination Date” means Grantee’s last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee’s employment with the Corporation terminates effective at the time this occurs.

A.29 “Three-Year Continued Employment Performance Goal” means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, Section 7.7, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the third (3rd) anniversary of the Grant Date; (b) the date of Grantee’s death; and (c) the day a Change in Control is deemed to have occurred.

A.30 “Total and Permanent Disability” means, unless the Committee determines otherwise, Grantee’s disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.31 “Unvested Shares” means any Restricted Shares that are not Awarded Shares.

FORM OF ANNUAL 25/25 PROGRAM
RESTRICTED AWARD DEFERRAL ACCOUNT AGREEMENT

Annual 25/25 Program - 200_ Restricted Deferred Award
Continued Employment Performance Goal
Restricted Period: Three Years (100%)

THE PNC FINANCIAL SERVICES GROUP, INC. AND AFFILIATES
DEFERRED COMPENSATION PLAN

* * *

ANNUAL 25/25 PROGRAM
200_ RESTRICTED DEFERRED AWARD

* * *

RESTRICTED AWARD DEFERRAL ACCOUNT AGREEMENT

* * *

PARTICIPANT: < name >

GRANT DATE: February __, 200_

DEFERRED SHARES: < number of shares, including fractions >

1. Definitions. Terms defined in The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation Plan, as amended from time to time ("Plan"), are used in this Restricted Award Deferral Account Agreement ("Agreement") as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

2. 200 Restricted Award Deferral Account. Subject to the terms and conditions of the Agreement, The PNC Financial Services Group, Inc. ("PNC") has, in connection with the Corporation's Annual 25/25 Program for 200_, granted to the Participant named above ("Participant") a restricted stock award in the amount of the number of shares of PNC common stock set forth above under "Deferred Shares." In accordance with Participant's prior Deferral Election, such award has been deferred under the Plan, subject to the terms and conditions of the Agreement.

Upon acceptance of the award of the Deferred Shares ("Award") and the terms and conditions of the deferral of such shares under the Plan and the Agreement in accordance with Section 17, a separate subaccount of Participant's Plan Account will be established for Participant under the Plan to reflect the deferral of such shares ("200_ Restricted Award Deferral Account"). The Deferral Amounts credited to such

subaccount will be *deemed* to be invested in the phantom PNC Common Stock Fund, such that the initial balance of the 200_ Restricted Award Deferral Account will be a number of units of phantom PNC common stock equal to the number of Deferred Shares set forth above (“Deferred Share Units”). Except as otherwise provided in the Agreement, the 200_ Restricted Award Deferral Account will be treated in the same manner and will be subject to the same terms and conditions as a subaccount established under the Plan for Participant for cash deferrals.

3. Restricted Period. The 200_ Restricted Award Deferral Account will be subject to the following terms and conditions:

The 200_ Restricted Award Deferral Account and the Deferred Share Units will be subject to forfeiture and transfer restrictions pursuant to the terms and conditions of the Agreement during the term of a Restricted Period as provided in Section A.23 of Annex A.

An appropriate notation that the 200_ Restricted Award Deferral Account and the Deferred Share Units are subject to the terms and conditions of the Agreement, including such forfeiture possibility and restrictions against transfer, will be made on the Plan system with respect to the 200_ Restricted Award Deferral Account and the Deferred Share Units. It will also be noted that release from such terms and conditions will be made only in accordance with the provisions of the Agreement, a copy of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc.

To the extent that the Deferred Share Units become Awarded Share Units and are not forfeited pursuant to Section 7, the 200_ Restricted Award Deferral Account and Deferred Share Units will be released from the terms and conditions of the Agreement and the 200_ Restricted Award Deferral Account will become a regular subaccount under the Plan pursuant to Section 9 as soon as administratively practicable following termination of the Restricted Period.

4. Phantom Dividends. Subject to Section 7.6(b) or Section 7.7(c), if applicable, and to Section 17, any earnings credited to Participant under the Plan with respect to the Deferred Share Units in the 200_ Restricted Award Deferral Account will not be restricted by the Agreement and will be credited to the subaccount of Participant’s Plan Account that reflects deferrals of cash annual incentive awards for 200_.

5. Capital Adjustments. Deferred Share Units, as units of phantom PNC common stock, will be subject to such adjustment as may be necessary to reflect the effect on such units of corporate transactions, including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC, on shares of PNC common stock; *provided, however*, that any share units credited to Participant *as deemed* distributions on or in exchange for Unvested Share Units will be credited to the 200_ Restricted Award Deferral Account as Deferred Share Units and will be subject to the terms and conditions of the Agreement as such.

6. Prohibitions Against Transfer and Other Limitations. Deferred Share Units may not be transferred to a subaccount other than the 200_ Restricted Award Deferral Account unless and until they become Awarded Share Units and are released from the terms and conditions of the Agreement pursuant to Section 9 following termination of the Restricted Period.

Participant may not elect to begin distributions or make hardship withdrawals from the 200_ Restricted Award Deferral Account until that subaccount has been released from the terms and conditions of the Agreement pursuant to Section 9. Any accelerated or other distribution of the 200_ Restricted Award Deferral Account that would otherwise occur pursuant to the Plan, or otherwise, will be delayed until that subaccount has been released from the terms and conditions of the Agreement pursuant to Section 9.

7. Forfeiture; Death; Qualifying Disability, Retirement or DEAP Termination; Termination in Anticipation of CIC

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.5(a), Section 7.6(a), Section 7.7 (a), Section 7.7(b), or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Participant's employment with the Corporation terminates prior to the third (3rd) anniversary of the Grant Date, all Deferred Share Units that are Unvested Share Units on Participant's Termination Date will be forfeited by Participant to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Share Units pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.5(b), Section 7.6(c) or Section 7.7(d), neither Participant nor any successors, heirs, assigns or legal representatives of Participant will thereafter have any further rights or interest in such Unvested Share Units.

7.2 Forfeiture for Detrimental Conduct. Unvested Share Units that would otherwise remain in effect after Participant's Termination Date, if any, will be forfeited by Participant to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such units become Awarded Share Units, PNC determines that Participant has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Deferred Share Units that remain outstanding after Participant's Termination Date pursuant to Section 7.3 or Section 7.7, if any; (b) no determination that Participant has engaged in Detrimental Conduct may be made on or after the date of Participant's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to Participant's interests under the Plan in the event of Participant's death; and (d) Detrimental Conduct will cease to apply to any Deferred Share Units upon a Change in Control.

7.3 Death. In the event of Participant's death while an employee of the Corporation and prior to the third (3rd) anniversary of the Grant Date, the Three-Year

Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to those Unvested Share Units then in effect will terminate on the date of Participant's death.

The Deferred Share Units which thereby become Awarded Share Units will be released from the terms and conditions of the Agreement pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability Termination.

(a) In the event Participant's employment with the Corporation is terminated prior to the third (3rd) anniversary of the Grant Date by the Corporation by reason of Participant's Total and Permanent Disability, Unvested Share Units will not be forfeited on Participant's Termination Date. Instead, Unvested Share Units will, subject to the forfeiture provisions of Section 7.2, remain in effect pending approval of the vesting of the Deferred Share Units pursuant to this Section 7.4(a) by the Designated Person specified in Section A.14 of Annex A.

If such Unvested Share Units are still in effect but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Share Units by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the Unvested Share Units that are then in effect is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any Unvested Share Units then in effect will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Deferred Share Units in effect at the termination of the Restricted Period will become Awarded Share Units and will be released from the terms and conditions of the Agreement pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Share Units that had remained in effect after Participant's Termination Date pending approval of vesting, then all such Unvested Share Units that are still in effect will be forfeited by Participant to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Share Units that had remained in effect after Participant's Termination Date pending approval of vesting, then all such Unvested Share Units that are still in effect will be forfeited by Participant to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.5 Retirement.

(a) In the event that Participant Retires prior to the third (3^d) anniversary of the Grant Date, Unvested Share Units will not be forfeited on Participant's Termination Date. Instead, Unvested Share Units will, subject to the forfeiture provisions of Section 7.2, remain in effect pending approval of the vesting of the Deferred Share Units pursuant to this Section 7.5(a) by the Designated Person specified in Section A.14 of Annex A.

If such Unvested Share Units are still in effect but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Share Units by the day immediately preceding the third (3^d) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3^d) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the Unvested Share Units that are then in effect is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any Unvested Share Units then in effect will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3^d) anniversary of the Grant Date, whichever is later. The Deferred Share Units in effect at the termination of the Restricted Period will become Awarded Shares and will be released and issued or reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Share Units that had remained in effect after Participant's Termination Date pending approval of vesting, then all such Unvested Share Units that are still in effect will be forfeited by Participant to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.5(a), if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Share Units that had remained outstanding after Participant's Termination Date pending

approval of vesting, then all such Unvested Share Units that are still in effect will be forfeited by Participant to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.6 DEAP Termination.

(a) In the event that Participant's employment with the Corporation is terminated prior to the third (3rd) anniversary of the Grant Date by the Corporation and Participant is offered and has entered into the standard Waiver and Release Agreement with PNC or a Subsidiary under an applicable PNC or Subsidiary Displaced Employee Assistance Plan, or any successor plan by whatever name known ("DEAP"), or Participant is offered and has entered into a similar waiver and release agreement between PNC or a Subsidiary and Participant pursuant to the terms of an agreement or arrangement entered into by PNC or a Subsidiary and Participant in lieu of or in addition to the DEAP, then Unvested Share Units will not be forfeited on Participant Termination Date. Instead, Unvested Share Units will, subject to the forfeiture provisions of Section 7.2, remain in effect pending approval of the vesting of the Deferred Share Units pursuant to this Section 7.6(a) by the Designated Person specified in Section A.14 of Annex A, *provided that* Participant does not revoke such waiver and release agreement within the time for revocation of such waiver and release agreement by Participant.

If such Unvested Share Units are still in effect but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Share Units by the day immediately preceding the third (3rd) anniversary of the Grant Date, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following the third (3rd) anniversary of the Grant Date, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following such anniversary date if the Designated Person is the Committee, whichever is applicable.

If the vesting of the Unvested Share Units that are then in effect is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period, if applicable, then the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any Unvested Share Units then in effect will terminate as of the end of the day on the date of such approval or the day immediately preceding the third (3rd) anniversary of the Grant Date, whichever is later. The Deferred Share Units in effect at the termination of the Restricted Period will become Awarded Share Units and will be released from the terms and conditions of the Agreement pursuant to Section 9.

(b) In the event that the record date for any phantom dividend to be credited to Participant's Plan Account with respect to the Unvested Share Units occurs on or after Participant's Termination Date but prior to the lapse of the time for revocation by Participant of the waiver and release agreement specified in the first paragraph of

Section 7.6(a), then such phantom dividend will be held, without interest, pending satisfaction of the condition of Section 7.6(a) that Participant enter into the offered waiver and release agreement and not revoke such waiver and release agreement within the time for revocation of such agreement by Participant. In the event that this condition is *not* met, any phantom dividend being held pending satisfaction of such condition will be forfeited by Participant to PNC without payment of any consideration by PNC.

(c) If (i) Participant does not enter into, or enters into but revokes, the waiver and release agreement specified in the first paragraph of Section 7.6(a) or (ii) the Designated Person disapproves the vesting of the Unvested Share Units that had remained in effect after Participant's Termination Date pending the non-revocation of, and the lapse of the time within which Participant may revoke, such waiver and release agreement and pending approval of the vesting of such share units, then all such Unvested Share Units that are still in effect will be forfeited by Participant to PNC on the date such failure to satisfy the conditions of Section 7.6(a) occurs without payment of any consideration by PNC.

If, by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.6(a), if applicable, such Unvested Share Units are still outstanding but the Designated Person has neither affirmatively approved nor disapproved the vesting of such shares units, then all such Unvested Share Units will be forfeited by Participant to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

7.7 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to the third (3^d) anniversary of the Grant Date, Participant's employment is terminated (other than by reason of Participant's death) by the Corporation without Cause or by Participant for Good Reason, or if Participant's employment is *deemed* to have been so terminated pursuant to Section 7.7(b), then: (i) the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period with respect to any Unvested Share Units then in effect will terminate as of the end of the day on the day immediately preceding Participant's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.7(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met); and (ii) all Deferred Share Units that thereby become Awarded Share Units will be released from the terms and conditions of the Agreement pursuant to Section 9 as soon as administratively practicable following such date.

(b) Participant's employment will also be *deemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Participant's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and

(iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Participant's employment will also be *deemed* to have been terminated by Participant for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.7(a) if: (i) Participant terminates Participant's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.7(b) only, Participant will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.7(b), as the case may be, have been met and the standard of proof to be met by Participant will be clear and convincing evidence.

For purposes of this Section 7.7(b) only, the definition of Change in Control in Section A.6 of Annex A will exclude the *proviso* in Section A.6(a).

(c) If the Unvested Share Units will be forfeited by Participant to PNC by reason of Participant's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then in the event that the record date for any phantom dividend to be credited to Participant's Plan Account with respect to the Unvested Share Units occurs on or after Participant's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, such phantom dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.7(b) are *not* met, any phantom dividend being held pending satisfaction of such conditions will be forfeited by Participant to PNC without payment of any consideration by PNC.

(d) If the Unvested Share Units will be forfeited by Participant to PNC by reason of Participant's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.7(b) are met, then the Deferred Share Units will remain in effect pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Share Units will be forfeited by Participant to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Participant is an employee of the Corporation as of the day immediately preceding the Change in Control, the Three-Year Continued Employment Performance Goal will be *deemed* to have been

achieved and the Restricted Period will terminate with respect to all Unvested Share Units then in effect as of the day immediately preceding the Change in Control; (ii) if Participant's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Share Units remained in effect after such termination of employment pursuant to Section 7.4, Section 7.5 or Section 7.6 and are still in effect pending approval of the vesting of such share units by the Designated Person specified in Section A.14 of Annex A, then with respect to all Unvested Share Units in effect as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Three-Year Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control, *provided, however*, in the case of Unvested Share Units that remained outstanding post-employment solely pursuant to Section 7.6(a), that Participant entered into and does not revoke the waiver and release agreement specified in Section 7.6(a); and (iii) all Deferred Share Units that thereby become Awarded Share Units will be released from the terms and conditions of the Agreement pursuant to Section 9 as soon as administratively practicable following such date.

9. Release of Agreement Restrictions. To the extent that the Deferred Share Units become Awarded Share Units and are not forfeited pursuant to Section 7, PNC will release the 200_ Restricted Award Deferral Account and Deferred Share Units from the terms and conditions of the Agreement and the 200_ Restricted Award Deferral Account will become a regular subaccount under the Plan as soon as administratively practicable following termination of the Restricted Period.

10. FICA Withholding Taxes. During the term of the Restricted Period, any earnings credited to Participant's Plan Account with respect to the Deferred Share Units in the 200_ Restricted Award Deferral Account (phantom dividends) will be treated as wages for purposes of the Federal Insurance Contributions Act ("FICA") in the year they are credited to Participant and will be subject to Social Security and Medicare withholding at that time. Otherwise, the Deferred Shares amount will be treated as wages for FICA purposes and will be subject to Social Security and Medicare withholding at the time the 200_ Restricted Award Deferral Account and Deferred Share Units are released from the terms and conditions of the Agreement pursuant to Section 9.

11. Employment. Neither the granting of the Award, the release of the 200_ Restricted Award Deferral Account and Deferred Share Units from the terms and conditions of the Agreement pursuant to Section 9, nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Participant for any period or in any way alter Participant's status as an employee at will.

12. Subject to the Plan. Except as otherwise provided in the Agreement, the 200_ Restricted Award Deferral Account and Deferred Share Units are in all respects subject to the terms and conditions of the Plan, which has been made available to Participant and is incorporated herein by reference.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Participant and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Participant Covenants.

14.1 General. Participant and PNC acknowledge and agree that Participant has received adequate consideration with respect to enforcement of the provisions of Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Participant from earning a living.

14.2 Non-Solicitation; No-Hire. Participant agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Participant's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Participant shall not, directly or indirectly, either for Participant's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Participant should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Participant shall not, directly or indirectly, either for Participant's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Participant assist any other Person in such activities.

Notwithstanding the above, if Participant's employment with the Corporation is terminated by the Corporation without Cause or by Participant with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.12 of Annex A or, if Participant was a party to a written agreement between Participant and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance

Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Participant agrees that Participant shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Participant's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Participant will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Participant, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Participant shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Participant during the term of Participant's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Participant agrees to assign and hereby does assign to PNC or its designee all of Participant's right, title and interest, including copyrights and patent rights, in and to all Developments. Participant shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Participant without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Participant understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Participant and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Participant, and each and every person and entity acting in concert or participating with Participant, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Participant shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Participant and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Participant.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Participant and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Participant and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Participant, Participant agrees to reimburse PNC for any amounts Participant may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Participant reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Pre-2004 Stock Options, Restricted Stock and Restricted Stock Deferrals. All nonstatutory stock options granted to employees under the Plan outstanding on February 18, 2004, all restricted stock grants to employees under PNC's 1997 Long-Term Incentive Award Plan or 1996 Executive Incentive Award Plan outstanding but not yet vested on February 18, 2004, and all participant restricted stock deferral accounts under the PNC and Affiliates Deferred Compensation Plan that were in place but not yet vested on February 18, 2004, are subject to the amendments approved by the Committee on that date. These amendments are generally described in the prospectus supplement dated _____, 200_ under the heading "Recent Amendments." A copy of this prospectus supplement accompanied or preceded delivery of the Agreement to Participant.

To the extent that Participant is the holder of any such stock options or is the grantee of any such restricted stock or is a participant in the PNC and Affiliates Deferred Compensation Plan with such stock deferral account or accounts in place but not yet vested, Participant hereby acknowledges and consents to such amendments.

17. Acceptance of Award; PNC Right to Cancel. If Participant does not accept the Award and the terms and conditions of the deferral of the Deferred Shares by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Participant of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Award at any time prior to Participant's delivery to PNC of a copy of the Agreement executed by Participant. Otherwise, upon execution and delivery of the Agreement by both PNC and Participant and, in the event that Participant is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities, the filing with and acceptance by the SEC of a Form 4 reporting the Award, the Award and the Agreement are effective.

The 200_ Restricted Award Deferral Account will not be established and Participant's Plan Account will not be credited with any phantom dividends with respect to the Deferred Share Units as set forth in Section 4 unless and until the date the Award and the terms and conditions of the deferral of the Deferred Shares are accepted and are effective in accordance with this Section 17.

In the event that one or more record dates for dividends on PNC common stock occur after the Grant Date but before the date the Award and the terms and conditions of the deferral of the Deferred Shares are accepted and are effective in accordance with this Section 17, then upon the effectiveness of the Award and the Agreement, Participant's Plan Account will be credited with an amount equivalent to the amount that would have been credited to such Plan Account with respect to phantom dividends had the Agreement been effective and the Deferred Share Units had been credited to Participant's 200_ Restricted Award Deferral Account on the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by PARTICIPANT.

Participant

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC. AND AFFILIATES
DEFERRED COMPENSATION PLAN
ANNUAL 25/25 PROGRAM — 200_ RESTRICTED DEFERRED AWARD
RESTRICTED AWARD DEFERRAL ACCOUNT AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the Restricted Award Deferral Account Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Share Units.” Provided that the Deferred Share Units have not been forfeited pursuant to Section 7 of the Agreement, Deferred Share Units become “Awarded Share Units” when both of the following have occurred: (a) the Three-Year Continued Employment Performance Goal has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

A.2 “Board” means the Board of Directors of PNC.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause” means:

(a) the willful and continued failure of Participant to substantially perform Participant’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Participant by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Participant has not substantially performed Participant’s duties; or

(b) the willful engaging by Participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Participant, shall be considered willful unless it is done, or omitted to be done, by Participant in bad faith and without reasonable belief that Participant's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Participant's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Participant in good faith and in the best interests of the Corporation.

The cessation of employment of Participant will be *deemed* to be a termination of Participant's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Participant, as part of the notice of Participant's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Participant is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Participant, together with written notice that PNC believes that Participant is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Participant is given an opportunity, together with counsel, to be heard before the Board.

A.5 "CEO" means the chief executive officer of PNC.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least

sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 “Committee” means the Personnel and Compensation Committee of the Board.

A.10 “Competitive Activity” means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Participant’s Termination Date or (b) engaged in business activities which Participant knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Participant’s Termination Date, in either case whether Participant is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.11 “Corporation” means PNC and its Subsidiaries.

A.12 “Coverage Period” means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.13 “Deferred Share Units” means the units of phantom PNC common stock credited to Participant’s 200_ Restricted Award Deferral Account.

A.14 “Designated Person” will be either: (a) the Committee, if Participant is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Participant is not within one of the groups specified in Section A.14(a).

A.15 “Detrimental Conduct” means:

(a) Participant has engaged, without the prior written consent of PNC (at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Participant’s Termination Date through the first (1st) anniversary of Participant’s Termination Date;

(b) a material breach by Participant of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Participant against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(d) any conviction (including a plea of guilty or of *nolo contendere*) of Participant for, or entry by Participant into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Participant's employment or other service relationship with the Corporation; or

(e) entry of any order against Participant by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Participant's employment or other service relationship with the Corporation.

Participant will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Participant has engaged in conduct described in clause (a) above, that Participant is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Participant and, if so, determines that Participant will be *deemed* to have engaged in Detrimental Conduct.

A.16 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.17 "Good Reason" means:

(a) the assignment to Participant of any duties inconsistent in any respect with Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Participant;

(b) a reduction by the Corporation in Participant's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Participant to be based at any office or location that is more than fifty (50) miles from Participant's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Participant participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Participant's total compensation, unless a substantially

equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Participant's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Participant's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Participant with benefits substantially similar to those received by Participant under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Participant was participating, at costs substantially similar to those paid by Participant, immediately prior to the CIC Triggering Event or the Change in Control.

A.18 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.19 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.20 "Participant" means the Participant named on page 1 of the Agreement.

A.21 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.22 "PNC" means The PNC Financial Services Group, Inc.

A.23 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.7 of the Agreement, if applicable, the period from the Grant Date through (and including) the earlier of: (a) the date of Participant's death; (b) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (c) the day immediately preceding the third (3rd) anniversary of the Grant Date or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a), Section 7.5(a) or Section 7.6(a) of the Agreement, if applicable.

A.24 "Retiree" means a Participant who has Retired.

A.25 "Retire" or "Retirement" means termination of Participant's employment with the Corporation at any time and for any reason (other than termination by reason of Participant's death or by the Corporation for Cause or, unless the Committee determines otherwise, termination in connection with a divestiture of assets or of one or more Subsidiaries) if such termination of employment occurs on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Participant attains age fifty-five (55) and completes five (5) years of service (as determined in the same manner as the determination of five years of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation.

A.26 “SEC” means the United States Securities and Exchange Commission.

A.27 “Termination Date” means Participant’s last date of employment with the Corporation. If Participant is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Participant does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Participant’s employment with the Corporation terminates effective at the time this occurs.

A.28 “Three-Year Continued Employment Performance Goal” means, subject to early achievement if so determined by the Committee or *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, Section 7.6, Section 7.7, or Section 8 of the Agreement, if applicable, that Participant has been continuously employed by the Corporation for the period from the Grant Date through (and including) the day immediately preceding the first of the following to occur: (a) the third (3rd) anniversary of the Grant Date; (b) the date of Participant’s death; and (c) the day a Change in Control is *deemed* to have occurred.

A.29 “Total and Permanent Disability” means, unless the Committee determines otherwise, Participant’s disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.30 “200 Restricted Award Deferral Account” means the subaccount of Participant’s Plan Account established for Participant under the Plan in accordance with Section 2 of the Agreement.

A.31 “Unvested Share Units” means any Deferred Share Units that are not Awarded Share Units.

FORM OF 2003 INCENTIVE SHARE AGREEMENT

2003 LTI Program Incentive Share Grant
Three Year Performance Period (January 1, 2003 - December 31, 2005)
Performance Goals: Relative PNC Return on Common Equity and Relative PNC Total Shareholder Return
50%: Vest on Award; 50%: Restricted Period Through December 31, 2006

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

* * *

2003 INCENTIVE SHARE AGREEMENT

GRANTEE: < name >
GRANT DATE: January 3, 2003
TARGET INCENTIVE SHARES: < number of whole shares >
PREMIUM INCENTIVE SHARES: < number of whole shares > [50% of the number of Target Incentive Shares]

1. Grant of Incentive Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan, as amended from time to time ("Plan"), The PNC Financial Services Group, Inc. ("PNC") hereby grants to the Grantee named above ("Grantee") an Incentive Share Award (as defined in the Plan) of the number of shares of PNC Common Stock set forth above as "Target Incentive Shares" and "Premium Incentive Shares," subject to the terms and conditions of this 2003 Incentive Share Agreement ("Agreement") and the Plan and to acceptance of the Grant by Grantee in accordance with Section 15. The Target Incentive Shares and Premium Incentive Shares are hereafter collectively referred to as "Incentive Shares."

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms and Conditions of Grant. The Grant will be subject to the following terms and conditions:

3.1 Certification of Attainment of PNC Performance Goals: Award of Incentive Shares

(a) As soon as practicable after December 31, 2005, PNC will calculate the ROCE and TSR for the Performance Period for PNC and for the other members of the Peer Group and present to the Committee information concerning the extent, if any, to which PNC has attained each of the PNC Performance Goals. Upon certification of the level of achievement of the PNC Performance Goals by the Committee and provided that the Grant is still outstanding, the Committee will have the authority, subject to Section 3.2, to award to Grantee ("award") and direct PNC to issue Incentive Shares as follows:

- (i) up to and including 50% of the Target Incentive Shares if PNC's level of ROCE performance for the Performance Period is within the top half of the ROCE performance of the members of the Peer Group at the time the award is determined ("Target ROCE Performance Goal");
- (ii) up to and including 50% of the Target Incentive Shares if PNC's level of TSR performance for the Performance Period is within the top half of the TSR performance of the members of the Peer Group at the time the award is determined ("Target TSR Performance Goal");
- (iii) up to and including 50% of the Premium Incentive Shares if PNC's level of ROCE performance for the Performance Period is within the top quartile of the ROCE performance of the members of the Peer Group at the time the award is determined ("Premium ROCE Performance Goal"); and
- (iv) up to and including 50% of the Premium Incentive Shares if PNC's level of TSR performance for the Performance Period is within the top quartile of the TSR performance of the members of the Peer Group at the time the award is determined ("Premium TSR Performance Goal").

Attainment of each PNC Performance Goal shall be determined separately, and Grantee may be awarded Incentive Shares under one or more of subsections (i), (ii), (iii) and (iv) of this Section 3.1(a) as indicated above. For purposes of determining PNC's level of performance, PNC will be within the top half or the top quartile, respectively, if its Peer Group ranking with respect to the performance being measured is at least equal to the number of members of the Peer Group at the time the award is determined divided by 2 or 4, as the case may be, rounded up to the nearest whole number (*e.g.*, if there are eleven Peer Group members, ranking 6th or higher would be in the top half and ranking 3rd or higher would be in the top quartile).

The date on which the Committee makes its determination as to whether the respective PNC Performance Goals have been achieved and whether to award Incentive Shares hereunder is hereafter referred to as the "Award Date."

(b) Except as otherwise set forth in Section 3.1(d), if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates on or prior to the Award Date, the Grant will terminate as of Grantee's Termination Date (and therefore no Incentive Shares may be awarded by the Committee pursuant to the Grant).

(c) In the event of Grantee's death while an employee of the Corporation and on or prior to the Award Date, or in the event that Grantee's employment with the Corporation is terminated on or prior to the Award Date by reason of Grantee's Total and Permanent Disability or as otherwise determined by the Committee, the Committee may in its sole discretion, but need not, permit the Grant to remain outstanding in light of the facts and circumstances applicable to Grantee notwithstanding such termination of employment and may consider Grantee for an award of Incentive Shares on the Award Date if and to the extent that the PNC Performance Goals have been achieved.

(d) Notwithstanding anything in the Agreement to the contrary, if Grantee's employment is terminated prior to January 1, 2006 (other than by reason of Grantee's death) during a Coverage Period by the Corporation without Cause or by Grantee for Good Reason, Grantee will be deemed to have been awarded all of the Target Incentive Shares as of the end of the day on the day immediately preceding Grantee's Termination Date, such shares shall all be Vested Shares from the time of issuance, and PNC shall issue a certificate or certificates for all of such shares to Grantee or Grantee's legal representative without further restriction under the Agreement as soon as administratively practicable following such award date.

Further, notwithstanding anything in the Agreement to the contrary, if Grantee's employment is terminated (other than by reason of Grantee's death) during a Coverage Period by the Corporation without Cause or by Grantee for Good Reason on or after January 1, 2006 but on or before the Award Date, Grantee shall be awarded the maximum number of Incentive Shares authorized by Section 3.1(a) for the level of performance attained by PNC with respect to the PNC Performance Goals, such shares shall all be Vested Shares from the time of issuance, and PNC shall issue a certificate or certificates for all of such shares to Grantee or Grantee's legal representative without further restriction under the Agreement as soon as administratively practicable following the Award Date.

Grantee's employment shall also be deemed to have been terminated by the Corporation without Cause during a Coverage Period for purposes of this Section 3.1(d) if: (i) Grantee's employment is terminated by the Corporation other than during a Coverage Period without Cause (as defined in Section A.4(a) of Annex A); (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in anticipation of a Change in Control; and (iii) a Coverage Period commences within three (3) months of such termination of employment.

Grantee's employment shall also be deemed to have been terminated by Grantee for Good Reason during a Coverage Period for purposes of this Section 3.1(d) if: (i) Grantee terminates Grantee's employment other than during a Coverage Period with Good Reason (as defined in Section A.18 of Annex A); (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a Coverage Period commences within three (3) months of such termination of employment.

For purposes of this Section 3.1(d) only, Grantee shall have the burden of proving that the requirements of clauses (ii)(a) and (ii)(b) of the third or fourth paragraph of this Section 3.1(d), as the case may be, have been met and the standard of proof to be met by Grantee shall be clear and convincing evidence.

For purposes of this Section 3.1(d) only, the definition of Change in Control in Section A.6 of Annex A shall exclude the proviso in Section A.6(a).

3.2 Negative Committee Discretion.

(a) The Committee may, other than during a Coverage Period, exercise negative discretion with respect to the Grant and determine, in light of such Corporation or individual performance factors as the Committee may deem appropriate, that, notwithstanding the achievement of one or more of the applicable PNC Performance Goals, the Committee will not award, and PNC will not issue, some or all of the Incentive Shares that the Committee is authorized to award pursuant to Section 3.1(a).

(b) If the time for the Committee to make its determination as to whether the PNC Performance Goals have been achieved and whether to award Incentive Shares occurs during a Coverage Period, the Committee may not exercise negative discretion with respect to the Grant, and in the event that PNC has achieved one or more of the applicable PNC Performance Goals and the Grant is still outstanding, Grantee shall be awarded and PNC shall issue the maximum number of Incentive Shares authorized by Section 3.1(a) for the level of performance attained by PNC with respect to the PNC Performance Goals.

3.3 Termination of Grant. The Grant is subject to termination prior to the Award Date without the issuance of Incentive Shares pursuant to Section 3.1(b). If and to the extent that the Committee determines at the Award Date (a) that the PNC Performance Goals applicable to the issuance of some or all of the Incentive Shares have not been achieved or (b) to exercise negative discretion with respect to the Grant pursuant to Section 3.2 (a) and not award some or all of the Incentive Shares, the Grant shall terminate as to such Incentive Shares and such shares shall not be issued to Grantee.

3.4 Issuance of Awarded Shares; Dividend Equivalents. PNC will cause the issuance to Grantee of such Incentive Shares as have been awarded to Grantee by the Committee as soon as practicable after the Award Date; *provided, however*, that other

than during a Coverage Period, the Committee may, in its sole discretion, defer the issuance of Incentive Shares to Grantee when, in the judgment of the Committee, such deferral may be required in order to obtain or preserve more favorable tax treatment for the Corporation, including deductions for compensation.

One half of the Awarded Shares will be Vested Shares at the time of issuance, and PNC will issue a certificate or certificates to Grantee or Grantee's legal representative for such shares without further restriction under the Agreement. Except as otherwise provided in Section 3.1(d), if applicable, the remaining Awarded Shares will be issued as "Restricted Shares" and will continue to be subject to the terms and conditions of the Agreement, including forfeiture provisions and restrictions against transfer, unless and until they become Vested Shares and are released and reissued by PNC to Grantee or Grantee's legal representative pursuant to Section 8.

In the event that one or more record dates for dividends on PNC Common Stock occur after the end of the Performance Period but before the date the Awarded Shares are issued, PNC will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Awarded Shares been issued and outstanding on January 1, 2005.

3.5 Restricted Shares. Restricted Shares will be subject to a Restricted Period as provided in Section A.25 of Annex A. Restricted Shares will be deposited with PNC or its designee, or credited to a book-entry account, during the term of the Restricted Period unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan, as amended, and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc."

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Vested Shares will be released and reissued to Grantee or Grantee's legal representative pursuant to Section 8 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6 and subject to Section 7.5(c), if applicable, and to Section 15, Grantee will have all the rights and privileges of a shareholder with respect to Awarded Shares once they have been issued including, but not limited to, the right to vote the shares and the right to receive dividends thereon if and when declared by the Board; *provided, however*, all such rights and privileges will cease immediately upon any forfeiture of such shares.

5. Capital Adjustments. The number and class of Incentive Shares subject to award under the Agreement will be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by PNC. Restricted Shares awarded under the Agreement will, as issued and outstanding shares of PNC Common Stock, be subject to such adjustment as may be necessary to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations of or by PNC; *provided, however*, that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were unvested Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. The Grant may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution if permitted by the Committee pursuant to Section 7.1. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution, unless and until the Restricted Period terminates and the Vested Shares are released and reissued by PNC to Grantee or Grantee's legal representative pursuant to Section 8.

7. Forfeiture of Unvested Shares: Death: Qualifying Disability or Other Termination: Qualifying CIC Termination

7.1 Forfeiture on Termination of Employment. Except as otherwise set forth in Section 7.3, Section 7.4 or Section 7.5, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to January 1, 2007, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC. Neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or the certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Vested Shares, PNC determines that Grantee has engaged in Detrimental Conduct; *provided, however*, that no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death, and Detrimental Conduct will not apply to conduct by or activities of

successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death.

This Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.5, if any.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to January 1, 2007, the Continued Employment Performance Goal shall be deemed to have been achieved, and the Restricted Period with respect to the then outstanding Restricted Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Vested Shares will be released and reissued by PNC to Grantee's legal representative pursuant to Section 8 as soon as administratively practicable following such date.

7.4 Qualifying Disability or Other Termination. In the event Grantee's employment with the Corporation is terminated prior to January 1, 2007 by the Corporation by reason of Grantee's Total and Permanent Disability or as otherwise determined by the Committee, then the Continued Employment Performance Goal shall be deemed to have been achieved, in the case of Grantee's Total and Permanent Disability, with respect to all Unvested Shares, and otherwise, to the extent determined by the Committee.

The Committee may, but need not, accelerate termination of the Restricted Period. The Restricted Shares outstanding at the termination of the Restricted Period will become Vested Shares and will be released and reissued to Grantee pursuant to Section 8.

7.5 Qualifying CIC Termination.

(a) Notwithstanding anything in the Agreement to the contrary, the Continued Employment Performance Goal shall be deemed to have been achieved and the Restricted Period with respect to the then outstanding Restricted Shares will terminate at the end of the day on the day immediately preceding Grantee's Termination Date if Grantee's employment is terminated (other than by reason of Grantee's death) during a Coverage Period by the Corporation without Cause or by Grantee for Good Reason.

The Restricted Shares which thereby become Vested Shares will be released and reissued to Grantee pursuant to Section 8 as soon as administratively practicable following such date.

(b) Grantee's employment shall also be deemed to have been terminated by the Corporation without Cause during a Coverage Period for purposes of Section 7.5 if: (i) Grantee's employment is terminated by the Corporation other than during a Coverage Period without Cause (as defined in Section A.4(a) of Annex A); (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in anticipation of a

Change in Control; and (iii) a Coverage Period commences within three (3) months of such termination of employment.

Grantee's employment shall also be deemed to have been terminated by Grantee for Good Reason during a Coverage Period for purposes of Section 7.5 if: (i) Grantee terminates Grantee's employment other than during a Coverage Period with Good Reason (as defined in Section A.18 of Annex A); (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a Coverage Period commences within three (3) months of such termination of employment.

For purposes of Section 7.5(b) only, Grantee shall have the burden of proving that the requirements of clauses (ii)(a) and (ii)(b) of the first or second paragraph of Section 7.5(b), as the case may be, have been met and the standard of proof to be met by Grantee shall be clear and convincing evidence.

For purposes of Section 7.5(b) only, the definition of Change in Control in Section A.6 of Annex A shall exclude the proviso in Section A.6(a).

(c) If the Restricted Shares will be forfeited by Grantee to PNC on Grantee's Termination Date pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, then in the event that the record date for any dividends payable with respect to the Restricted Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, such dividends will be held, without interest, pending satisfaction of such conditions. In the event that the conditions of Section 7.5(b) are not met, any dividends being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

8. Termination of Prohibitions on Restricted Stock. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Vested Shares without the legend referred to in Section 3.5. PNC or its designee will deliver such certificate or certificates for whole shares to, or at the proper direction of, Grantee or Grantee's legal representative.

9. Payment of Taxes.

9.1 Code Section 83(b) Election. Grantee may satisfy any or all applicable federal, state or local withholding tax obligations arising from a Code Section 83(b) election with respect to the Restricted Shares (a) by payment of cash or (b) through the surrender (including by means of an attestation procedure) of whole shares of PNC Common Stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the

case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 9.1, shares of PNC Common Stock that are surrendered to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

9.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will retain sufficient whole Awarded Shares to satisfy the minimum amount of taxes required to be withheld in connection with the issuance of Awarded Shares hereunder, or the release and issuance or reissuance of Restricted Shares hereunder, as the case may be. For purposes of this Section 9.2, shares of PNC Common Stock retained to satisfy applicable withholding taxes will be valued at their Fair Market Value on the date the tax withholding obligation arises.

10. Employment. Neither the Grant nor the award and issuance of Awarded Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

11. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

12. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

13. Grantee Covenants.

13.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 13 and 14, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

13.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 13.2 while employed by the Corporation and for

a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person which Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.14 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 13.2 shall no longer apply and shall be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

13.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

13.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that are conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 13.4 shall be performed by Grantee without further compensation and shall continue beyond the Termination Date.

14. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

14.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

14.2 Equitable Remedies. A breach of the provisions of any of Sections 13.2, 13.3 or 13.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

14.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 13.2 by legal proceedings, the period during which Grantee shall comply with said provisions shall extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

14.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

14.5 Severability. The restrictions and obligations imposed by Sections 13.2, 13.3 and 13.4 are separate and severable, and it is the intent of Grantee and PNC that if

any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations shall remain valid and binding upon Grantee.

14.6 Reform. In the event any of Sections 13.2, 13.3 and 13.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

14.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 13.2, 13.3 and 13.4.

14.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

15. Acceptance of Grant; PNC Right to Cancel. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee, the Agreement is effective.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

<name>

2003 LTI Program Incentive Share Grant
Three Year Performance Period (January 1, 2003 - December 31, 2005)
Performance Goals: Relative PNC Return on Common Equity and Relative PNC Total Shareholder Return
50%: Vest on Award; 50%: Restricted Period Through December 31, 2006

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
2003 INCENTIVE SHARE AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the 2003 Incentive Share Agreement (“Agreement”) to which this Annex A is attached:

A.1 “Awarded Shares” means any Incentive Shares that have been awarded by the Committee, or are deemed to have been awarded, pursuant to Section 3 of the Agreement and have been issued in accordance with Section 3.1(d) or Section 3.4 of the Agreement.

A.2 “Board” means the Board of Directors of The PNC Financial Services Group, Inc.

A.3 “Business Day” means any day when the New York Stock Exchange is open for business.

A.4 “Cause.”

(a) “Cause during a Coverage Period. If the termination of Grantee’s employment occurs during a Coverage Period, then, for purposes of the Agreement, “Cause” means:

(i) the willful and continued failure of Grantee to substantially perform Grantee’s duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically

identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee's duties; or

(ii) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (i) and (ii), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be deemed to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Grantee is given an opportunity, together with counsel, to be heard before the Board.

(b) "Cause" other than during a Coverage Period. If the termination of Grantee's employment with the Corporation occurs other than during a Coverage Period, then, for purposes of the Agreement, "Cause" means:

(i) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by PNC which specifically identifies the manner in which it is believed that Grantee has not substantially performed Grantee's duties;

(ii) a material breach by Grantee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony; or

(v) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

The cessation of employment of Grantee will be deemed to have been a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when the Committee determines that Grantee is guilty of conduct described in clause (i), (ii) or (iii) above or that an event described in clause (iv) or (v) above has occurred with respect to Grantee and, if so, determines that the termination of Grantee's employment with the Corporation will be deemed to have been for Cause.

A.5 "CEO" means the chief executive officer of The PNC Financial Services Group, Inc.

A.6 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC shall not by itself constitute a Change in Control.

A.7 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.8(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.8(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.8 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.6; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.9 "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

A.10 "Committee" means the Personnel and Compensation Committee of the Board of Directors of The PNC Financial Services Group, Inc.

A.11 "Competitive Activity" means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee's Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee's Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.12 "Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or pursuant to Section 7.5 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period commencing on the Award Date through (and including) December 31, 2006 or, if earlier, through (and including) the day immediately preceding the first of the following to occur: (a) the date Grantee's employment is terminated by the Corporation by reason of Total and Permanent Disability or as otherwise determined by the Committee; and (b) the date of Grantee's death.

A.13 "Corporation" means PNC and its Subsidiaries.

A.14 "Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period shall commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.15 "Detrimental Conduct."

(a) "Detrimental Conduct" during a Coverage Period. If the determination of whether Grantee has engaged in Detrimental Conduct occurs during a Coverage Period, then for purposes of the Agreement, "Detrimental Conduct" means:

(i) Grantee has engaged, without the prior written consent of PNC (at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee's Termination Date through (and including) the first (1st) anniversary of Grantee's Termination Date; or

(ii) Grantee has willfully engaged in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clause (ii), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior while employed by the Corporation or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

Grantee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when there shall have been delivered to Grantee a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such determination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee has engaged in conduct described in clause (i) above or is guilty of conduct described in clause (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee has engaged in conduct described in clause (i) above or is guilty of conduct described in clause (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Grantee is given an opportunity, together with counsel, to be heard before the Board.

(b) "Detrimental Conduct" other than during a Coverage Period. If the determination of whether Grantee has engaged in Detrimental Conduct occurs other than during a Coverage Period, then for purposes of the Agreement, "Detrimental Conduct" means:

(i) Grantee has engaged, without the prior written consent of PNC (at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee's Termination Date through (and including) the first (1st) anniversary of Grantee's Termination Date;

(ii) a material breach by Grantee of (1) any code of conduct of PNC or a Subsidiary or (2) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or

(v) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (i) above, that Grantee is guilty of conduct described in clause (ii) or clause (iii) above, or that an event described in clause (iv) or clause (v) above has occurred with respect to Grantee and, if so, determines that Grantee will be deemed to have engaged in Detrimental Conduct.

A.16 "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

A.17 "Fair Market Value" as it relates to PNC Common Stock means the average of the high and low sale prices of the PNC Common Stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of the PNC Common Stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.18 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at

least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.19 "Grant" means the grant of Incentive Shares to Grantee pursuant to Section 1 of the Agreement.

A.20 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.21 "Peer Group" means U.S. Bancorp, National City Corporation, PNC, Fifth Third Bancorp, Wells Fargo & Company, The Bank of New York Company, Inc., SunTrust Banks, Inc., Bank One Corporation, KeyCorp, Wachovia Corporation and FleetBoston Financial Corporation, as such group may be adjusted from time to time by the Committee to reflect mergers, consolidations, or other material corporate reorganizations or changes affecting one or more members of the Peer Group or other changes in PNC's Peer Group.

A.22 "Performance Period" means the period commencing January 1, 2003 through (and including) December 31, 2005.

A.23 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.24 "PNC Performance Goal" means: (a) with respect to one half (1/2) of the Target Incentive Shares, the Target ROCE Performance Goal; (b) with respect to the remaining half (1/2) of the Target Incentive Shares, the Target TSR Performance Goal; (c) with respect to one half (1/2) of the Premium Incentive Shares, the Premium ROCE Performance Goal; and (d) with respect to the remaining half (1/2) of the Premium Incentive Shares, the Premium TSR Performance Goal, as applicable.

A.25 "Restricted Period" means, subject to early termination pursuant to Section 7.4 or Section 7.5 of the Agreement, if applicable, the period commencing on the Award Date through (and including) the earlier of (a) the date of Grantee's death and (b) December 31, 2006.

A.26 "ROCE" or "Return on Common Equity" means, with respect to each of PNC and the other members of the Peer Group, the annualized cumulative return on common equity for the period commencing January 1, 2003 through (and including)

December 31, 2005. The Return on Common Equity of PNC or any other Peer Group member may be adjusted to reflect significant nonrecurring items, including, without limitation, merger-related charges or gains or losses on a sale of a business unit, as approved by the Committee. ROCE will be expressed as a percent rounded to the nearest one-hundredth (e.g., 0.00%, with 0.005% being rounded upward to 0.01%).

A.27 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

A.28 "Total and Permanent Disability" means, unless the Committee determines otherwise, Grantee's disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.29 "TSR" or "Total Shareholder Return" means, with respect to PNC, the cumulative total shareholder return on its common stock and, with respect to each other member of the Peer Group, the cumulative total shareholder return on a class of common stock of such other Peer Group member registered under Section 12 of the Exchange Act. For each of PNC and the other members of the Peer Group, cumulative total shareholder return will be calculated by dividing: (a) the sum of: (i) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, with dividends reinvested on a monthly basis at the dividend yield rate using share price at month end and ex-date dividends per share, and (ii) the difference between the share price at the end and the beginning of the measurement period; by (b) the closing share price on December 31, 2002. The term "measurement period" will be the period beginning at the "measurement point" established by the market close on December 31, 2002 and continuing through (and including) the market close on December 31, 2005. With respect to dividends, it will be assumed that dividends are reinvested into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable period. TSR will be expressed as a percent rounded to the nearest one-hundredth (e.g., 0.00%, with 0.005% being rounded upward to 0.01%).

A.30 "Unvested Shares" means any Restricted Shares that are not Vested Shares.

A.31 "Vested Shares." Awarded Shares that are not issued as Restricted Shares pursuant to the Agreement are "Vested Shares" upon issuance and are not subject to further restriction under the Agreement. Awarded Shares that are issued as Restricted Shares pursuant to Section 3.4 of the Agreement become "Vested Shares" if and when both of the following have occurred, provided that the Restricted Shares are then outstanding: (a) the Continued Employment Performance Goal has been achieved or is deemed to have been achieved pursuant to the Agreement; and (b) the Restricted Period has terminated.

FORM OF 2004 INCENTIVE SHARE AGREEMENT

2004 Incentive Share Grant

Two Year Performance Period (January 1, 2004 - December 31, 2005)

PNC Performance Goals: Relative PNC Return on Common Equity and Total Shareholder Return

50%: Vests on Award; 50%: Restricted Period From Award Through December 31, 2006

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

* * *

2004 INCENTIVE SHARE AGREEMENT

* * *

GRANTEE: < name >
GRANT DATE: January 6, 2004
TARGET ROCE INCENTIVE SHARES: < number of whole shares >
TARGET TSR INCENTIVE SHARES: < number of whole shares >
MAXIMUM ROCE INCENTIVE SHARES: 200% of Adjusted Target ROCE Incentive Shares
MAXIMUM TSR INCENTIVE SHARES: 200% of Adjusted Target TSR Incentive Shares

1. Grant of 2004 Incentive Shares. Pursuant to Article 12 of The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended from time to time ("Plan"), The PNC Financial Services Group, Inc. ("PNC") hereby grants to the Grantee named above ("Grantee") an Incentive Share Award (as defined in the Plan) opportunity of the number of shares of PNC common stock described above and defined in Sections A.31 and A.32 of Annex A as the "Maximum ROCE Incentive Shares" and "Maximum TSR Incentive Shares," subject to the terms and conditions of this 2004 Incentive Share Agreement ("Agreement") and the Plan and to acceptance of the Grant by Grantee in accordance with Section 17. The Maximum ROCE Incentive Shares and Maximum TSR Incentive Shares are hereafter collectively referred to as the "2004 Incentive Shares," as provided in Section A.3 of Annex A.

In general, the Grant of incentive shares pursuant to the Agreement and the Plan is an opportunity for Grantee to receive an award of unrestricted and restricted shares of PNC common stock, not to exceed collectively the number of 2004 Incentive Shares, as

determined by the Committee or otherwise in accordance with the terms of the Agreement, provided that Grantee satisfies or is *deemed* to have satisfied the continued employment conditions specified in the Agreement and the other conditions of the Agreement are met. The number of the 2004 Incentive Shares that may be awarded to Grantee by the Committee is limited to a percentage of the target incentive share numbers specified above, as adjusted for phantom dividends on target shares converted to additional target incentive shares, less the number of the 2003 Incentive Shares, if any, awarded to Grantee pursuant to the 2003 Incentive Share Agreement, and is subject to the Committee's negative discretion. The potential payout percentages applicable to the adjusted target incentive shares are determined by the levels of performance of the PNC Performance Goals achieved by PNC relative to its peers over the Performance Period. The potential payout percentage could be as high as 200% of the adjusted target incentive shares for each performance measure, if PNC outperforms its peers in both performance measure categories, or could be zero for one or both categories of target incentive shares if PNC fails to achieve at least the threshold level of performance specified in the Agreement. The Grant is subject to the terms and conditions set forth in the Agreement and to the Plan.

2. Definitions. Terms defined in the Plan are used in the Agreement as defined in the Plan unless otherwise defined in Annex A (attached hereto and incorporated herein by reference) or elsewhere in the Agreement.

3. Terms and Conditions of Grant. The Grant will be subject to the following terms and conditions:

3.1 Certification of Attainment of Threshold Performance Goals and Final Potential Payout Percentages: Award of 2004 Incentive Shares

(a) After the end of each year of the Performance Period, PNC will determine the Return on Common Equity (ROCE) and Total Shareholder Return (TSR) for that year for each member of the Peer Group, including PNC, and will calculate the Adjusted Annual Potential Payout Percentage with respect to each PNC Performance Measure for that year.

(b) As soon as practicable after December 31, 2005, PNC will present to the Committee information concerning the levels of ROCE and TSR performance achieved by PNC and the other members of the Peer Group for the Performance Period, whether or not PNC has achieved at least the Threshold ROCE Performance Goal and/or the Threshold TSR Performance Goal, and, if so, the Final Potential Payout Percentages for ROCE and/or TSR performance calculated on the basis of the levels of such performance achieved by PNC relative to the other Peers.

Upon certification of PNC's levels of achievement of the PNC Performance Goals and the resulting Final Potential Payout Percentages by the Committee, and *provided that* the Grant is still outstanding, that the continued employment requirement set forth in Section 3.1(c) has been met or is *deemed* to have been met pursuant to the terms of the Agreement, and that at least the threshold level of performance of at least one of the

Goals has been met, the Committee will have the authority, subject to the exercise of negative discretion by the Committee pursuant to Section 3.2 and subject to Section 3.4, if applicable, to award to Grantee ("award"), and direct PNC to issue pursuant to Section 3.5, a number of the 2004 Incentive Shares as follows:

- (i) up to and including the number that is the Final ROCE Potential Payout Percentage of the Adjusted Target ROCE Incentive Shares, *provided that* PNC has achieved at least the Threshold ROCE Performance Goal; plus
- (ii) up to and including the number that is the Final TSR Potential Payout Percentage of the Adjusted Target TSR Incentive Shares, *provided that* PNC has achieved at least the Threshold TSR Performance Goal; minus
- (iii) the aggregate number of unrestricted and restricted shares of PNC common stock awarded to Grantee pursuant to the 2003 Incentive Share Agreement.

The date on which the Committee makes its determination as to whether, and if so, the extent to which, an award of the 2004 Incentive Shares may be made pursuant to the Agreement, and within those limits, whether to award any of the 2004 Incentive Shares hereunder, and if so, how many to award, is hereafter referred to as the "Award Date." The Award Date cannot occur any earlier than the date on which the Committee makes its award determination pursuant to the 2003 Incentive Share Agreement.

(c) Except as otherwise provided in and subject to the conditions of Section 3.1(d), Section 3.1(e), or Section 3.4, if applicable, or unless the Committee determines otherwise: (i) Grantee must remain an employee of the Corporation through the Award Date to be eligible to receive an award of any 2004 Incentive Shares; and (ii) in the event that Grantee's employment with the Corporation terminates on or prior to the Award Date, the Grant will terminate as of Grantee's Termination Date (and therefore no 2004 Incentive Shares may be awarded to Grantee pursuant to the Grant).

(d) In the event of Grantee's death while an employee of the Corporation and on or prior to the Award Date, or in the event that Grantee's employment with the Corporation is terminated on or prior to the Award Date by reason of Grantee's Total and Permanent Disability or as otherwise determined by the Committee, the Committee may in its sole discretion, but need not, *deem* the continued employment requirement of Section 3.1(c) to have been met and permit the Grant or a portion thereof to remain outstanding in light of the facts and circumstances applicable to Grantee notwithstanding such termination of employment.

To the extent that the Grant is outstanding on the Award Date and if at least one of the threshold levels of PNC performance has been achieved, the Committee may consider Grantee for an award of 2004 Incentive Shares pursuant to Section 3.1(b) within the limits determined by the Final Potential Payout Percentages and subject to reduction for any award of 2003 Incentive Shares to Grantee. Any award that the Committee may

determine to make after Grantee's death will be delivered to Grantee's legal representative.

(e) (i) Notwithstanding anything in the Agreement to the contrary, if, prior to the Award Date, (1) Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 3.1(e)(ii), and (2) a Change in Control occurs within three (3) months of Grantee's Termination Date, then the continued employment requirement of Section 3.1(c) will be *deemed* to have been met and Grantee will receive an award pursuant to Section 3.4.

(ii) Grantee's employment will be *deemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 3.1(e)(i) if: (1) Grantee's employment is terminated by the Corporation without Cause; (2) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (3) a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will be *deemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 3.1(e)(i) if: (1) Grantee terminates Grantee's employment with Good Reason; (2) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (3) a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 3.1(e)(ii) only, Grantee will have the burden of proving that the requirements of clause (2) of the first or second paragraph of this Section 3.1(e)(ii), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 3.1(e)(ii) only, the definition of Change in Control in Section A.12 of Annex A will exclude the proviso in Section A.12(a).

(iii) If the Grant will terminate by reason of Grantee's termination of employment with the Corporation pursuant to Section 3.1(c) unless all of the conditions set forth in Section 3.1(e)(i), including Section 3.1(e)(ii), if applicable, are met, then the Grant will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, including the condition that a Change in Control occur within three (3) months of Grantee's Termination Date, the Grant will terminate on the date such failure occurs.

3.2 Negative Committee Discretion. The Committee may exercise negative discretion with respect to the Grant and determine, in light of such Corporation or

individual performance factors as the Committee may deem appropriate, that, notwithstanding the level of ROCE and/or TSR performance achieved by PNC relative to the other members of the Peer Group, the Committee will not award, and PNC will not issue, some or all of the number of the 2004 Incentive Shares that the Committee is authorized to award pursuant to Section 3.1(b); *provided, however*, that the Committee may not exercise such negative discretion upon or after the occurrence of a Change in Control.

3.3 Termination of Grant. Except as otherwise provided in Section 3.1(d), Section 3.1(e), or Section 3.4, if applicable, the Grant is subject to termination on or prior to the Award Date pursuant to Section 3.1(c) without the issuance of any of the 2004 Incentive Shares.

Once the Committee has made its determinations at the Award Date, the Grant will terminate as to any portion of the 2004 Incentive Shares that the Committee is not authorized to award pursuant to Section 3.1(b) and as to any portion that the Committee could but elects not to award by exercise of its negative discretion pursuant to Section 3.2, and such shares shall not be issued to Grantee. In the event that an award of a number of the 2004 Incentive Shares is made pursuant to Section 3.4, the Grant will terminate as to any portion of the 2004 Incentive Shares not so awarded.

Termination of all or a portion of the Grant will in no way affect Grantee's covenants or the other provisions of Section 14 and Section 15.

3.4 Change in Control Prior to Award Date. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to the Award Date, the Performance Period, if not already ended, will end as of the end of the day on the day the Change in Control is *deemed* to occur, and, *provided that* either (i) Grantee is an employee of the Corporation as of the day immediately preceding the day the Change in Control is *deemed* to occur, or (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control, the Grant is still outstanding and the continued employment requirement is *deemed* to have been met pursuant to Section 3.1(e)(i) or because the Committee so determined pursuant to Section 3.1(c) or Section 3.1(d), then Grantee will be *deemed* to have been awarded, and PNC will cause the issuance pursuant to this Section 3.4 to Grantee as Awarded Shares as soon as administratively practicable following such Change in Control date, an award of the number of the 2004 Incentive Shares determined as follows:

(a) the sum of:

- (i) the percentage of the number of Adjusted Target ROCE Incentive Shares that is the greater of (1) 100% of such shares, and (2) the percentage of such shares determined as described below on the basis of PNC's level of ROCE performance relative to its peers through the date of the Change in Control if the Change in Control occurs before December 31, 2005 (or the Final ROCE Potential

Payout Percentage of such shares if the Change in Control occurs on or after December 31, 2005 but before the Award Date) plus

- (ii) the percentage of the number of Adjusted Target TSR Incentive Shares that is the greater of (1) 100% of such shares, and (2) the percentage of such shares determined as described below on the basis of PNC's level of TSR performance relative to its peers through the date of the Change in Control if the Change in Control occurs before December 31, 2005 (or the Final TSR Potential Payout Percentage of such shares if the Change in Control occurs on or after December 31, 2005 but before the Award Date);
- (b) prorated by multiplying the sum determined in Section 3.4(a) above by a fraction (not to exceed 1) equal to the number of days from and including January 1, 2004 through and including the day the Change in Control is *deemed* to have occurred, divided by 731 (the number of days in the 2-year performance period);
- (c) then reduced by the aggregate number of shares of PNC common stock, if any, that Grantee receives as an award upon the occurrence of the Change in Control pursuant to the 2003 Incentive Share Agreement.

For purposes of Section 3.4(a)(i)(2) and (a)(ii)(2) above, the percentages to be determined on the basis of PNC's levels of ROCE and TSR performance relative to its peers through the date of the Change in Control (if the Change in Control occurs before December 31, 2005) will be calculated using the same methodology as that set forth in Section A.4 of Annex A for calculating the Adjusted Annual ROCE and TSR Potential Payout Percentages with respect to a given year, but (1) in calculating the ROCE performance of PNC and the other then existing members of the Peer Group to be used in the calculation of the percentage for purposes of Section 3.4(a)(i)(2), using the period commencing January 1, 2004 through and including the end of the last completed calendar quarter prior to the occurrence of the Change in Control rather than the period specified in the definition of Return on Common Equity set forth in Section A.41 of Annex A for 2004 or 2005, and (2) in calculating the TSR performance of PNC and the other then existing members of the Peer Group to be used in the calculation of the percentage for purposes of Section 3.4(a)(ii)(2), using the period beginning at the measuring point established by the market close on December 31, 2003 and continuing through (and including) the market close on the day the Change in Control is *deemed* to have occurred as the measurement period and using the closing share price on December 31, 2003 for the closing share price in clause (b), respectively, of the definition of Total Shareholder Return set forth in Section A.49 of Annex A rather than the measurement period and the closing share price, respectively, specified in that definition for the 2004 or 2005 measurement period.

All of the Awarded Shares that are awarded pursuant to this Section 3.4 will be Vested Shares at the time of issuance, and PNC will issue a certificate or certificates to,

or at the proper direction of, Grantee or Grantee's legal representative for such shares without further restriction under the Agreement *provided, however*, that no fractional shares will be issued, and if the award includes a fractional interest, such fractional interest will be liquidated on the basis of the then current market value of PNC common stock and paid to Grantee or Grantee's legal representative in cash at the time the Awarded Shares are issued.

In the event that a record date for dividends on PNC common stock occurs after the date the Change in Control is *deemed* to have occurred (or after January 1, 2006, if earlier) but before the date the Awarded Shares are issued, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Awarded Shares been issued and outstanding on the date the Change in Control is *deemed* to have occurred (or on January 1, 2006, if earlier).

In the event of a corporate transaction or transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")), the Committee may, subject to the last paragraph of this Section 3.4, make such adjustments in the number and class of the 2004 Incentive Shares subject to award pursuant to this Section 3.4 as it deems appropriate in its sole discretion to reflect the Corporate Transaction(s), including without limitation payment of the award in cash in an amount equal to the product of (a) the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction and (b) the total number of the 2004 Incentive Shares awarded to Grantee pursuant to this Section 3.4.

The Committee may not exercise any negative discretion pursuant to Section 3.2 or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award to Grantee pursuant to this Section 3.4.

3.5 Issuance of Awarded Shares; Dividend Equivalents. Unless a Change in Control occurs prior to the Award Date and Section 3.4 is applicable, PNC will cause the issuance pursuant to this Section 3.5 to Grantee as Awarded Shares of such number of the 2004 Incentive Shares as have been awarded to Grantee by the Committee as soon as practicable after the Award Date; *provided, however*, that the Committee may in its sole discretion, other than during a Coverage Period, defer the issuance of an award of 2004 Incentive Shares to Grantee when, in the judgment of the Committee, such deferral may be required in order to obtain or preserve more favorable tax treatment for the Corporation, including deductions for compensation.

One half (1/2) of the Awarded Shares issued pursuant to this Section 3.5 will be Vested Shares at the time of issuance, and PNC will issue a certificate or certificates to, or at the proper direction of, Grantee or Grantee's legal representative for such shares without further restriction under the Agreement.

The remaining Awarded Shares issued pursuant to this Section 3.5 will be issued as Restricted Shares and will continue to be subject to the terms and conditions of the

Agreement, including forfeiture provisions and restrictions against transfer, unless and until they become Vested Shares and are released and reissued by PNC to, or at the proper direction of, Grantee or Grantee's legal representative pursuant to Section 9.

No fractional shares will be issued. If an award includes a fractional interest or if the division of the award into unrestricted shares and Restricted Shares results in fractional interests, any such fractional interest or interests will be liquidated on the basis of the then current market value of PNC common stock and paid to Grantee in cash at the time the Awarded Shares are issued.

In the event that one or more record dates for dividends on PNC common stock occur after the end of the Performance Period but before the date the Awarded Shares are issued pursuant to this Section 3.5, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Awarded Shares been issued and outstanding on January 1, 2006.

3.6 Restricted Shares. Restricted Shares will be subject to a Restricted Period as provided in Section A.39 of Annex A. Restricted Shares will be deposited with PNC or its designee, or credited to a book-entry account, during the term of the Restricted Period and until released pursuant to Section 9 unless and until forfeited pursuant to the terms of the Agreement.

Any certificate or certificates representing such Restricted Shares will contain the following legend:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of The PNC Financial Services Group, Inc."

Where a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with PNC or its designee during the term of the Restricted Period that become Vested Shares will be released and reissued to, or at the proper direction of, Grantee or Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following the end of the Restricted Period.

4. Rights as Shareholder. Except as provided in Section 6, if applicable, and subject to Section 7.5(c), if applicable, Grantee will have all the rights and privileges of a shareholder with respect to Awarded Shares once they have been issued including, but

not limited to, the right to vote the shares and the right to receive dividends thereon if and when declared by the Board *provided, however*, that all such rights and privileges will cease immediately upon any forfeiture of Awarded Shares that have not become Vested Shares.

5. Capital Adjustments. Except as otherwise provided in Section 3.4, the number and class of 2004 Incentive Shares subject to award under the Agreement will be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect corporation transactions including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction"). Awarded Shares issued as Restricted Shares pursuant to Section 3.5 will, as issued and outstanding shares of PNC common stock, be subject to such adjustment as may be necessary to reflect Corporate Transactions; *provided, however*, that any shares received as distributions on or in exchange for Unvested Shares will be subject to the terms and conditions of the Agreement as if they were unvested Restricted Shares.

6. Prohibitions Against Sale, Assignment, etc. The Grant may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution if permitted by the Committee pursuant to Section 3.5(d). Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution or as may be required pursuant to Section 10.2, unless and until the Restricted Period terminates and the Vested Shares are released and reissued by PNC pursuant to Section 9.

7. Forfeiture of Unvested Shares; Death; Certain Disability or Other Terminations; Termination in Anticipation of a Change in Control

7.1 Forfeiture on Termination of Employment. Except as otherwise provided in and subject to the conditions of Section 7.3, Section 7.4(a), Section 7.4(c), Section 7.5, or Section 8, if applicable, or unless the Committee determines otherwise, in the event that Grantee's employment with the Corporation terminates prior to January 1, 2007, all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC without payment of any consideration by PNC.

Upon forfeiture of Unvested Shares pursuant to the provisions of this Section 7.1 or the provisions of Section 7.2, Section 7.4(b), Section 7.4(c) or Section 7.5(d), neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or in any certificate or certificates representing such Unvested Shares.

7.2 Forfeiture for Detrimental Conduct. Unvested Shares that would otherwise remain outstanding after Grantee's Termination Date, if any, will be forfeited by Grantee to PNC without payment of any consideration by PNC in the event that, at any time prior to the date such shares become Vested Shares, PNC determines that

Grantee has engaged in Detrimental Conduct; *provided, however*, that: (a) this Section 7.2 will not apply to Restricted Shares that remain outstanding after Grantee's Termination Date pursuant to Section 7.3 or Section 7.5, if any; (b) no determination that Grantee has engaged in Detrimental Conduct may be made on or after the date of Grantee's death; (c) Detrimental Conduct will not apply to conduct by or activities of successors to the Restricted Shares by will or the laws of descent and distribution in the event of Grantee's death; and (d) Detrimental Conduct will cease to apply to any Restricted Shares upon a Change in Control.

7.3 Death. In the event of Grantee's death while an employee of the Corporation and prior to January 1, 2007, the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to the then outstanding Unvested Shares will terminate on the date of Grantee's death.

The Restricted Shares which thereby become Vested Shares will be released and reissued by PNC to, or at the proper direction of, Grantee's legal representative pursuant to Section 9 as soon as administratively practicable following such date.

7.4 Disability or Other Termination.

(a) In the event Grantee's employment with the Corporation is terminated prior to January 1, 2007 by the Corporation by reason of Grantee's Total and Permanent Disability, Unvested Shares will not be forfeited on Grantee's Termination Date. Instead, Unvested Shares will, subject to the forfeiture provisions of Section 7.2, remain outstanding pending approval of the vesting of the Restricted Shares pursuant to this Section 7.4(a) by the Designated Person specified in Section A.20 of Annex A.

If such Unvested Shares are still outstanding but the Designated Person has not made an affirmative determination to either approve or disapprove the vesting of the Unvested Shares by December 31, 2006, then the Restricted Period will be automatically extended through the first to occur of: (1) the day the Designated Person makes an affirmative determination regarding such vesting; and (2) either (i) the ninetieth (90th) day following January 1, 2007, if the Designated Person is the Chief Human Resources Officer of PNC, or (ii) the 180th day following January 1, 2007 if the Designated Person is the Committee, whichever is applicable.

If the vesting of the then outstanding Unvested Shares is affirmatively approved by the Designated Person on or prior to the last day of the Restricted Period, including any extension of the Restricted Period if applicable, then the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the date of such approval or December 31, 2006, whichever is later. The Restricted Shares outstanding at the termination of the Restricted Period will become Vested Shares and will be released and reissued by PNC pursuant to Section 9.

(b) If the Designated Person disapproves the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC on such disapproval date without payment of any consideration by PNC.

If by the end of the Restricted Period, including any extension of the Restricted Period pursuant to the second paragraph of Section 7.4(a) if applicable, the Designated Person has neither affirmatively approved nor disapproved the vesting of the Unvested Shares that had remained outstanding after Grantee's Termination Date pending approval of vesting, then all such Unvested Shares that are still outstanding will be forfeited by Grantee to PNC at the close of business on the last day of the Restricted Period without payment of any consideration by PNC.

(c) In the event that Grantee's employment with the Corporation is terminated prior to January 1, 2007 other than by reason of death, by the Corporation by reason of Grantee's Total and Permanent Disability, or in circumstances that qualify for vesting pursuant to Section 7.5(a) or Section 7.5(b), all Restricted Shares that are Unvested Shares on Grantee's Termination Date will be forfeited by Grantee to PNC on such date without payment of any consideration by PNC unless the Committee determines otherwise. The Committee may in its sole discretion, with respect to some or all of the Unvested Shares, treat such shares in the same manner that such shares would be treated pursuant to Section 7.4 if Grantee's employment had been terminated by the Corporation by reason of Total and Permanent Disability.

7.5 Termination in Anticipation of a Change in Control.

(a) Notwithstanding anything in the Agreement to the contrary, if, after the occurrence of a CIC Triggering Event but prior to a CIC Failure and prior to January 1, 2007, Grantee's employment is terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason, or if Grantee's employment is *deemed* to have been so terminated pursuant to Section 7.5(b), then: (i) the Continued Employment Performance Goal will *bedeemed* to have been achieved and the Restricted Period with respect to any then outstanding Unvested Shares will terminate as of the end of the day on the day immediately preceding Grantee's Termination Date (or, in the case of a qualifying termination pursuant to Section 7.5(b), the date all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met); and (ii) all Restricted Shares that thereby become Vested Shares will be released and reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

(b) Grantee's employment will also *bedeemed* to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.5(a) if: (i) Grantee's employment is terminated by the Corporation without Cause; (ii) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC

Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will also be *deemed* to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 7.5(a) if: (i) Grantee terminates Grantee's employment with Good Reason; (ii) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (iii) a CIC Triggering Event or a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 7.5(b) only, Grantee will have the burden of proving that the requirements of clause (ii) of the first or second paragraph of this Section 7.5(b), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 7.5(b) only, the definition of Change in Control in Section A.12 of Annex A will exclude the *proviso* in Section A.12(a).

(c) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, then in the event that the record date for any dividend payable with respect to the Unvested Shares occurs on or after Grantee's Termination Date but prior to the time all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) have been met, such dividend will be held, without interest, pending satisfaction of all of such conditions. In the event that one or more of the conditions of Section 7.5(b) are *not* met, any dividend being held pending satisfaction of such conditions will be forfeited by Grantee to PNC without payment of any consideration by PNC.

(d) If the Unvested Shares will be forfeited by Grantee to PNC by reason of Grantee's termination of employment with the Corporation pursuant to Section 7.1 unless all of the conditions set forth in clauses (i), (ii) and (iii) of the first or second paragraph, as the case may be, of Section 7.5(b) are met, then the Restricted Shares will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, all such Unvested Shares will be forfeited by Grantee to PNC on the date such failure occurs without payment of any consideration by PNC.

8. Change in Control on or After Award Date. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Continued Employment Performance Goal will be *deemed* to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control;

(ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control but the Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4 and are still outstanding pending approval of the vesting of such shares by the Designated Person specified in Section A.20 of Annex A, then with respect to all Unvested Shares outstanding as of the day immediately preceding the Change in Control, such vesting approval will be *deemed* to have been given, the Continued Employment Performance Goal will be *deemed* to have been achieved, and the Restricted Period will terminate, all as of the day immediately preceding the Change in Control; and (iii) all Restricted Shares that thereby become Vested Shares will be released and reissued by PNC pursuant to Section 9 as soon as administratively practicable following such date.

9. Termination of Prohibitions on Restricted Shares. Following termination of the Restricted Period, PNC will release and issue or reissue the certificate or certificates representing the then outstanding whole Restricted Shares that have become Vested Shares without the legend referred to in Section 3.5; any fractional interest will be liquidated on the basis of the then current market value of the PNC common stock.

Upon release and reissuance of shares that have become Vested Shares, PNC or its designee will deliver the certificate or certificates for such whole shares, together with the proceeds of any such fractional interest to, or at the proper direction of, Grantee or Grantee's legal representative.

10. Payment of Taxes.

10.1 Internal Revenue Code Section 83(b) Election In the event that Grantee makes an Internal Revenue Code Section 83(b) election with respect to the Restricted Shares, Grantee will satisfy all applicable federal, state or local withholding and payroll tax obligations ("withholding tax obligations") arising from that election either: (a) by payment of cash; (b) by physical delivery to PNC of certificates for whole shares of PNC common stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed; or (c) by a combination of cash and such stock. Any such tax election will be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 10.1, shares of PNC common stock that are used to satisfy applicable withholding tax obligations will be valued at their Fair Market Value on the date the tax withholding obligation arises. Grantee will provide to PNC a copy of any Internal Revenue Code Section 83(b) election filed by Grantee with respect to the Restricted Shares not later than ten (10) days after the filing of such election.

10.2 Other Tax Liabilities. Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises, retain sufficient whole shares of PNC common stock from the shares awarded to Grantee pursuant to the Agreement to satisfy the minimum amount of taxes required to be withheld by the Corporation in connection with the Awarded Shares. For

purposes of this Section 10.2, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will *not* retain more than the number of shares sufficient to satisfy the minimum amount of taxes required to be withheld in connection with the Awarded Shares. If Grantee desires to have an additional amount, up to Grantee's W-4 obligation, withheld above the required minimum and if PNC so permits, Grantee may elect to satisfy this additional withholding either: (a) by payment of cash; or (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's share attestation procedure) that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. PNC will not be responsible for determining whether shares of PNC common stock so used by Grantee for this purpose satisfy the requirements set forth in this paragraph, and will be entitled to rely on Grantee's share attestation or certification for all purposes, including but not limited to taxes and tax withholding. Any such tax election will be made pursuant to a form provided by PNC. Shares of PNC common stock that are used for this purpose will be valued at their Fair Market Value on the date the tax withholding obligation arises.

11. Employment. Neither the Grant nor the award and issuance of Awarded Shares nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any Subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant, any Awarded Shares and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, however*, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant, any Awarded Shares and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings: Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement. The Agreement constitutes the entire agreement between Grantee and PNC and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties with respect to the subject matter hereof.

14. Grantee Covenants.

14.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of

Sections 14 and 15, that such provisions are reasonable and properly required for the adequate protection of the business of the Corporation, and that enforcement of such provisions will not prevent Grantee from earning a living.

14.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 14.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, solicit, call on, do business with, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any Subsidiary for which PNC or any Subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any Subsidiary for which PNC or any Subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any Subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any Subsidiary, employ or offer to employ, call on, or actively interfere with PNC's or any Subsidiary's relationship with, or attempt to divert or entice away, any employee of the Corporation, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a Coverage Period (either as Coverage Period is defined in Section A.19 of Annex A or, if Grantee was a party to a written agreement between Grantee and PNC providing, among other things, for certain change in control severance benefits (a "CIC Severance Agreement") that was in effect at the time of such termination of employment, as Coverage Period is defined in such CIC Severance Agreement, if longer), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 14.2 will no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

14.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and

valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

14.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any Subsidiary or (b) developed with the use of any time, material, facilities or other resources of PNC or any Subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any Subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 14.4 shall be performed by Grantee without further compensation and will continue beyond the Termination Date.

15. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

15.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws rules. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

15.2 Equitable Remedies. A breach of the provisions of any of Sections 14.2, 14.3 or 14.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

15.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 14.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date of the legal order requiring such compliance.

15.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such

term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

15.5 Severability. The restrictions and obligations imposed by Sections 14.2, 14.3 and 14.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

15.6 Reform. In the event any of Sections 14.2, 14.3 and 14.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

15.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 14.2, 14.3 and 14.4.

15.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16. Amendment of Change in Control Provisions of 2003 Incentive Share Agreement. The terms and conditions of the 2003 Incentive Share Agreement are hereby amended as follows:

(1) Section 3.1(d) is amended and restated in its entirety to read as follows:

“(d)(1)

(i) Notwithstanding anything in the Agreement to the contrary, if, prior to the Award Date, (1) Grantee’s employment is terminated (other than by reason of Grantee’s death) by the Corporation without Cause or by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure, or if Grantee’s employment is deemed to have been so terminated pursuant to Section 3.1(d)(1)(ii), and (2) a Change in Control occurs within three

(3) months of Grantee's Termination Date, then the continued employment requirement of Section 3.1(b) will be deemed to have been met and Grantee will receive an award pursuant to Section 3.1(d)(2).

(ii) Grantee's employment will be deemed to have been terminated by the Corporation without Cause after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 3.1(d)(1)(i) if: (1) Grantee's employment is terminated by the Corporation without Cause (as defined in Section A.4(a) of Annex A); (2) such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (3) a Change in Control occurs within three (3) months of such termination of employment.

Grantee's employment will be deemed to have been terminated by Grantee for Good Reason after the occurrence of a CIC Triggering Event but prior to a CIC Failure for purposes of Section 3.1(d)(1)(i) if: (1) Grantee terminates Grantee's employment with Good Reason (as defined in Section A.18 of Annex A); (2) the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control; and (3) a Change in Control occurs within three (3) months of such termination of employment.

For purposes of this Section 3.1(d)(1)(ii) only, Grantee will have the burden of proving that the requirements of clause (2) of the first or second paragraph of this Section 3.1(d)(1)(ii), as the case may be, have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of this Section 3.1(d)(1)(ii) only, the definition of Change in Control in Section A.6 of Annex A will exclude the proviso in Section A.6(a).

(iii) If the Grant will terminate by reason of Grantee's termination of employment with the Corporation pursuant to Section 3.1(b) unless all of the conditions set forth in Section 3.1(d)(1)(i) (including those set forth in Section 3.1(d)(1)(ii), if applicable) are met, then the Grant will remain outstanding pending satisfaction of all of those conditions. Upon the failure of any required condition, including the condition that a Change in Control occur within three (3) months of Grantee's Termination Date, the Grant will terminate on the date such failure occurs.

(d)(2)

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to the Award Date, the Performance Period, if not already ended, will end as of the end of the day on the

day the Change in Control is deemed to occur, and, *provided that* either (i) Grantee is an employee of the Corporation as of the day immediately preceding the day the Change in Control is deemed to occur, or (ii) if Grantee's employment with the Corporation terminated prior to the occurrence of the Change in Control, the Grant is still outstanding and the continued employment requirement is deemed to have been met pursuant to Section 3.1(d)(1) or because the Committee so determined pursuant to Section 3.1(b) or Section 3.1(c), then Grantee will be deemed to have been awarded, and PNC will cause the issuance pursuant to this Section 3.1(d)(2) to Grantee as Awarded Shares as soon as administratively practicable following such Change in Control date, an award of the number of the Incentive Shares determined as follows:

- (a) the sum of:
 - (i) 100% of the Target Incentive Shares; plus
 - (ii) 50% of the Premium Incentive Shares if PNC's level of ROCE performance relative to its peers, determined as described below, through the date of the Change in Control is within the top quartile of the ROCE performance of the members of the Peer Group at that time; plus
 - (iii) 50% of the Premium Incentive Shares if PNC's level of TSR performance relative to its peers, determined as described below, through the date of the Change in Control is within the top quartile of the TSR performance of the members of the Peer Group at that time;
- (b) prorated by multiplying the sum determined in Section 3.1(d)(2)(a) above by a fraction (not to exceed 1) equal to the number of days from and including January 1, 2003 through and including the day the Change in Control is deemed to have occurred, divided by 1,096 (the number of days in the 3-year performance period).

In determining the levels of ROCE performance of PNC and the other then existing members of the Peer Group for purposes of Section 3.1(d)(2)(a)(ii) above, the period commencing January 1, 2003 through and including the end of the last completed calendar quarter prior to the occurrence of the Change in Control will be used in the definition of Return on Common Equity set forth in Section A.26 of Annex A rather than the period specified in that definition.

In determining the levels of TSR performance of PNC and the other then existing members of the Peer Group for purposes of Section 3.1(d)(2)(a)(iii) above, the period beginning at the measuring point established by the market close on December 31, 2002 and continuing through (and including) the market close on the day the Change in Control is deemed to have occurred will be used as

the measurement period in the definition of Total Shareholder Return set forth in Section A.29 of Annex A rather than the period specified in that definition.

All of the Awarded Shares that are awarded pursuant to this Section 3.1(d)(2) will be Vested Shares at the time of issuance, and PNC will issue a certificate or certificates to, or at the proper direction of, Grantee or Grantee's legal representative for such shares without further restriction under the Agreement; *provided, however*, that no fractional shares will be issued, and if the award includes a fractional interest, such fractional interest will be liquidated on the basis of the then current market value of PNC Common Stock and paid to Grantee or Grantee's legal representative in cash at the time the Awarded Shares are issued.

In the event that a record date for dividends on PNC Common Stock occurs after the date the Change in Control is deemed to have occurred (or after January 1, 2006, if earlier) but before the date the Awarded Shares are issued, the Corporation will make a cash payment to Grantee equivalent to the amount of the dividends Grantee would have received had the Awarded Shares been issued and outstanding on the date the Change in Control is deemed to have occurred (or on January 1, 2006, if earlier).

In the event of a corporate transaction or transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")), the Committee may, subject to the last paragraph of this Section 3.1(d)(2), make such adjustments in the number and class of Incentive Shares subject to award pursuant to this Section 3.1(d)(2) as it deems appropriate in its sole discretion to reflect the Corporate Transaction(s), including without limitation payment of the award in cash in an amount equal to the product of (a) the per share value of the consideration payable to a PNC Common Stock shareholder in connection with such Corporate Transaction and (b) the total number of the Incentive Shares awarded to Grantee pursuant to this Section 3.1(d)(2).

The Committee may not exercise any negative discretion pursuant to Section 3.2 or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award to Grantee pursuant to this Section 3.1(d)(2)."

- (2) Section 3.2 is amended by: (i) deleting the phrase "other than during a Coverage Period" from the first line of Section 3.2(a) and adding the following proviso to the end of Section 3.2(a): "*provided, however*, that the Committee may not exercise such negative discretion upon or after the occurrence of a Change in Control"; and (ii) deleting Section 3.2(b) in its entirety.

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- (3) Section 3.3 is amended by adding the following to the end of the section: “In the event that an award of a number of Incentive Shares is made pursuant to Section 3.1(d) (2), the Grant will terminate as to any portion of the Incentive Shares not so awarded. Termination of all or a portion of the Grant will in no way affect Grantee’s covenants or the other provisions of Section 13 and Section 14.”
- (4) Section 3.4 is amended to correct the typographical error in the last line of the section by changing “2005” to “2006.”
- (5) A new Section 8A that reads as follows is added immediately prior to Section 8:
- “8A. Change in Control on or After Award Date. Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control: (i) if Grantee is an employee of the Corporation as of the day immediately preceding the Change in Control, the Continued Employment Performance Goal will be deemed to have been achieved and the Restricted Period will terminate with respect to all then outstanding Unvested Shares as of the day immediately preceding the Change in Control; (ii) if Grantee’s employment with the Corporation terminated prior to the occurrence of the Change in Control but Unvested Shares remained outstanding after such termination of employment pursuant to Section 7.4, then with respect to all such Unvested Shares outstanding as of the day immediately preceding the Change in Control, the Restricted Period will terminate as of the day immediately preceding the Change in Control; and (iii) all Restricted Shares that thereby become Vested Shares will be released and reissued by PNC pursuant to Section 8 as soon as administratively practicable following such date.”
- (6) The following amendments are made to the definitions in Annex A:
- The definition of Continued Employment Performance Goal in Section A.12 is amended by: (i) replacing the phrase “or pursuant to Section 7.5 of the Agreement” with the phrase “or to deemed achievement pursuant to Section 7.5 or Section 8A of the Agreement”; and (ii) deleting the word “and” immediately preceding subsection (b) and adding the following subsection (c) at the end of the definition: “and (c) the day a Change in Control is deemed to have occurred.”
- The definition of Performance Period in Section A.22 is amended by adding the phrase “subject to early termination pursuant to Section 3.1(d)(2) of the Agreement,” after the word “means.”
- The definition of Restricted Period in Section A.25 is amended by deleting the word “and” immediately preceding subsection (b), and by adding the following subsection (c) at the end of the definition: “and (c) the day immediately preceding the day a Change in Control is deemed to have occurred.”

17. Acceptance of Grant; PNC Right to Cancel; Effectiveness of Agreement. If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within sixty (60) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee, the Agreement is effective.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE.

Grantee

2004 Incentive Share Grant

Two Year Performance Period (January 1, 2004 - December 31, 2005)

PNC Performance Goals: Relative PNC Return on Common Equity and Total Shareholder Return

50%: Vests on Award; 50%: Restricted Period From Award Through December 31, 2006

ANNEX A
TO
THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
2004 INCENTIVE SHARE AGREEMENT

* * *

CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply for purposes of the 2004 Incentive Share Agreement (“Agreement”) to which this Annex A is attached:

A.1 “2003 Incentive Share Agreement” means the 2003 Incentive Share Agreement between Grantee and PNC relating to the January 3, 2003 grant of a certain incentive share award opportunity (the 2003 Incentive Shares) to Grantee, as amended.

A.2 “2003 Incentive Shares” means the incentive share award opportunity granted to Grantee January 3, 2003 pursuant to the 2003 Incentive Share Agreement and subject to the terms and conditions of that agreement, as amended, and the Plan.

A.3 “2004 Incentive Shares” means, collectively, the Maximum ROCE Incentive Shares and the Maximum TSR Incentive Shares, representing the maximum number of shares of PNC common stock that could be awarded to Grantee as Awarded Shares, subject to the terms and conditions of the Agreement and the Plan.

A.4 “Adjusted Annual Potential Payout Percentage(s)” The Adjusted Annual Potential Payout Percentage for a given year within the Performance Period (2004 or 2005) with respect to a given Performance Measure (ROCE or TSR) (the “Adjusted Annual ROCE Potential Payout Percentage” or the “Adjusted Annual TSR Potential Payout Percentage,” as the case may be) is the percentage determined as follows.

If PNC achieves the best ROCE or TSR performance, as the case may be, of any of the then existing members of the Peer Group for a given year (Top Performer ranking), the Adjusted Annual Potential Payout Percentage for that Performance Measure for that year will be 200%. If PNC’s ROCE or TSR performance for a given year compared to the ROCE or TSR performance, as the case may be, of the other then existing Peers for that year ranks PNC as #10 or lower, however many Peers are then in the Peer Group, the

Adjusted Annual Potential Payout Percentage for that Performance Measure for that year will be 0%.

Otherwise, the Adjusted Annual Potential Payout Percentage for a given year with respect to a given Performance Measure will be equal to: the sum of the unadjusted potential payout percentage set forth in the schedule below ("Schedule") for the Peer ranking immediately below PNC ("Peer B") plus X%, where X is (1) the difference between the unadjusted potential payout percentage set forth in the Schedule for the Peer ranking immediately above PNC ("Peer A") and the unadjusted potential payout percentage set forth in the Schedule for Peer B, times (2) a fraction equal to (i) the difference between PNC's ROCE or TSR performance, as the case may be, for the given year and Peer B's ROCE or TSR performance for the given year, divided by (ii) the difference between Peer A's ROCE or TSR performance, as the case may be, for the given year and Peer B's ROCE or TSR performance for the given year. If there is no Peer B at that time, the Adjusted Annual Potential Payout Percentage for the given year will be the same as the unadjusted potential payout percentage set forth in the Schedule for PNC's ranking.

SCHEDULE

<u>Peer Group Position</u>	<u>Unadjusted Potential Payout Percentage</u>
Top Performer	200%
#2	180%
#3	160%
#4	140%
#5	120%
#6	100%
#7	80%
#8	60%
#9	40%
#10	
or lower	0%

Peer Group positions in the Schedule will be determined by calculating the ROCE or TSR performance, as the case may be, achieved by each then existing member of the Peer Group for the given year and then ranking each such member of the Peer Group by that performance, with the Peer with the best performance being ranked the Top Performer, the Peer with the second best performance being ranked #2, and so on.

The unadjusted potential payout percentages by Peer Group position in the Schedule will not change even if the number of Peers in the Peer Group increases or is reduced, for example, due to industry consolidation.

A.5 "Adjusted Target ROCE Incentive Shares" means the number of incentive shares equal to the Target ROCE Incentive Shares plus the Dividend Adjustment Shares related to target ROCE incentive shares for all PNC common stock cash dividend payment dates that occur from and after the Grant Date through and including December 31, 2005 or, if earlier, the day a Change in Control is *deemed* to have occurred.

A.6 "Adjusted Target TSR Incentive Shares" means the number of incentive shares equal to the Target TSR Incentive Shares plus the Dividend Adjustment Shares related to target TSR incentive shares for all PNC common stock cash dividend payment dates that occur from and after the Grant Date through and including December 31, 2005 or, if earlier, the day a Change in Control is *deemed* to have occurred.

A.7 "Award Date" means the date on which the Committee makes its determination as to whether, and if so, the extent to which, an award of the 2004 Incentive Shares may be made pursuant to the Agreement, and within those limits, whether to award any of the 2004 Incentive Shares pursuant to Section 3.1(b) of the Agreement, and if so, how many to award.

A.8 "Awarded Shares" means any 2004 Incentive Shares that have been (a) awarded by the Committee and issued in accordance with Section 3.5 of the Agreement as Vested Shares or Restricted Shares or (b) *deemed* awarded and issued pursuant to Section 3.4 of the Agreement as Vested Shares.

A.9 "Board" means the Board of Directors of PNC.

A.10 "Cause" means:

(a) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee's duties; or

(b) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any Subsidiary.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or Grantee's superior or based upon

the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be *deemed* to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) Grantee is given an opportunity, together with counsel, to be heard before the Board.

A.11 "CEO" means the chief executive officer of PNC.

A.12 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be *deemed* to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC will not by itself constitute a Change in Control.

A.13 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section A.14(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section A.14(b), the proxy contest fails to replace or remove a majority of the members of the Board.

A.14 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.12; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.15 "Committee" means the Personnel and Compensation Committee of the Board.

A.16 "Competitive Activity" means, for purposes of the Agreement, any participation in, employment by, ownership of any equity interest exceeding one percent

(1%) in, or promotion or organization of, any Person other than PNC or any Subsidiary (a) engaged in business activities similar to some or all of the business activities of PNC or any Subsidiary as of Grantee's Termination Date or (b) engaged in business activities which Grantee knows PNC or any Subsidiary intends to enter within the first twelve (12) months after Grantee's Termination Date, in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

A.17 "Continued Employment Performance Goal" means, subject to early achievement if so determined by the Committee or to *deemed* achievement pursuant to Section 7.3, Section 7.4, Section 7.5, or Section 8 of the Agreement, if applicable, that Grantee has been continuously employed by the Corporation for the period commencing on the Award Date through (and including) the first of the following to occur: (a) December 31, 2006; (b) the day immediately preceding the date of Grantee's death; and (c) the day immediately preceding the day a Change in Control is *deemed* to have occurred.

A.18 "Corporation" means PNC and its Subsidiaries.

A.19 "Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; *provided, however*, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

A.20 "Designated Person" will be either: (a) the Committee, if Grantee is a member of the Corporate Executive Group (or equivalent successor classification) or is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities; or (a) the Chief Human Resources Officer of PNC, if Grantee is not within one of the groups specified in Section A.20(a).

A.21 "Detrimental Conduct" means:

(a) Grantee has engaged, without the prior written consent of PNC (at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee's Termination Date through (and including) the first (1st) anniversary of Grantee's Termination Date;

(b) a material breach by Grantee of (i) any code of conduct of PNC or a Subsidiary or (ii) other written policy of PNC or a Subsidiary, in either case required by law or established to maintain compliance with applicable law;

-
- (c) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or a Subsidiary or any client or customer of PNC or a Subsidiary;
- (d) any conviction (including a plea of guilty or *of nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony which relates to or arises out of Grantee's employment or other service relationship with the Corporation; or
- (e) entry of any order against Grantee by any governmental body having regulatory authority with respect to the business of PNC or any Subsidiary, which order relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be *deemed* to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee determines that Grantee has engaged in conduct described in clause (a) above, that Grantee is guilty of conduct described in clause (b) or clause (c) above, or that an event described in clause (d) or clause (e) above has occurred with respect to Grantee and, if so, determines that Grantee will be *deemed* to have engaged in Detrimental Conduct.

A.22 "Dividend Adjustment Shares." Once the Agreement has become effective in accordance with Section 17 of the Agreement, for each PNC common stock cash dividend payment date that occurs during the period from and after the Grant Date through and including December 31, 2005 or, if earlier, the day a Change in Control is *deemed* to have occurred, there will be added, subject to any applicable Plan limits, as of that dividend payment date to the number of Target ROCE Incentive Shares and to the number of Target TSR Incentive Shares, respectively, a number of incentive shares (including fractional shares) equal to (i) the amount of the cash dividends that would have been paid on that dividend payment date on the target number of ROCE or TSR incentive shares, as the case may be, as adjusted for all previous additions to such target number pursuant to this Section A.22, had such target incentive shares been issued and outstanding shares of PNC common stock on the record date for such dividend, divided by (ii) the Fair Market Value of a share of PNC common stock on that dividend payment date.

Cumulatively, these additional ROCE or TSR incentive shares are referred to as the "Dividend Adjustment Shares" related to the target ROCE incentive shares or the target TSR incentive shares, as the case may be, and the Target ROCE Incentive Shares and Target TSR Incentive Shares as adjusted for the addition of all Dividend Adjustment Shares related to such respective target incentive shares are referred to as the "Adjusted Target ROCE Incentive Shares" and the "Adjusted Target TSR Incentive Shares."

A.23 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

A.24 “Fair Market Value” as it relates to PNC common stock means the average of the high and low sale prices of PNC common stock as reported on the New York Stock Exchange (or such successor reporting system as PNC may select) on the relevant date or, if no sale of PNC common stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

A.25 “Final Potential Payout Percentage(s).” The Final Potential Payout Percentage with respect to each Performance Measure (ROCE or TSR) (the “Final ROCE Potential Payout Percentage” or the “Final TSR Potential Payout Percentage,” as the case may be) will be the percentage that is the average of the Adjusted Annual Potential Payout Percentages for that Performance Measure (ROCE or TSR) for the years in the Performance Period (2004 and 2005).

If the Adjusted Annual Potential Payout Percentage for a Performance Measure is 0% for one of the years in the Performance Period but is a positive number for the other year, then the Final Potential Payout Percentage for that Performance Measure will be the percentage that is one-half (1/2) of that positive number.

If the Adjusted Annual Potential Payout Percentage for a Performance Measure is 0% for both of the years in the Performance Period, then the Final Potential Payout Percentage for that Performance Measure will be 0%.

A.26 “Good Reason” means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee’s annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation’s requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee’s office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee’s total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee’s participation in

such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

A.27 "Grant" means the grant, subject to the terms and conditions of the Agreement and the Plan, of the 2004 Incentive Shares award opportunity to Grantee pursuant to Section 1 of the Agreement.

A.28 "Grant Date" means the Grant Date set forth on page 1 of the Agreement.

A.29 "Grantee" means the person identified as Grantee on page 1 of the Agreement.

A.30 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

A.31 "Maximum ROCE Incentive Shares" is the number of incentive shares that is 200% of the Adjusted Target ROCE Incentive Shares, and represents Grantee's maximum incentive share award opportunity pursuant to the Agreement with respect to the PNC ROCE Performance Goal.

A.32 "Maximum TSR Incentive Shares" is the number of incentive shares that is 200% of the Adjusted Target TSR Incentive Shares, and represents Grantee's maximum incentive share award opportunity pursuant to the Agreement with respect to the PNC TSR Performance Goal.

A.33 "Peer Group" means The Bank of New York Company, Inc., Bank One Corporation, Fifth Third Bancorp, FleetBoston Financial Corporation, KeyCorp, National City Corporation, PNC, SunTrust Banks, Inc., U.S. Bancorp, Wachovia Corporation, and Wells Fargo & Company as such group may be adjusted from time to time by the Committee to reflect mergers, consolidations, or other material corporate reorganizations or changes affecting one or more members of the Peer Group or other changes in PNC's peer group. A member of the Peer Group is sometimes referred to as a "Peer."

A.34 "Performance Measure(s)." The Performance Measures are Return on Common Equity and Total Shareholder Return.

A.35 "Performance Period" means, subject to early termination pursuant to Section 3.4 of the Agreement, the period commencing January 1, 2004 through (and including) December 31, 2005. The two years in the Performance Period are 2004 and 2005.

A.36 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.37 "PNC" means The PNC Financial Services Group, Inc.

A.38 "PNC Performance Goal(s)." The PNC Performance Goals are the level of PNC Return on Common Equity ("PNC ROCE Performance Goal") and the level of PNC Total Shareholder Return ("PNC TSR Performance Goal") relative to the levels of ROCE and TSR performance, respectively, of the other members of the Peer Group.

A.39 "Restricted Period" means, subject to early termination if so determined by the Committee or pursuant to Section 7.5 of the Agreement, if applicable, the period commencing on the Award Date through (and including) the earlier of: (a) the date of Grantee's death; (b) the day immediately preceding the day a Change in Control is *deemed* to have occurred; and (c) December 31, 2006 or, if later, the last day of any extension of the Restricted Period pursuant to Section 7.4(a) of the Agreement, if applicable.

A.40 "Restricted Shares" are shares of PNC common stock that have been awarded to Grantee by the Committee as Awarded Shares and issued as Restricted Shares pursuant to Section 3.5 of the Agreement. Restricted Shares are subject to the terms and conditions of the Agreement, including forfeiture provisions and restrictions against transfer, unless and until they become Vested Shares as set forth in Section A.51 and are released and reissued by PNC pursuant to Section 9 of the Agreement. Restricted Shares that have not yet become Vested Shares are sometimes referred to as "Unvested Shares."

A.41 "Return on Common Equity" or "ROCE" means, with respect to each of PNC and the other members of the Peer Group: (a) for 2004, the annualized cumulative return on common equity for the period commencing January 1, 2004 through (and including) December 31, 2004; and (b) for 2005, the annualized cumulative return on common equity for the period commencing January 1, 2005 through (and including) December 31, 2005. The Return on Common Equity of PNC or any other Peer may be adjusted to reflect significant nonrecurring items, including, without limitation, merger-related charges or gains or losses on a sale of a business unit, as approved by the Committee. ROCE will be expressed as a percent rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

A.42 "SEC" means the United States Securities and Exchange Commission.

A.43 “Target ROCE Incentive Shares” means the number of incentive shares specified on page 1 of the Agreement as Target ROCE Incentive Shares.

A.44 “Target TSR Incentive Shares” means the number of incentive shares specified on page 1 of the Agreement as Target TSR Incentive Shares.

A.45 “Termination Date” means Grantee’s last date of employment with the Corporation. If Grantee is employed by a Subsidiary that ceases to be a Subsidiary of PNC and Grantee does not continue to be employed by PNC or a Subsidiary, then for purposes of the Agreement, Grantee’s employment with the Corporation terminates effective at the time this occurs.

A.46 “Threshold ROCE Performance Goal.” PNC will have achieved the Threshold ROCE Performance Goal if PNC’s ranking relative to the other then existing members of the Peer Group with respect to ROCE performance was ninth (9th) or better for at least one year of the Performance Period (2004 or 2005), where Peer Group positions for a given year were determined by calculating the ROCE performance achieved by each then existing member of the Peer Group for the given year and then ranking each such member of the Peer Group by that performance, with the Peer with the best performance being ranked the Top Performer, the Peer with the second best performance being ranked second (2nd), and so on. The ranking required to achieve this threshold will not change whether or not the number of then existing members of the Peer Group changes.

A.47 “Threshold TSR Performance Goal.” PNC will have achieved the Threshold TSR Performance Goal if PNC’s ranking relative to the other then existing members of the Peer Group with respect to TSR performance was ninth (9th) or better for at least one year of the Performance Period (2004 or 2005), where Peer Group positions for a given year were determined by calculating the TSR performance achieved by each then existing member of the Peer Group for the given year and then ranking each such member of the Peer Group by that performance, with the Peer with the best performance being ranked the Top Performer, the Peer with the second best performance being ranked second (2nd), and so on. The ranking required to achieve this threshold will not change whether or not the number of then existing members of the Peer Group changes.

A.48 “Total and Permanent Disability” means, unless the Committee determines otherwise, Grantee’s disability as determined to be total and permanent by the Corporation for purposes of the Agreement.

A.49 “Total Shareholder Return” or “TSR” means, with respect to PNC, the cumulative total shareholder return on PNC’s common stock and, with respect to each other member of the Peer Group, the cumulative total shareholder return on a class of such other Peer’s common stock that is registered under Section 12 of the Exchange Act. For each of PNC and the other members of the Peer Group, cumulative total shareholder return will be calculated by dividing: (a) the sum of: (i) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, with dividends

reinvested on a monthly basis at the dividend yield rate using share price at month end and ex-date dividends per share, and (ii) the difference between the share price at the end and the beginning of the measurement period; by (b) the closing share price on December 31, 2003, for the 2004 measurement period, or the closing share price on December 31, 2004, for the 2005 measurement period. The term "measurement period" will be: (1) for the 2004 measurement period, the period beginning at the measurement point established by the market close on December 31, 2003 and continuing through (and including) the market close on December 31, 2004; and (2) for the 2005 measurement period, the period beginning at the measurement point established by the market close on December 31, 2004 and continuing through (and including) the market close on December 31, 2005. With respect to dividends, it will be assumed that dividends are reinvested into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable period. TSR will be expressed as a percent rounded to the nearest one-hundredth (e.g., 0.00%, with 0.005% being rounded upward to 0.01%).

A.50 "Unvested Shares" means any Restricted Shares that have not yet become Vested Shares.

A.51 "Vested Shares." Vested Shares are Awarded Shares that are not subject to further restriction under the Agreement.

Awarded Shares that are issued pursuant to Section 3.5 of the Agreement as Restricted Shares become Vested Shares and are released and reissued by PNC pursuant to Section 9 of the Agreement if and when both of the following have occurred, *provided that* the Restricted Shares are then outstanding: (a) the Continued Employment Performance Goal has been achieved or is *deemed* to have been achieved pursuant to the terms of the Agreement; and (b) the Restricted Period has terminated.

Awarded Shares issued pursuant to Section 3.5 of the Agreement that are not issued as Restricted Shares are Vested Shares upon issuance and are not subject to further restriction under the Agreement.

All Awarded Shares issued pursuant to Section 3.4 of the Agreement will be Vested Shares upon issuance.

FORM OF NON-CEG CHANGE IN CONTROL SEVERANCE AGREEMENTS

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (the "Agreement"), dated as of _____, 200_, is made by and between The PNC Financial Services Group, Inc., a Pennsylvania corporation, and _____ ("Executive").

WHEREAS the Company has determined that it is in the best interests of the Company and its shareholders to enter into agreements with certain Company executives regarding change in control severance benefits, and Executive has been selected by the Company to be covered by such an agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained and intending to be legally bound hereby, the Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in the Agreement are provided in the last Section and elsewhere in the Agreement.

2. Term of Agreement. The Agreement shall commence on the date hereof and shall remain in effect until Executive attains age sixty-five (65); provided, however, that the Company may terminate the Agreement at any time other than during a Coverage Period:

(a) if, at any time after the date hereof other than during a Coverage Period, the Company gives Executive at least one (1) year advance written notice of termination; provided, however, that such notice shall have no effect if the proposed date of termination falls within a Coverage Period; and provided, further, that termination of the Agreement pursuant to such notice shall have no effect if (x) the notice of termination of the Agreement was given (i) at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in anticipation of a Change in Control, and (y) a Coverage Period commences within three (3) months after the proposed date of termination of the Agreement pursuant to such notice; or

(b) if, at any time after the date hereof other than during a Coverage Period, there is a reduction in Executive's job authority, duties or responsibilities and if, within sixty (60) days after such reduction, the Chief Executive Officer of the Company determines that the Agreement will terminate; provided, however, that in no event may such termination take place if the proposed date of termination falls within a Coverage Period.

Notwithstanding the foregoing, any outstanding obligations of the Company and Executive hereunder arising from a termination of Executive's employment shall survive the termination of the Agreement until such obligations have been fulfilled.

3. Company's Covenants Summarized. In order to induce Executive to remain in the employ of the Company and in consideration of Executive's covenants set forth in Section 4, the Company agrees, under the terms and conditions set forth herein, that, in the event Executive's employment with the Company is terminated during a Coverage Period, the Company will provide Executive the benefits and pay Executive the amounts specified in Section 5.

4. Executive's Covenants.

4.1 No-Raid. Executive agrees that, in the event Executive's employment with the Company is terminated for any reason whatsoever, and as a result of such termination Executive is entitled to receive the Severance Benefits, Executive will not, for a period of one (1) year after the Date of Termination, employ or offer to employ, solicit, actively interfere with the Company's or any Company affiliate's relationship with, or attempt to divert or entice away, any officer of the Company or any Company affiliate.

4.2 Nondisclosure. During Executive's employment with the Company and thereafter, Executive shall not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, other than (i) information that is generally known in the Company's industry or acquired from public sources, (ii) as required in the course of such employment, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of the Company.

5. Benefits and Rights upon Termination of Employment

5.1 General Termination Rights and Benefits. If Executive's employment by the Company is terminated for any reason (whether by the Company or Executive) during a Coverage Period, the Company shall pay to Executive the payments described in Subsections (a) and (b) below.

(a) Pre-Termination Benefits. The Company shall pay Executive's base salary to Executive through the Date of Termination in accordance with the Company's normal payment practices at the highest rate in effect during the sixty (60) day period preceding the date the Notice of Termination is given, together with all other compensation and benefits payable to Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

(b) Post-Termination Benefits. The Company shall pay Executive's normal post-termination compensation and benefits to Executive as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance, pension, welfare and other compensation or benefit plans, programs and arrangements.

5.2 Severance Benefits. In addition to the payments provided for by Section 5.1, but subject to Section 7.16, the Company shall pay to Executive the payments described in

Subsections (a) through (f) below (the “Severance Benefits”) upon termination of Executive’s employment with the Company during a Coverage Period, unless such termination is (i) by the Company for Cause, (ii) by reason of Executive’s death, (iii) after Executive attains age sixty-five (65) or (iv) by Executive without Good Reason.

(a) Lump-Sum Severance Payment. In lieu of any further salary payments to Executive for periods subsequent to the Date of Termination, the Company shall pay to Executive a lump sum severance payment, in cash, equal to: (i) the Classification Factor (or, if less, the Retirement Factor) times the sum of (x) Executive’s Annual Base Salary and (y) Executive’s Annual Bonus; plus (ii) the Matching Amount, if any.

(b) Bonus.

(i) Termination Year Bonus. The Company shall pay to Executive a lump sum cash payment at a minimum equal to Executive’s Annual Bonus.

(ii) Preceding Fiscal Year Bonus. To the extent that as of the Date of Termination the Company has not yet determined and paid to Executive any incentive award to which Executive is entitled under any Company incentive plan or program with respect to the fiscal year preceding the Termination Year, the Company shall also pay to Executive a lump sum cash payment at a minimum equal to Executive’s Annual Bonus.

(iii) General. Any payment made to Executive under Section 5.2(b) shall be deemed to be a payment made in fulfillment of the Company’s then existing or future annual bonus obligations (whether payable in cash or in Company stock), if any, to Executive under any Company annual incentive compensation plan or program with respect to such fiscal years, including any portion of such bonus payable in the form of Company stock.

(iv) Deferral Option. If Executive so elects by notifying the Company in writing at least one (1) year prior to the Date of Termination, (x) all or a portion, as specified by Executive in such election notice, of the payment provided for by the foregoing provisions of Section 5.2(b), and (y) a portion of the lump-sum severance payment provided for by Section 5.2(a), as specified by Executive in the election notice, up to the product of the Classification Factor (or, if less, the Retirement Factor) and Executive’s Annual Bonus, shall not be paid to Executive, but instead shall be credited to an account established for Executive under the Deferred Compensation Plan. Such credited amount shall be administered in the same manner as amounts otherwise deferred under the Deferred Compensation Plan and shall be distributed to Executive at the time and in the manner specified in Executive’s election notice.

(c) Continued Welfare Benefits.

(i) Commencing on the Date of Termination and continuing thereafter for the number of months equal to the product of twelve (12) and the Classification Factor (or, if less, the Retirement Factor) (such period is referred to herein as the “Benefits Period”), the Company shall provide Executive with life insurance (including group term and supplemental executive life

insurance), health insurance and long-term disability insurance benefits ("Welfare Benefits") substantially similar in all respects to those which Executive was receiving immediately prior to the Notice of Termination. The receipt of such Welfare Benefits shall be conditioned upon Executive continuing to pay the premiums for such Welfare Benefits that Executive paid immediately prior to the Notice of Termination.

(ii) Benefits otherwise receivable by Executive pursuant to Section 5.2(c) (and the corresponding premium payments made by Executive therefor) shall be reduced to the extent substantially similar benefits are actually received by or made available to Executive by any other employer during the Benefits Period at a cost to Executive that is commensurate with the cost incurred by Executive immediately prior to the Notice of Termination; provided, however, that if Executive becomes employed by a new employer that maintains a medical plan that either (i) does not cover Executive or a family member or dependent with respect to a preexisting condition that was covered under the applicable Company medical plan, or (ii) does not cover Executive or a family member or dependent for a designated waiting period, Executive's coverage under the applicable Company medical plan shall continue (but shall be limited in the event of noncoverage due to a preexisting condition, to such preexisting condition) until the earlier of (x) the end of the applicable period of noncoverage under the new employer's plan and (y) the end of the Benefits Period. Executive agrees to report to the Company any coverage and benefits actually received by or made available to Executive from such other employer(s).

(iii) During the Benefits Period, Executive shall be entitled to elect to change Executive's level of coverage and/or choice of coverage options (such as Executive only or family medical coverage) with respect to the Welfare Benefits to be provided by the Company to Executive to the same extent that actively employed executives of the Company are permitted to make such changes; provided, however, that in the event of any such changes the premiums paid by Executive for such Welfare Benefits shall reflect any cost increase or decrease that would actually be paid or received by an actively employed executive of the Company who made the same changes.

(iv) For purposes of Section 5.2(c), any measurement of Welfare Benefits, premium payments, or costs that is based on the Welfare Benefits, premium payments or costs that Executive was receiving, paying or incurring immediately prior to the Notice of Termination shall be determined without giving effect to any change thereto during the Coverage Period which constituted Good Reason pursuant to Section 8.20(e).

(v) To the extent that the Company is unable to provide Executive with any of the Welfare Benefits required by Section 5.2(c) under the Company's benefit plans, the Company shall either (i) purchase such Welfare Benefits for Executive or (ii) to the extent that Executive is able to purchase such Welfare Benefits, pay to Executive a cash payment equal, on an after-tax basis taking into account any deductibility by Executive of premium payments made by Executive, to the cost thereof, in either case reduced by an amount equal to the premiums that Executive would have paid for such Welfare Benefits under the applicable Company benefit plans immediately prior to the Notice of Termination, as adjusted pursuant to Sections 5.2(c)(iii) and/or (iv) if applicable.

(vi) To the extent that the Welfare Benefits required to be provided to Executive pursuant to Section 5.2(c) are group health benefits within the meaning of Section 4980B of the Code, the Company may, in its discretion, unless Executive has elected or is eligible to elect coverage under a Company-sponsored retiree medical plan or plans that provide medical benefits substantially similar to the medical benefits Executive was receiving immediately prior to the Notice of Termination, provide such benefits (hereafter referred to as "COBRA Welfare Benefits") to Executive during any portion of the Benefits Period that Executive is entitled to elect and receive continuation coverage (within the meaning of Section 4980B of the Code) with respect to such COBRA Welfare Benefits by (i) requiring Executive to elect continuation coverage with respect to such COBRA Welfare Benefits as the Company may designate and (ii) reimbursing Executive in cash, on an after-tax basis taking into account any deductibility by Executive of premium payments made by Executive, so that the net cost to Executive of receiving such COBRA Welfare Benefits is not in excess of the cost to Executive provided for by Section 5.2(c)(i), as adjusted pursuant to Sections 5.2(c)(iii) and/or (iv) if applicable.

(vii) If, as of the Date of Termination, Executive is eligible to elect coverage under a Company-sponsored retiree medical plan or plans that provide medical benefits substantially similar to the medical benefits Executive was receiving immediately prior to the Notice of Termination, the Company may, in its discretion, provide medical benefits to Executive pursuant to Section 5.2(c) by (i) requiring Executive to elect coverage under the Company's retiree medical plan or plans, and (ii), to the extent, if any, that Executive's retiree medical premiums exceed the premiums for Company medical benefits that Executive paid immediately prior to the Notice of Termination (as adjusted pursuant to section 5.2(c)(iv) if applicable), paying Executive in cash an amount equal to such difference, such payment to be made on an after-tax basis taking into account any deductibility by Executive of premium payments made by Executive.

(viii) If Executive elects retiree medical coverage on or prior to the Date of Termination and has a post-retirement medical account ("PRMA") under a Company-sponsored post-retirement medical account plan ("PRMA Plan") as of the Date of Termination, then the Company shall pay to Executive a lump sum amount in cash, on an after-tax basis taking into account any deductibility by Executive of premium payments made by Executive, equal to the difference between (1) the Adjusted PRMA Amount and (2) the Date of Termination PRMA Amount. For purposes of Section 5.2(c)(viii): (A) "Adjusted PRMA Amount" means the amount that would have been Executive's PRMA balance as of the last day of the Benefits Period assuming that (i) Executive remained employed as a full-time employee after the Date of Termination through the last day of the Benefits Period, (ii) Executive elected not to have retiree medical premiums deducted from Executive's PRMA during the Benefits Period, and (iii) Executive's PRMA was credited with interest at each year end during the Benefits Period at the same rate as for the year end immediately preceding the Date of Termination or the year end immediately preceding the commencement of the Coverage Period in which the Date of Termination occurs, whichever rate is higher; and (B) "Date of Termination PRMA Amount" means the amount of Executive's PRMA balance as of the Date of Termination.

For purposes of Section 5.2(c)(viii), all determinations and calculations will be made on the basis of the terms and conditions of the PRMA Plan as in effect immediately prior to the Date of Termination or, if the PRMA Plan has been amended during the Coverage Period in which the Date of Termination occurs so as to adversely affect in any manner the amount of Executive's PRMA thereunder, as in effect immediately prior to the commencement of the Coverage Period in which the Date of Termination occurs.

(ix) If a PRMA would have been established for Executive under the PRMA Plan had Executive remained employed as a full-time employee after the Date of Termination through the last day of the Benefits Period, or if Executive would have had a PRMA as of the Date of Termination had the PRMA Plan not been terminated or amended during the Coverage Period in which the Date of Termination occurs, then the Company shall pay to Executive a lump sum amount in cash, on an after-tax basis taking into account any deductibility by Executive of premium payments made by Executive, equal to the difference between (1) the Adjusted PRMA Amount and (2) the Date of Termination PRMA Amount. For purposes of Section 5.2(c)(ix): (A) "Adjusted PRMA Amount" means the amount that would have been Executive's PRMA balance as of the last day of the Benefits Period assuming that (i) Executive remained employed as a full-time employee after the Date of Termination through the last day of the Benefits Period, (ii) Executive elected retiree medical coverage on or prior to the Date of Termination but elected not to have retiree medical premiums deducted from Executive's PRMA during the Benefits Period, and (iii) Executive's PRMA was credited with interest at each year end during the Benefits Period at the same rate as for the year end immediately preceding the Date of Termination or the year end immediately preceding the commencement of the Coverage Period in which the Date of Termination occurs, whichever rate is higher; and (B) "Date of Termination PRMA Amount" means the amount of Executive's PRMA balance as of the Date of Termination.

For purposes of Section 5.2(c)(ix), all determinations and calculations will be made on the basis of the terms and conditions of the PRMA Plan as in effect immediately prior to the Date of Termination or, if the PRMA Plan is no longer in effect on the Date of Termination or has been amended during the Coverage Period in which the Date of Termination occurs so as to adversely affect in any manner the amount of Executive's PRMA thereunder, as in effect immediately prior to the commencement of the Coverage Period in which the Date of Termination occurs.

(x) All group health benefits provided to Executive pursuant to Section 5.2(c) shall constitute continuation coverage for purposes of Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code to the maximum extent permitted thereby.

(d) Other Benefits.

During the Benefits Period, the Company shall continue to pay for and provide Executive with access to personal financial consulting services that are substantially similar to that which the Company provided Executive with during the fiscal year immediately preceding the Termination Year, if any.

(e) Pension Benefits.

(i) Pension Plan Benefits.

(1) The pension benefits accrued by Executive under the Pension Plan and the Excess Plan (the "Company Pension Plans") shall be paid to Executive in accordance with the terms of such plans.

(2) In the event that any amendments are made to the Company Pension Plans during the Coverage Period that adversely affect in any manner the amount of pension benefits payable to Executive under the Company Pension Plans, then the Company shall also pay to Executive a lump sum amount, in cash, equal to the difference between (A) the amount that would have been payable on a lump sum basis as of the Date of Termination without giving effect to such amendments and (B) the amount actually paid or payable on a lump sum basis as of the Date of Termination.

(ii) Benefits Period and Other Pension Accruals. In addition to amounts payable to Executive pursuant to the Company Pension Plans, the Company shall pay to Executive a lump sum amount, in cash, equal to the discounted present value of the difference between (1) the Adjusted Lump Sum Amount and (2) the Date of Termination Lump Sum Amount. Such discounted present value shall be calculated using an interest rate equal to the Applicable Interest Rate in effect under the Pension Plan as of the Date of Termination. For purposes of Section 5.2(e): "Adjusted Lump Sum Amount" means the total amount that would be distributed to Executive in the form of lump sum payments under the Company Pension Plans assuming that: (A) Executive (I) remained employed (after the Date of Termination) for the Benefits Period, (II) was compensated during the Benefits Period at Executive's Annual Base Salary and Annual Bonus, (III) received no prior distributions under the Company Pension Plans at the Date of Termination, (IV) was fully vested under the Company Pension Plans, and (V) elected to receive Executive's accrued benefits under the Company Pension Plans in the form of lump sum distributions payable as of the last day of the Benefits Period; (B) the Applicable Interest Rate for purposes of determining the lump sum amounts to be distributed under the Company Pension Plans as of the last day of the Benefits Period is the Applicable Interest Rate in effect for purposes of the Company Pension Plans as of the Date of Termination; and (C) the Interest Credits in effect for each calendar quarter during the Benefits Period are determined based on the Applicable Interest Rate for purposes of the Company Pension Plans as of the Date of Termination. For purposes of Section 5.2(e), "Date of Termination Lump Sum Amount" means the total amount, not taking into account any amounts that were not vested at the Date of Termination, that would be distributed to Executive in the form of lump sum payments from the Company Pension Plans assuming that Executive elected to receive the distribution of Executive's accrued benefits under the Company Pension Plans in the form of lump sum distributions payable as of the Date of Termination.

(iii) Increased Pension Benefits. If Executive has attained the age of 50 but has not yet attained the age of 60 on the Date of Termination, all benefits payable to Executive under Section 5.2(e)(i) and Section 5.2(e)(ii) shall be increased by a percentage factor (the "Pension

Increase Factor”) determined by reference to the age Executive will have attained on the last day of the Benefits Period (determined assuming Executive survives to such date) as set forth in Annex A to the Agreement. The Company shall pay such increased benefits in a lump sum, in cash, at the time set forth in Section 5.4.

(iv) No Adverse Effect. The determinations and calculations made pursuant to Sections 5.2(e)(ii) and (iii) shall be made without giving effect to any amendments made to the Company Pension Plans during the Coverage Period that adversely affect in any manner the amount of pension benefits payable to Executive under the Company Pension Plans.

(f) Disability Benefit Offset. If, as of the Date of Termination, Executive is eligible to receive disability benefits under one or more of the Company’s or one of its affiliates’ long-term disability plans that cover Executive (collectively, the “LTD Plan”) because of a determination that Executive is totally or partially disabled, then:

(i) the aggregate lump-sum cash payment to be paid to Executive pursuant to Section 5.2(a) shall be reduced (but not to less than zero) by the product of (x) the gross annualized cash disability benefit that is payable to Executive pursuant to the LTD Plan as of the Date of Termination and (y) the Classification Factor (or, if less, the Retirement Factor);

(ii) notwithstanding Section 5.2(f)(i), if Executive ceases to receive disability benefits under the LTD Plan prior to the expiration of a number of years after the Date of Termination equal to the Classification Factor (or, if less, the Retirement Factor), then the Company shall promptly pay to Executive an additional lump-sum cash payment equal to the difference between (x) the amount by which the aggregate lump-sum cash payment made to Executive pursuant to Section 5.2(a) was reduced by reason of Section 5.2(f)(i) and (y) the total gross amount of the cash disability benefits paid to Executive pursuant to the LTD Plan during the period from the Date of Termination until the date disability benefit payments to Executive pursuant to the LTD Plan ceased; and

(iii) for purposes of Benefits Period pension accruals pursuant to Section 5.2(e)(ii), Executive’s Annual Base Salary and Annual Bonus together shall not be less than the greater of (x) the gross annualized cash disability benefit that is payable to Executive pursuant to the LTD Plan as of the Date of Termination and (y) the amount of compensation taken into account for purposes of Executive’s earnings credits under the relevant Company Pension Plans immediately prior to the Date of Termination annualized.

5.3 Gross-Up Payment; Certain Limitations on Payments and Benefits.

(a) In the event that (i) Executive becomes entitled to the Severance Benefits or any other benefits or payments in connection with a Change in Control or the termination of Executive’s employment, whether pursuant to the terms of the Agreement or otherwise (collectively, the “Total Benefits”), and (ii) any of the Total Benefits will be subject to the Excise Tax, the Company shall pay to Executive an additional amount (the “Gross-Up Payment”) such that the net amount retained by Executive from the Gross-Up Payment, after deduction of any

federal, state and local income taxes, Excise Tax, and FICA and Medicare withholding taxes upon the Gross-Up Payment, shall be equal to the Excise Tax on the Total Benefits. For purposes of determining the amount of such Excise Tax, the amount of the Total Benefits that shall be treated as subject to the Excise Tax shall be equal to (i) the Total Benefits, minus (ii) the amount of such Total Benefits that, in the opinion of tax counsel selected by the Company and reasonably acceptable to Executive (“Tax Counsel”), are not excess parachute payments (within the meaning of Section 280G(b)(1) of the Code).

(b) For purposes of Section 5.3, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Excise Tax is (or would be) payable and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive’s residence on the Date of Termination, net of the reduction in federal income taxes which could be obtained from deduction of such state and local taxes (calculated by assuming that any reduction under Section 68 of the Code in the amount of itemized deductions allowable to Executive applies first to reduce the amount of such state and local income taxes that would otherwise be deductible by Executive). Except as otherwise provided herein, all determinations required to be made under Section 5.3 shall be made by Tax Counsel, which determinations shall be conclusive and binding on Executive and the Company absent manifest error.

(c) In the event that the Excise Tax on the Total Benefits is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Executive’s employment, Executive shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax, federal, state and local income taxes and FICA and Medicare withholding taxes imposed on the Gross-Up Payment being repaid by Executive to the extent that such repayment results in a reduction in any such taxes and/or a federal, state or local income tax deduction) plus Interest on the amount of such repayment for the period that the applicable portion of the Gross-Up Payment being repaid was held by Executive. In the event that the Excise Tax on the Total Benefits is determined to exceed the amount taken into account hereunder at the time of the termination of Executive’s employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment (which shall be calculated by Tax Counsel in the same manner and using the same assumptions as set forth in Sections 5.3(a) and 5.3(b)) to Executive in respect of such excess (plus any interest, penalties or additions payable by Executive with respect to such excess to the Internal Revenue Service or any other federal, state, local or foreign taxing authority) at the time that the amount of such excess is finally determined.

5.4 Timing of Payments. The payments provided for in Sections 5.1 through 5.3 (other than Section 5.1(b), Sections 5.2(c)(i) through (vii), Section 5.2(e)(i)(1), Section 5.2(f)(ii), and the last paragraph of Section 5.2(d) and other than payments (and related gross-up payments) that are deferred in accordance with Section 5.2) shall be made on the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to Executive on such day an estimate, as determined in

good faith by the Company, of the minimum amount of such payments. The Company shall pay the remainder of such payments (together with Interest from the Date of Termination to the payment of such remainder) as soon as the amount thereof can be determined, but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to Executive, payable on the fifth (5th) business day after written demand by the Company to Executive (together with Interest from the Date of Termination to the repayment of such excess).

5.5 Reimbursement of Legal Costs. The Company shall pay to Executive all reasonable legal fees and expenses incurred by Executive as a result of a bona fide dispute regarding the application of any provision of the Agreement including all such fees and expenses, if any, incurred (i) in disputing any Notice of Termination under Section 6.2, (ii) in seeking to obtain or enforce any right or benefit provided by the Agreement or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any of the Total Benefits. Such payments shall be made within five (5) business days after delivery of Executive's respective written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

6. Termination Procedures.

6.1 Notice of Termination. During a Coverage Period or pursuant to Section 7.2 or Section 7.3, any termination of Executive's employment (other than by reason of death), whether or not Executive's employment status was classified as active at the time of termination, must be preceded by a written Notice of Termination from one party hereto to the other party hereto in accordance with Section 7.6. For purposes of the Agreement, a "Notice of Termination" shall mean a notice that shall (i) specify Executive's date of termination (the "Date of Termination") which shall not be more than sixty (60) days from the date such Notice of Termination is given, (ii) indicate the notifying party's opinion regarding the specific provisions of the Agreement that will apply upon such termination and (iii) set forth in reasonable detail the facts and circumstances claimed to provide a basis for the application of the provisions indicated. Termination of Executive's employment shall occur on the specified Date of Termination even if there is a dispute between the parties pursuant to Section 6.2 relating to the provisions of the Agreement applicable to such termination.

6.2 Dispute Concerning Applicable Termination Provisions. If within thirty (30) days of receiving the Notice of Termination the party receiving such notice notifies the other party that a dispute exists concerning the provisions of the Agreement that apply to such termination, the dispute shall be resolved either (i) by mutual written agreement of the parties or (ii) by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected). The parties shall pursue the resolution of such dispute with reasonable diligence. Within five (5) business days of such a resolution, any party owing any payments pursuant to the provisions of the Agreement shall make all such payments together with Interest accrued thereon.

7. Miscellaneous.

7.1 No Mitigation. Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by the Company pursuant to the Agreement. The amount of any payment or benefit provided for under the Agreement (other than to the extent provided in Section 5.2(c), Section 5.2(f) and Section 7.16) shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company, or otherwise.

7.2 Successors. In addition to any obligations imposed by law upon any successor to the Company, the Company shall be obligated to require any successor (whether direct or indirect and whether by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business, property and/or assets of the Company to expressly assume and agree to perform the Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; in the event of such a succession, references to the "Company" herein shall thereafter be deemed to include such successor. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of the Agreement. Such breach shall entitle Executive to terminate Executive's employment at any time within six (6) months of such succession and thereafter to receive compensation and benefits from the Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive were to terminate Executive's employment for Good Reason during a Coverage Period. Failure of Executive to exercise any right to terminate Executive's employment pursuant to Section 7.2 shall not affect any other right of Executive under the Agreement.

7.3 Terminations in Anticipation of Change in Control. Executive's employment shall be deemed to have been terminated by the Company without Cause during a Coverage Period if Executive's employment is terminated by the Company without Cause not during a Coverage Period and such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in anticipation of a Change in Control.

Executive's employment shall be deemed to have been terminated by Executive for Good Reason during a Coverage Period if Executive terminates Executive's employment with Good Reason not during a Coverage Period and the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control.

In the event of a termination of employment described in Section 7.3, Executive shall be entitled to all payments and other benefits to which Executive would have been entitled had such termination occurred during a Coverage Period, provided that Executive shall only be entitled to salary and other compensation and benefits pursuant to Section 5.1(a) until Executive's actual date of termination.

Notwithstanding the preceding paragraphs of Section 7.3 or any other provision of the Agreement, Executive shall not be entitled to receive, and the Company shall have no obligation to pay or provide to Executive, any Severance Benefits as a result of a termination of Executive's employment described in Section 7.3, unless and until a Coverage Period commences within three (3) months of such termination.

Notwithstanding the provisions of Section 7.15, for purposes of Section 7.3 only, the burden of proving that the requirements of clauses (a) and (b) of the first and second paragraphs of Section 7.3 have been met shall be on Executive and the standard of proof to be met by Executive shall be clear and convincing evidence.

For purposes of Section 7.3 only, the definition of Change in Control shall exclude the proviso in Section 8.7(a).

7.4 Incompetency. Any benefit payable to or for the benefit of Executive, if legally incompetent, or incapable of giving a receipt therefor, shall be deemed paid when paid to Executive's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company.

7.5 Death. The Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amount would still be payable to Executive hereunder if Executive had continued to live (other than amounts which, by their terms, terminate upon the death of Executive), such amount, unless otherwise provided herein, shall be paid in accordance with the terms of the Agreement to the executors, personal representatives or administrators of Executive's estate.

7.6 Notices. In any case where any notice or other communication is required or permitted to be given hereunder, such notice or communication shall be in writing and shall be deemed to have been duly given and delivered (a) if delivered in person, on the date of such delivery or (b) if sent by a recognized overnight courier service or registered U.S. mail (with postage prepaid and return receipt requested), on the date of receipt of such mail, and shall be sent or delivered to the following address (or such other address as a party may designate from time to time in a written notice to the other party hereto):

To the Company:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222

To the attention of the chief human resources executive of the Company

With a copy (which shall not be deemed notice) to:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222

To the attention of the general counsel of the Company

To Executive:

7.7 Modification; Waiver. No provision of the Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be authorized by the Board or the Committee. No waiver by either party hereto at any time of any breach of, or failure to comply with, any condition or provision of the Agreement that is to be satisfied or performed by the other party hereto shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

7.8 Entire Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in the Agreement.

7.9 Governing Law and Venue. The validity, interpretation, construction and performance of the Agreement shall be governed by the laws of the Commonwealth of Pennsylvania applicable to agreements made and entirely to be performed within such jurisdiction. The party bringing any action under the Agreement shall only be entitled to choose the federal or state courts in the Commonwealth of Pennsylvania as the venue for such action, and each party consents to the jurisdiction of the court chosen in such manner for such action.

7.10 Changes to Statutes, Employee Benefit Plans or Programs and Employee Classification Systems All references to sections of, or regulations promulgated under, the Exchange Act, the Code or other statutes shall be deemed also to refer to such sections or regulations as amended from time to time and to any successor provisions to such sections or regulations. All references to employee benefit plans or programs and employee classification systems of the Company shall be deemed also to refer to such plans, programs and classification systems as amended from time to time and to any successor plans, programs or classification systems thereto.

7.11 Withholding. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which Executive has agreed.

7.12 Validity. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

7.13 No Right to Continued Employment. Nothing in the Agreement shall be deemed to give Executive the right to be retained in the employ of the Company, or to interfere with the right of the Company to discharge Executive at any time, subject in all cases to the terms of the Agreement.

7.14 No Assignment of Benefits. Except as otherwise provided herein or by law, no right or interest of Executive under the Agreement shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment or pledge; no attempted assignment or transfer thereof shall be effective.

7.15 Burden and Standard of Proof. Except as otherwise expressly provided in Section 7.3, in any proceeding (regardless of who initiates such proceeding) in which the payment of Severance Benefits or other benefits under the Agreement is at issue, the burden of proof as to whether any termination of Executive's employment has been for Cause or without Good Reason for purposes of the Agreement shall be upon the Company or its successor, and the standard of proof to be met with respect thereto shall be clear and convincing evidence.

7.16 Reduction of Agreement Benefits by Other Required Benefits. Notwithstanding any other provision of the Agreement to the contrary, if in connection with the termination of Executive's employment for any reason the Company is obligated by law or by contract (including any employment or severance agreement other than the Agreement) or by Company plan or policy to (i) pay Executive with respect to any notice period prior to termination, (ii) pay Executive severance pay (including any payments based upon unpaid or contingent awards pursuant to any incentive compensation plan or based upon added years of service credit or any other credit or addition under any pension or savings plan), a termination indemnity, notice pay, or the like, or (iii) provide Executive with life, disability, accident or health insurance or other welfare benefits after Executive's termination (or a cash payment in lieu thereof), then, to the extent required to avoid duplication of the same or similar benefits, any Severance Benefits hereunder shall be reduced by the amount of any payments and similar benefits described in clauses (i), (ii) and (iii), as applicable. Nothing in Section 7.16 shall be construed so as to reduce any Severance Benefits hereunder by the amount or value of any payments or benefits provided to Executive with respect to any awards under the Company's 1997 Long-Term Incentive Award Plan, as amended from time to time, or any successor plan or plans.

7.17 Headings. The headings herein are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement.

8. Definitions.

8.1 "Annual Base Salary" means the greater of (a) Executive's highest annual base salary in effect during the one (1) year period preceding the commencement of the applicable Coverage Period and (b) Executive's highest annual base salary in effect during the one (1) year period preceding Executive's Date of Termination.

For purposes of this definition, at any time when Executive is receiving disability benefits under the LTD Plan (as defined in Section 5.2(f)), Executive's annual base salary will be deemed to be the same as Executive's annual base salary immediately prior to the time such disability benefits commenced.

8.2 "Annual Bonus" means the product of (a) the greater of (i) Executive's average Bonus Percent for the three fiscal years (or such shorter period during which Executive has been employed by the Company) immediately preceding the fiscal year during which the applicable Coverage Period commences and (ii) Executive's average Bonus Percent for the three fiscal years (or such shorter period during which Executive has been employed by the Company) immediately preceding the Termination Year, and (b) the Annual Base Salary; provided, however, that in no event will the Annual Bonus exceed \$250,000.

8.3 "Benefits Period" has the meaning assigned to such term in Section 5.2(c).

8.4 "Board" means the Board of Directors of the Company.

8.5 "Bonus Percent" means (a) the cash value of the amount of Variable Compensation paid or payable to Executive with respect to a particular fiscal year, up to a maximum of \$250,000 of Variable Compensation, divided by (b) the aggregate base salary paid or payable to Executive for such fiscal year.

For purposes of this definition, Variable Compensation will have the same meaning as variable pay under the provisions of the Pension Plan except that: (1) Variable Compensation will include 100% of variable pay; and (2) wherever variable pay includes the cash value of any portion of a bonus amount paid in stock, Variable Compensation will also include the cash value of any additional stock or restricted stock awarded to Executive with respect to such portion of a base bonus amount paid in stock.

For purposes of this definition, shares of stock or restricted stock will be valued without regard to any vesting, transfer or other restrictions applicable to such stock and will be deemed to have a per share cash value equal to the closing price of the stock, as of the date the shares were awarded, on the principal stock exchange on which the stock is traded.

Also, for purposes of this definition, if Executive is receiving disability benefits under the LTD Plan (as defined in Section 5.2(f)), base salary paid or payable to Executive during the period in which Executive is receiving such disability benefits will be deemed to be the amount Executive would have received if Executive had been receiving base salary during such period at the same annual base salary rate that was in effect immediately prior to the time such disability benefits commenced.

8.6 “Cause” means:

(a) the willful and continued failure of Executive to substantially perform Executive’s duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that Executive has not substantially performed Executive’s duties; or

(b) the willful engaging by Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of Executive, shall be considered willful unless it is done, or omitted to be done, by Executive in bad faith and without reasonable belief that Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon the instructions or prior approval of the Board, the Chief Executive Officer of the Company or Executive’s superior or based upon the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive, as part of the Notice of Termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding that, in the good faith opinion of the Board, Executive is guilty of the conduct described in clause (a) or (b) above and specifying the particulars thereof in detail. Such resolution shall be adopted only after reasonable notice of such Board meeting is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board.

8.7 A “Change in Control” means a change of control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Company and its Subsidiaries, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company’s then outstanding securities;

provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Company approve a plan of complete liquidation or winding-up of the Company or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a Subsidiary or division of the Company shall not by itself constitute a Change in Control.

8.8 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 8.9(a), the Company's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 8.9(b), the proxy contest fails to replace or remove a majority of the members of the Board.

8.9 “CIC Triggering Event” means the occurrence of either of the following:

- (a) the Board or the Company’s shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 8.7; or
- (b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

8.10 “Classification Factor” means two (2).

8.11 “Code” means the Internal Revenue Code of 1986, as amended, including any regulations promulgated thereunder.

8.12 “Committee” means the Personnel and Compensation Committee of the Board.

8.13 “Company” means The PNC Financial Services Group, Inc., a Pennsylvania corporation. References herein to employment with the Company shall include employment with a Subsidiary. In addition, if Executive becomes employed by a Subsidiary, references to payments, benefits, privileges or other rights provided or to be provided by the Company shall be deemed to include such payments, benefits, privileges or other rights provided or to be provided by such Subsidiary.

8.14 “Coverage Period” means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is the Classification Factor years after the date of the Change in Control; provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event, such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is the Classification Factor years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, the Agreement shall continue in effect and another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

8.15 “Date of Termination” has the meaning assigned to such term in Section 6.1.

8.16 “Deferred Compensation Plan” means The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation Plan; provided, however, that no amendment or termination of the Plan, during a Coverage Period or after the Date of Termination, that adversely affects the administration or payment of Executive’s benefits shall be given effect for purposes of the Agreement without the written consent of Executive.

8.17 “Excess Plan” means The PNC Financial Services Group, Inc. ERISA Excess Pension Plan.

8.18 “Exchange Act” means the Securities Exchange Act of 1934, as amended, including any regulations promulgated thereunder.

8.19 “Excise Tax” means any excise tax imposed under Section 4999 of the Code.

8.20 “Good Reason” means:

(a) the assignment to Executive of any duties inconsistent in any respect with Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Company which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Company promptly after receipt of notice thereof given by Executive;

(b) a reduction by the Company in Executive’s annual base salary as in effect on the date hereof, as the same may be increased from time to time;

(c) the Company’s requiring Executive to be based at any office or location that is more than fifty (50) miles from Executive’s office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Company (i) to continue in effect any bonus, stock option, or other cash or equity-based incentive plan or program in which Executive participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Executive’s total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Executive’s participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Executive’s participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Company to continue to provide Executive with benefits substantially similar to those received by Executive under any of the Company’s pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Executive was participating, at costs substantially similar to those paid by Executive, immediately prior to the CIC Triggering Event or the Change in Control.

8.21 “Interest” means interest at the Federal short-term rate, the Federal mid-term rate, or the Federal long-term, as applicable, compounded semiannually, under Section 1274(b)(2)(B) of the Code based on the period over which interest is being accrued.

8.22 "Matching Amount" means the maximum amount that Executive would have been eligible to have credited to Executive's plan accounts under The PNC Financial Services Group, Inc. Incentive Savings Plan and the Supplemental Savings Plan (or similar plan or plans sponsored by a Subsidiary, if applicable to Executive) (the plans applicable to Executive being hereafter referred to as the "Savings Plans") by Executive's employer as a matching contribution or credit assuming: (a) Executive had remained an employee of the Company after the Date of Termination for a number of years after the Date of Termination equal to the Classification Factor (or, if less, the Retirement Factor); (b) Executive received (i) a base salary and annual bonus equal to the Annual Base Salary and Annual Bonus with respect to, and paid in, each year during such period (or, if the Retirement Factor is applicable and includes a fraction, a base salary and annual bonus equal to the Annual Base Salary and Annual Bonus for any full year during such period and a base salary and annual bonus equal to such fraction times the Annual Base Salary and Annual Bonus during the fraction of a year in such period) plus (ii) a bonus with respect to the Termination Year equal to the amount payable to Executive pursuant to Section 5.2(b)(i), paid in the year after the Termination Year, and a bonus with respect to the fiscal year preceding the Termination Year equal to the amount, if any, payable to Executive pursuant to Section 5.2(b)(ii), paid in the Termination Year; (c) Executive had elected to participate in the Savings Plans and to defer the maximum percentage of such base salary and/or bonuses under the Savings Plans; (d) Executive's employer had made the maximum matching contribution or credit with respect to such amounts under the Savings Plans; and (e) all such matching contributions or credits were fully vested.

In calculating the Matching Amount, all determinations and calculations will be made on the basis of the terms and conditions of the Savings Plans as in effect immediately prior to the Date of Termination or, if it would result in a larger Matching Amount, as in effect immediately prior to the commencement of the Coverage Period in which the Date of Termination occurs.

Notwithstanding the foregoing, unless, immediately prior to the Date of Termination, Executive was eligible to participate in and receive employer matching contributions or credits under the Savings Plans, or would have been so eligible had the Savings Plans remained as in effect immediately prior to the commencement of the Coverage Period in which the Date of Termination occurs, the Matching Amount will be deemed to be zero.

8.23 "Notice of Termination" has the meaning assigned to such term in Section 6.1.

8.24 "Pension Plan" means The PNC Financial Services Group, Inc. Pension Plan.

8.25 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

8.26 "Retirement Factor" means the number of years, including fractions, from the Date of Termination until Executive will reach age sixty-five (65).

8.27 "SERP" means The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan.

8.28 "Severance Benefits" has the meaning assigned to such term in Section 5.2.

8.29 "Subsidiary" means any corporation, limited liability company, or other entity controlled by the Company, directly or indirectly.

8.30 "Supplemental Savings Plan" means The PNC Financial Services Group, Inc. Supplemental Incentive Savings Plan provided, however, that no amendment or termination of such plan, during a Coverage Period or after the Date of Termination, that adversely affects the administration or payment of Executive's benefits thereunder shall be given effect for purposes of the Agreement without the written consent of Executive.

8.31 "Termination Year" means the Company's fiscal year during which Executive's Date of Termination occurs.

8.32 "Total Benefits" has the meaning assigned to such term in Section 5.3(a)(i).

IN WITNESS WHEREOF, the Company has caused the Agreement to be executed by its officer, thereunto duly authorized, and Executive has executed the Agreement, all as of _____, 200_.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
William E. Rosner
Chief Human Resources Officer

EXECUTIVE

[Name]

Annex A

The following table sets forth the Pension Increase Factors referred to in Section 5.2(e)(iii) for increasing certain pension benefits when Executive's attained age at the end of the Benefits Period falls between 52 and 62. For purposes of this Annex A and Section 5.2(e)(iii), the Pension Increase Factor is interpolated to reflect Executive's age on the last day of the Benefits Period rounded to the nearest month.

Age at end of Benefits Period	Pension Increase Factor
62	0%
61	5%
60	10%
59	15%
58	20%
57	25%
56	20%
55	15%
54	10%
53	5%
52	0%

FORMS OF DIRECTOR STOCK OPTION AND RESTRICTED STOCK AGREEMENTS

The PNC Financial Services Group, Inc.
1997 Long-Term Incentive Award Plan

200__ Non-Employee Director
Nonstatutory Stock Option Agreement

Optionee: <Name>
Grant Date: April __, 200__
Option Price: \$ _____ per share
Covered Shares: <Shares>

Terms defined in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan as amended (“Plan”) of The PNC Financial Services Group, Inc. are used in this non-employee director nonstatutory stock option agreement (“Agreement”) as defined in the Plan unless otherwise defined in the Agreement or an Annex thereto. In the Agreement and Annexes, “PNC” means The PNC Financial Services Group, Inc. and “Corporation” means PNC and its Subsidiaries. For certain definitions, see Annex A attached hereto and incorporated herein by reference.

Headings used in the Agreement and in the Annexes hereto are provided for reference and convenience only, are not considered part of the Agreement and Annexes, and will not be employed in the construction of the Agreement and Annexes.

1. Grant of Option. Pursuant to the Plan and subject to the terms of the Plan and the Agreement, PNC, as authorized by the Nominating and Governance Committee of the PNC Board of Directors (“Committee”), hereby grants Optionee an Option to purchase from PNC that number of shares of PNC common stock specified above as the “Covered Shares,” exercisable at the Option Price.

2. Terms of the Option.

2.1 Type of Option. The Option is intended to be a Nonstatutory Stock Option without Rights.

2.2 Option Period. Once the Option has become exercisable as provided in Section 2.3 (“vested”), it may be exercised in whole or in part as to any of the Covered Shares to which it relates and as to which the Option is outstanding at any time and from time to time through the tenth (10th) anniversary of the Grant Date.

2.3 Vesting; Termination of Unvested Option. To the extent that the Option is otherwise outstanding, the Option will become exercisable (“vest”) with respect to all Covered Shares on the first to occur of the following: (a) the first (1st) anniversary of the Grant Date; (b) Optionee’s death; (c) Optionee’s disability; or (d) the day immediately preceding the date a Change in Control occurs or, if earlier, the date of a CIC Triggering Event; *provided, however,* that if Optionee’s service as a director of PNC

terminates prior to the first to occur of the events specified in subsections (a), (b), (c) and (d) above for any reason other than a Board policy which requires Optionee's retirement or resignation from service as a director of PNC or Optionee's voluntary decision not to stand for election or re-election upon the completion of Optionee's term of office beginning on the Grant Date, then the Option will not vest and will terminate as of the date on which Optionee last serves as a director of PNC.

2.4 Nontransferability; Designation of Beneficiary. The Option is not transferable or assignable by Optionee other than by transfer to a properly designated beneficiary in the event of death, or by will or the laws of descent and distribution.

During Optionee's lifetime, the Option is exercisable only by Optionee or, in the event of Optionee's legal incapacity, by Optionee's legal representative.

During Optionee's lifetime, Optionee may file with PNC, at such address and in such manner as PNC may from time to time direct, on a form to be provided by PNC on request, a designation of a beneficiary or beneficiaries (a "properly designated beneficiary") to hold and exercise Optionee's stock options, to the extent outstanding and exercisable, in accordance with their respective stock option agreements and the Plan in the event of Optionee's death. In the absence of a properly designated beneficiary, the Option will be held and may be exercised by the person or persons entitled to do so under Optionee's will or under the applicable laws of descent and distribution.

3. Capital Adjustments. The number and class of Covered Shares as to which the Option is outstanding and has not yet been exercised and the Option Price will be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect corporate transactions including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction"), including without limitation cancellation of the Option immediately prior to the effective time of the Corporate Transaction and payment, in cash, in consideration therefor, of an amount equal to the product of (a) the excess, if any, of the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction over the Option Price and (b) the total number of Covered Shares subject to the Option that were outstanding and unexercised immediately prior to the effective time of the Corporate Transaction.

All determinations hereunder will be made by the Committee in its sole discretion and will be final, binding and conclusive for all purposes on all parties, including without limitation the holder of the Option.

No fractional shares will be issued on exercise of the Option. PNC will determine the manner in which any fractional shares will be treated.

4. Option Exercise.

4.1 Notice and Effective Date. The Option may be exercised, in whole or in part, by delivering to PNC written notice of such exercise in such form as PNC may from time to time prescribe, accompanied by full payment of the Option Price with respect to that portion of the Option being exercised.

In addition, notwithstanding Sections 4.2 and 4.3, Optionee may elect to complete his or her Option exercise through a brokerage service/margin account pursuant to the broker-assisted cashless option exercise procedure under Regulation T of the Board of Governors of the Federal Reserve System and in such manner as may be permitted by PNC from time to time consistent with said Regulation T.

The effective date of such exercise will be the Exercise Date. Until PNC notifies Optionee to the contrary, the form attached to the Agreement as Annex B will be used to exercise the Option.

In the event that the Option is exercised, pursuant to Section 2.4, by any person or persons other than Optionee, such notice of exercise must be accompanied by appropriate proof, satisfactory to PNC, of the derivative right of such person or persons to exercise the Option.

4.2 Payment of Option Price. Upon exercise of the Option, in whole or in part, Optionee may pay the aggregate Option Price (a) in cash, (b) using whole shares of PNC common stock (either by physical delivery to PNC of certificates for the shares or through PNC's share attestation procedure) having an aggregate Fair Market Value on the Exercise Date not exceeding that portion of the aggregate Option Price being paid using such shares, or (c) through a combination of cash and shares of PNC common stock; *provided, however*, that shares of PNC common stock used to pay all or any portion of the aggregate Option Price may not be subject to any contractual restriction, pledge or other encumbrance and must be shares that have been owned by Optionee for at least six (6) months prior to the Exercise Date and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed, or, in either case, for such other period as may be specified or permitted by PNC.

4.3 Payment of Taxes. If and to the extent required by applicable law or regulation, Optionee must arrange with PNC for the payment of any federal, state or local income or other tax applicable to any delivery of stock or any payment hereunder before PNC will be required to issue such shares or to make such payment.

4.4 Effect. The exercise, in whole or in part, of the Option will cause a reduction in the number of unexercised Covered Shares as to which the Option is outstanding equal to the number of shares of PNC common stock with respect to which the Option is exercised.

5. Plan; Restrictions. In all respects, the Agreement and the Option granted herein and the exercise of the Option are subject to the terms and conditions of the Plan, which has been made available to Optionee and is incorporated by reference herein and made a part hereof; *provided, however*, that the terms of the Plan will not be considered an enlargement of any benefits under the Agreement. Accordingly, the rights of Optionee under the Agreement and the shares of PNC common stock that Optionee may purchase hereunder are or may be subject to certain restrictions as set forth in the Plan. Further, the Option and the Agreement are subject to any interpretation of, and any rules and regulations issued by or under the authority of, the Committee, whether made or issued before or after the Grant Date.

6. No Shareholder Rights Prior to Exercise of Option. Optionee will have no rights as a shareholder with respect to the shares of stock subject to the Option until the Exercise Date, and then only with respect to those shares of PNC common stock issued upon such exercise of the Option.

7. Termination of the Plan; No Right to Future Grants. By entering into the Agreement, Optionee acknowledges that: (a) the Plan is discretionary in nature and may be amended, suspended or terminated at any time in the manner provided in the Plan; (b) the grant of the Option is a compensatory benefit which does not create any contractual or other right to receive future grants of options or benefits in lieu of options; and (c) all determinations with respect to future grants, if any, including but not limited to the times when options are granted, the number of shares subject to each option, the option price, and the time or times when each option will be exercisable, will be at the sole discretion of the Committee, subject to the terms of the Plan.

8. Restrictions on Exercise and on Shares Issued on Exercise. Notwithstanding any other provision of the Agreement, the Option may not be exercised at any time that PNC does not have in effect a registration statement under the Securities Act of 1933 as amended relating to the offer of shares of PNC common stock under the Plan unless PNC agrees to permit such exercise.

Upon the issuance of any shares of PNC common stock pursuant to exercise of the Option at a time when such registration statement is not in effect, Optionee will, upon the request of PNC, agree in writing that Optionee is acquiring such shares for investment only and not with a view to resale and that Optionee will not sell, pledge, or otherwise dispose of such shares unless and until (a) PNC is

furnished with an opinion of counsel to the effect that registration of such shares pursuant to the Securities Act of 1933 as amended is not required by that Act or by rules and regulations promulgated thereunder, (b) the staff of the SEC has issued a no-action letter with respect to such disposition, or (c) such registration or notification as is, in the opinion of counsel for PNC, required for the lawful disposition of such shares has been filed and has become effective; *provided, however*, that PNC is not obligated hereby to file any such registration or notification. PNC may place a legend embodying such restrictions on the certificate(s) evidencing such shares.

9. Retention. Neither the granting of the Option evidenced by the Agreement nor any term or provision of the Agreement will interfere with or limit in any way the removal of Optionee from the Board as permitted by law, the PNC Articles of Incorporation or By-Laws, or Board policy, nor confer on Optionee any right to continue in the service of PNC or any Subsidiary for any period.

10. Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws rules.

11. Effective Date. Upon execution and delivery of the Agreement by both PNC and Optionee, the Option and the Agreement are effective as of the Grant Date.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf effective as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chairman and Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

Accepted and agreed to as of the Grant Date.

Optionee

ANNEX A

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN

200__ Non-Employee Director
Nonstatutory Stock Option Agreement

Except where the context otherwise indicates, the following definitions apply to the Non-Employee Director Nonstatutory Stock Option Agreement dated April__, 200__ (“Agreement”) to which this Annex A is attached.

A.1 “Board” means the Board of Directors of PNC.

A.2 “Change in Control” means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC’s then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a “Fundamental Transaction”) with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC’s outstanding securities, (ii) the surviving entity’s outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC’s assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC’s shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC’s shareholders was approved by a vote of at least two-thirds (2/3rds) of the directors then still in office who were directors at the beginning of such period) cease for any

reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC or any of its Subsidiaries will not by itself constitute a Change in Control.

A.3 “CIC Triggering Event” means the occurrence of either of the following:

(a) the Board or PNC’s shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.2; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.4 “Corporation” means PNC and its Subsidiaries.

A.5 “Exchange Act” means the Securities Exchange Act of 1934 as amended and the rules and regulations promulgated thereunder.

A.6 “Exercise Date” means the date on which PNC receives written notice, in such form as PNC may from time to time prescribe, of the exercise, in whole or in part, of the Option pursuant to the terms of the Agreement, subject to full payment of the aggregate Option Price and, if and to the extent required by applicable law or regulation, of any related taxes as provided in Sections 4.2 and 4.3 of the Agreement.

A.7 “Fair Market Value” of a share means the amount equal to the fair market value of a share as determined pursuant to a reasonable method adopted by PNC in good faith for such purpose.

A.8 “Grant Date” means the date set forth as the Date of Grant on page 1 of the Agreement.

A.9 “Option” means the Nonstatutory Stock Option granted to Optionee in Section 1 of the Agreement pursuant to which Optionee may purchase shares of PNC common stock as provided in the Agreement.

A.10 “Option Price” means the dollar amount per share of PNC common stock set forth as the Option Price on page 1 of the Agreement.

A.11 “Optionee” means the person identified as Optionee on page 1 of the Agreement.

A.12 “Person” has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.13 “PNC” means The PNC Financial Services Group, Inc.

A.14 “Right(s)” means stock appreciation right(s) in accordance with the terms of Article 7 of the Plan.

A.15 “SEC” means the U.S. Securities and Exchange Commission.

Directors Restricted Shares Grant and Issuance
Continued Director Service Goals
Restricted Period: One year (50%); Two years (50%)

THE PNC FINANCIAL SERVICES GROUP, INC.
1997 LONG-TERM INCENTIVE AWARD PLAN
Non-Employee Director Restricted Stock Agreement

GRANTEE: <Name>
DATE OF GRANT: April __, 200__
SHARES: <Shares>

Terms defined in the 1997 Long-Term Incentive Award Plan, as amended (“Plan”), of The PNC Financial Services Group, Inc. (“Corporation” or “PNC”) are used in this Restricted Stock Agreement (“Agreement”) as defined in the Plan unless otherwise defined in the Agreement. For certain definitions, see Annex A attached hereto and incorporated herein by reference. Headings used in the Agreement and in the Annex hereto are for convenience only and are not part of the Agreement and Annex.

1. Grant of Restricted Shares. Pursuant to Article 12 of the Plan and subject to the terms and conditions of the Agreement, the Corporation, as authorized by the Committee on Corporate Governance of the Corporation’s Board of Directors (“Committee”), hereby grants to Grantee an Incentive Share Award (as defined in the Plan) of the number of shares of PNC Common Stock set forth above, and will cause the issuance of said shares to Grantee subject to the terms and conditions of the Agreement. The shares issued to Grantee as an Incentive Share Award are subject to the terms and conditions of the Agreement and the Plan, as provided in Section 11 below, and are hereafter referred to as the “Restricted Shares.”

2. Terms of Grant. The Grant will be subject to the following terms and conditions.

2.1 Restricted Shares will be subject to a Restricted Period as provided in Section A.10 of Annex A. Restricted Shares will be deposited with the Corporation or its designee during the term of the applicable Restricted Period, unless released and reissued sooner as provided in Section 2.2 below, and any certificates representing such Restricted Shares will contain the following legend:

“This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in The PNC Financial Services Group, Inc. 1997 Long-Term Incentive Award Plan, as amended, and an Agreement entered into between the registered owner and The PNC Financial Services Group, Inc. (“PNC”). Release from such terms and conditions will be made only in accordance with the provisions of such Plan and such Agreement, a copy of each of which is on file in the office of the Corporate Secretary of PNC.”

If a book-entry system is used with respect to Restricted Shares, appropriate notation of such forfeiture possibility and transfer restrictions will be made on the system with respect to the account or accounts to which the Restricted Shares are credited.

Restricted Shares deposited with the Corporation or its designee during the term of the Restricted Period that become Awarded Shares will be released and reissued to Grantee as soon as administratively practicable following the end of the Restricted Period applicable to such Restricted Shares pursuant to Section 6 below.

2.2 Notwithstanding anything in the Agreement to the contrary, the Performance Goals will be deemed to have been achieved and the Restricted Period with respect to Unvested Shares will terminate on: (a) the day immediately preceding the date of a Change in Control, or, if earlier, the date of a CIC Triggering Event; or (b) the date of Grantee’s death, whichever first occurs. The Restricted Shares which thereby become Awarded Shares will be released and reissued to Grantee, or Grantee’s legal representative, as soon as administratively practicable following such date pursuant to Section 6 below.

3. Rights as Shareholder. Except as provided in Section 4 below, Grantee will have all the rights and privileges of a shareholder with respect to the Restricted Shares including, but not limited to, the right to vote the Restricted Shares and the right to receive dividends thereon, if and when declared by the Corporation’s Board of Directors. With respect to Unvested Shares, all such rights and privileges will cease immediately upon any forfeiture of such Unvested Shares.

4. Prohibitions Against Sale, Assignment, etc. Unvested Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered, other than by will or the laws of descent and distribution, unless and until the applicable Restricted Period terminates and the Awarded Shares are released by the Corporation pursuant to Section 6 below.

5. Forfeiture. Awarded Shares are not subject to forfeiture. Unvested Shares will be subject to forfeiture as follows.

5.1 Except as set forth in Section 2.2 or in Section 5.2 or 5.3 below, all Unvested Shares will be forfeited by Grantee to the Corporation without payment of any consideration by the Corporation in the event that Grantee's service as a director of the Corporation terminates prior to the termination of the Restricted Period. Neither Grantee nor any successors, heirs, assigns or legal representatives of Grantee will thereafter have any further rights or interest in such Unvested Shares or the certificates representing Unvested Shares.

5.2 In the event Grantee's service as a director of the Corporation terminates during the Restricted Period due to (a) disability or (b) pursuant to a Board policy that requires Grantee's retirement or resignation as a director, Unvested Shares will not be forfeited but instead will become Awarded Shares and will be released and reissued to Grantee or Grantee's legal representative at the end of the Restricted Period pursuant to Section 6 below.

5.3 The Committee or the Board may in its discretion: (a) deem the Performance Goal to have been satisfied at the time Grantee's service as a director of the Corporation terminates other than due to death, disability or pursuant to a Board policy that requires Grantee's retirement or resignation as a director; and/or (b) accelerate the termination of the Restricted Period and thus the vesting of some or all of the Unvested Shares.

6. Termination of Prohibitions. Following the termination of the applicable Restricted Period, the Corporation will release and reissue the certificate representing such Awarded Shares without the legend referred to in Section 2.1 above, and will deliver such certificate to, or at the proper direction of, Grantee or Grantee's legal representative.

7. Payment of Taxes.

7.1 To the extent required by applicable law or regulation, Grantee must arrange with the Corporation for the payment of any federal, state or local income or other tax applicable to any delivery of stock or any payment hereunder before the Corporation will be required to issue, deliver or redeliver such shares or make such payment.

7.2 Grantee may elect to satisfy any or all applicable federal or state tax liabilities incurred in connection with the release and reissuance of Awarded Shares hereunder (a) by payment of cash or, subject to such terms and conditions as PNC may from time to time establish, (b) through the retention by PNC of whole Restricted Shares, subject to the limitation set forth in the last sentence of this Section 7.2, or (c) through the surrender (including by means of an attestation procedure) of whole shares of PNC Common Stock that are not subject to any contractual restriction, pledge or other encumbrance and that have been owned by Grantee for at least six (6) months and, in the case of restricted stock, for which it has been at least six (6) months since the restrictions lapsed. Any such tax election shall be made pursuant to a form to be provided to Grantee by PNC on request. For purposes of this Section 7.2, shares of PNC Common Stock that are retained or surrendered to satisfy applicable taxes will be valued at their Fair Market Value on the date the tax withholding obligation arises or would have arisen in connection with the release and reissuance of the restricted shares to an employee. In no event will the Fair Market Value of the Restricted Shares retained pursuant to this Section 7.2 exceed the minimum amount of taxes that would have been required to be withheld in connection with the release and reissuance of the restricted shares to an employee.

8. No Assurance of Future Grants. Neither the granting of the Restricted Shares evidenced by the Agreement nor any term or provision of the Agreement or the Plan shall constitute or be evidence of any understanding, expressed or implied, on the part of the Corporation or the Committee to provide any future grants of Restricted Shares except as may be determined by the Committee, in its sole discretion, from time to time.

9. Capital Adjustments. Restricted Shares awarded hereunder will be subject to such adjustment as may be necessary to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations, or reorganizations of or by the Corporation; *provided, however,* that any shares received as a distributions on or in exchange for Restricted Shares will be subject to the terms and conditions of the Agreement as if they were Restricted Shares.

10. Retention. Nothing herein contained shall interfere with or limit in any way the removal of Grantee from the Board as permitted by law, the Corporation's Articles of Incorporation or By-Laws, or Board policy, nor confer on Grantee any right to continue in the service of the Corporation or any Subsidiary.

11. Subject to the Plan and the Committee. In all respects, the Grant and the Agreement are subject to the terms and provisions of the Plan, which has been made available to Grantee and is incorporated herein by reference; *provided, that* the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any

interpretation of, and any rules and regulations issued by, the Committee, whether made or issued before or after the Award Date.

IN WITNESS WHEREOF, the Corporation has caused the Agreement to be signed on its behalf as of the Award Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____
Chief Executive Officer

ATTEST:

By: _____
Corporate Secretary

Accepted and agreed to as of the Date of Grant set forth above.

Grantee

Annex A - Certain Definitions

ANNEX A
TO THE PNC FINANCIAL SERVICES GROUP, INC. 1997 LONG-TERM INCENTIVE AWARD PLAN
Non-Employee Director Restricted Stock Agreement
Dated April __, 200__

Except where the context otherwise indicates, the following definitions apply to the Non-Employee Director Restricted Stock Agreement (“Agreement”) to which this Annex A is attached.

A.1 “Award Date” means the Date of Grant set forth on page 1 of the Agreement.

A.2 “Awarded Shares” mean any and all Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement and (a) not forfeited pursuant to Section 5 of the Agreement and (b) with respect to which the Performance Goal has been achieved and the applicable Restricted Period has terminated.

A.3 “Change in Control” means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; *provided, however*, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Corporation and its Subsidiaries, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation’s then outstanding securities; *provided, however*, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board of Directors of the Corporation (“Board”) approves such acquisition either prior to or immediately after its occurrence;

(b) the Corporation consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Corporation (a “Fundamental Transaction”) with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) the Corporation’s outstanding securities, (ii) the surviving entity’s outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Corporation approve a plan of complete liquidation or winding-up of the Corporation or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Corporation’s assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation’s shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of the Corporation shall not by itself constitute a Change in Control.

A.4 “CIC Triggering Event” means the occurrence of either of the following:

(a) the Board or the Corporation’s shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section A.3 hereof; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

A.5 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

A.6 “Grant” means the total number of Restricted Shares granted and issued to Grantee pursuant to Section 1 of the Agreement.

A.7 “One-Year Continued Board Service Performance Goal” means, subject to Section 2.2 and Sections 5.2 and 5.3 of the Agreement, that Grantee has served continuously as a director of the Corporation for the period from the Award Date through (and including) the earlier of the day immediately preceding: (a) the date of the 200__ annual meeting of the Corporation’s shareholders; (b) the date Grantee ceases to serve as a director of the Corporation due to disability or pursuant to a Board policy that requires Grantee’s retirement or resignation as a director; and (c) the date of Grantee’s death.

A.8 “Performance Goal” means either of the One-Year Continued Board Service Performance Goal or the Two-Year Continued Board Service Performance Goal.

A.9 “Person” has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

A.10 “Restricted Period” means, subject to early termination pursuant to Section 2.2, Section 5.2 or Section 5.3 of the Agreement: (a) with respect to fifty percent (50%) of the Restricted Shares, the period that begins on the Award Date and ends on the day immediately preceding the date of the 200__ annual meeting of the Corporation’s shareholders; and (b) with respect to the remaining fifty percent (50%) of the Restricted Shares, the period that begins on the Award Date and ends on the day immediately preceding the date of the 200__ annual meeting of the Corporation’s shareholders.

A.11 “Two-Year Continued Board Service Performance Goal” means, subject to Section 2.2 and Sections 5.2 and 5.3 of the Agreement, that Grantee has served continuously as a director of the Corporation for the period from the Award Date through (and including) the earlier of the day immediately preceding: (a) the date of the 200__ annual meeting of the Corporation’s shareholders; (b) the date Grantee ceases to serve as a director of the Corporation due to disability or pursuant to a Board policy that requires Grantee’s retirement or resignation as a director; and (c) the date of Grantee’s death.

A.12 “Unvested Shares” means any Restricted Shares that are not Awarded Shares.

The PNC Financial Services Group, Inc. and Subsidiaries
**Computation of Ratio of Earnings
to Fixed Charges**

<i>Dollars in millions</i>	For Nine Months Ended September 30, 2004	2003	2002	Year Ended 2001	2000	1999
Earnings						
Income from continuing operations before taxes	\$ 1,301	\$1,568	\$1,821	\$ 564	\$1,848	\$1,788
Fixed charges excluding interest on deposits	255	346	432	762	1,032	979
Subtotal	1,556	1,914	2,253	1,326	2,880	2,767
Interest on deposits	332	457	659	1,229	1,653	1,369
Total	\$ 1,888	\$2,371	\$2,912	\$2,555	\$4,533	\$4,136
Fixed charges						
Interest on borrowed funds	\$ 211	\$ 258	\$ 315	\$ 645	\$ 914	\$ 869
Interest component of rentals	44	59	58	53	50	44
Amortization of notes and debentures	0	1	1	1	1	1
Distributions on mandatorily redeemable capital securities of subsidiary trusts	0	28	58	63	67	65
Subtotal	255	346	432	762	1,032	979
Interest on deposits	332	457	659	1,229	1,653	1,369
Total	\$ 587	\$ 803	\$1,091	\$1,991	\$2,685	\$2,348
Ratio of earnings to fixed charges						
Excluding interest on deposits	6.10x	5.53x	5.22x	1.74x	2.79x	2.83x
Including interest on deposits	3.22	2.95	2.67	1.28	1.69	1.76

The PNC Financial Services Group, Inc. and Subsidiaries
Computation of Ratio of Earnings
to Fixed Charges and Preferred Stock Dividends

<i>Dollars in millions</i>	For Nine Months Ended September 30, 2004	2003	2002	Year Ended 2001	2000	1999
Earnings						
Income from continuing operations before taxes	\$ 1,301	\$1,568	\$1,821	\$ 564	\$1,848	\$1,788
Fixed charges and preferred stock dividends excluding interest on deposits	256	347	433	782	1,062	1,009
Subtotal	1,557	1,915	2,254	1,346	2,910	2,797
Interest on deposits	332	457	659	1,229	1,653	1,369
Total	\$ 1,889	\$2,372	\$2,913	\$2,575	\$4,563	\$4,166
Fixed charges						
Interest on borrowed funds	\$ 211	\$ 258	\$ 315	\$ 645	\$ 914	\$ 869
Interest component of rentals	44	59	58	53	50	44
Amortization of notes and debentures	0	1	1	1	1	1
Distributions on mandatorily redeemable capital securities of subsidiary trusts	0	28	58	63	67	65
Preferred stock dividend requirements	1	1	1	20	30	30
Subtotal	256	347	433	782	1,062	1,009
Interest on deposits	332	457	659	1,229	1,653	1,369
Total	\$ 588	\$ 804	\$1,092	\$2,011	\$2,715	\$2,378
Ratio of earnings to fixed charges and preferred stock dividends						
Excluding interest on deposits	6.08x	5.52x	5.21x	1.72x	2.74x	2.77x
Including interest on deposits	3.21	2.95	2.67	1.28	1.68	1.75

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James E. Rohr, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2004 of The PNC Financial Services Group, Inc.;
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)) 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) 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
 - c) 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 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 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.

Date: November 5, 2004

/s/ James E. Rohr

James E. Rohr
Chairman and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, William S. Demchak, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2004 of The PNC Financial Services Group, Inc.;
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)) 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) 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
 - c) 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 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 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.

Date: November 5, 2004

/s/ William S. Demchak

William S. Demchak

Vice Chairman and Chief Financial Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, James E. Rohr, Chairman and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ James E. Rohr

James E. Rohr
Chairman and Chief Executive Officer
November 5, 2004

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, William S. Demchak, Vice Chairman and Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ William S. Demchak

William S. Demchak
Vice Chairman and Chief Financial Officer
November 5, 2004

AGREEMENT AND PLAN OF MERGER

dated as of July 16, 2004

between

THE PNC FINANCIAL SERVICES GROUP, INC.

and

RIGGS NATIONAL CORPORATION

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RECITALS

A. PNC. PNC is a Pennsylvania corporation with its principal executive offices located in Pittsburgh, Pennsylvania. As of the date hereof, PNC has (i) 800,000,000 authorized shares of common stock, par value \$5.00 per share ("*PNC Common Stock*"), of which not more than 284,500,000 shares are outstanding, together with the rights ("*PNC Stockholder Rights*") issued pursuant to the Rights Agreement, dated as of May 15, 2000, as amended, between PNC and Computershare Investor Services, LLC, as Rights Agent ("*PNC Rights Agreement*"); and (ii) 20,000,000 authorized shares of preferred stock, par value \$1.00 per share ("*PNC Preferred Stock*"), of which 98,583 shares have been designated as \$1.80 Cumulative Convertible Preferred Stock - Series A ("*PNC Series A Preferred Stock*"), of which 8,542 shares are outstanding, 38,542 shares have been designated as \$1.80 Cumulative Convertible Preferred Stock - Series B ("*PNC Series B Preferred Stock*"), of which 2,356 shares are outstanding, 1,433,935 shares have been designated as \$1.60 Cumulative Convertible Preferred Stock-Series C ("*PNC Series C Preferred Stock*"), of which 173,877 shares are outstanding, 1,766,140 shares have been designated as \$1.80 Cumulative Convertible Preferred Stock-Series D ("*PNC Series D Preferred Stock*"), of which 255,863 shares are outstanding, 338,100 shares have been designated as \$2.60 Cumulative Nonvoting Preferred Stock, Series E ("*PNC Series E Preferred Stock*"), of which no shares are outstanding, 6,000 shares have been designated as Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F ("*PNC Series F Preferred Stock*"), of which no shares are outstanding, and 450,000 shares have been designated as Series G Junior Participating Preferred Share Purchase Rights ("*PNC Series G Preferred Stock*").

B. Company. The Company is a Delaware corporation with its principal executive offices located in Washington, DC. As of the date hereof, the Company has (i) 50,000,000 authorized shares of common stock, par value \$2.50 per share ("*Company Common Stock*"), of which not more than 29,202,595 shares are outstanding, (ii) 20,000,000 authorized shares of Class B common stock, par value \$2.50 per share, of which no shares are outstanding and (iii) 25,000,000 authorized shares of preferred stock, par value \$1.00 per share, of which no shares are outstanding.

C. Intention of the Parties. Each of the parties to this Plan intends that the Merger (as hereinafter defined) shall qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "*Internal Revenue Code*") and that this Plan shall constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Internal Revenue Code.

D. Approvals. The board of directors of each of PNC and the Company has (1) determined that this Plan and the transactions contemplated hereby are advisable and in the best interests of PNC and the Company,

respectively, and in the best interests of their respective stockholders, (2) determined that this Plan and the transactions contemplated hereby are consistent with, and in furtherance of, its respective business strategies and (3) authorized and approved this Plan.

E. Voting Agreement. As a condition and inducement to PNC's willingness to enter into this Agreement, a certain stockholder of the Company is concurrently entering into a Voting Agreement with PNC in substantially the form attached hereto as Exhibit A, pursuant to which, among other things, such stockholder agrees to vote certain of his shares of Company Common Stock in favor of this Agreement and the transactions contemplated hereby.

NOW, THEREFORE, in consideration of their mutual promises and obligations, the parties hereto approve, adopt and make this Plan and prescribe the terms and conditions hereof and the manner and mode of carrying it into effect, which are as follows:

ARTICLE I The Merger

1.1 The Merger. (a) Subject to the terms and conditions of this Plan, at the Effective Time (as hereinafter defined), the Company shall merge with and into PNC (the "*Merger*"), and the separate corporate existence of the Company shall thereupon cease. PNC shall be the surviving corporation in the Merger (hereinafter sometimes referred to as the "*Surviving Corporation*") and shall continue to be governed by the laws of the State of Pennsylvania.

(b) The Merger shall have the effects specified in this Plan, the Delaware General Corporation Law (the "*DGCL*") and the Business Corporation Law of the Commonwealth of Pennsylvania (the "*PBCL*").

(c) At the Effective Time, the Articles of Incorporation of PNC, as then in effect, shall be the certificate of incorporation of the Surviving Corporation and the By-laws of PNC, as then in effect, shall be the By-laws of the Surviving Corporation.

(d) The name of the Surviving Corporation shall be the name of PNC.

1.2 Effective Time. (a) Subject to the terms and conditions of this Plan, on or before the Closing Date, the parties shall execute, and PNC will cause to be filed with the Department of State of the Commonwealth of Pennsylvania, articles of merger as provided in Sections 1926 and 1927 of the PBCL (the "*Certificate of Merger*"), and PNC will cause a certificate of merger to be filed with the Office of the Secretary of State of the State of Delaware as provided in Section 252 of the DGCL. The Merger shall become effective at such time as the Certificate of Merger has been filed, or at such other time as may be specified therein. The date and time at which the Merger becomes effective is herein referred to as the "*Effective Time*".

(b) PNC and the Company will each cause the Effective Time to occur not later than the third business day following the satisfaction or waiver of the last of the conditions specified in Sections 6.1(a), (b), (c), (e) and (f) of this Plan. Notwithstanding anything to the contrary in this Section 1.2(b), PNC and the Company may cause the Effective Time to occur on such earlier or later day following the satisfaction or waiver of such conditions as they may agree, consistent with the provisions of the DGCL and the PBCL.

1.3 Closing. The closing of the Merger (the “*Closing*”) shall take place at such time and place as PNC and the Company shall agree, on the date when the Effective Time is to occur (the “*Closing Date*”).

1.4 Bank Merger. PNC and the Company shall take all action necessary and appropriate to cause their respective subsidiaries PNC Bank, National Association (“*PNC Bank*”) and Riggs Bank N.A. (“*Company Bank*”) to merge, and to convert the operating systems of the Company Bank to those of the PNC Bank, immediately after the Merger, with PNC Bank being the surviving bank (“*Surviving Bank*”) thereof pursuant to the provisions of applicable law (the “*Bank Merger*”). At the effective time of the Bank Merger, the Certificate of Organization and Bylaws of the Surviving Bank shall be the Certificate of Organization and Bylaws of PNC Bank in effect immediately prior to the effective time of the Bank Merger.

ARTICLE II

Conversion or Cancellation of Shares

2.1 Conversion or Cancellation of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of any stockholder:

(a) *Company Common Stock*. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time, other than Exception Shares and Dissenting Shares (each as hereinafter defined), shall be converted into the right to receive, at the election of each holder thereof, but subject to the election and allocation procedures of Sections 2.1(d) and (e), the other provisions of this Section 2.1 and possible adjustment as set forth in Section 2.4, either:

(1) that number of shares of PNC Common Stock equal to the Exchange Ratio (as defined in Section 2.1(b)) (the “*Per Share Stock Consideration*”), or

(2) an amount in cash, without interest, equal to the Per Share Amount (the “*Per Share Cash Consideration*”) and, together with the Per Share Stock Consideration, the “*Consideration*”).

(b) Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(1) “*Aggregate Cash Amount*” means, subject to Section 2.1(e), 45% of the product of (x) the Aggregate Company Share Amount (as hereinafter defined) less the number of Exception Shares cancelled pursuant to Section 2.1(d)

hereof (but excluding from such reduction the 3,341,921 treasury shares as of the date hereof) and (y) \$24.25, rounded to the nearest whole cent provided, however, that if, at the Effective Time, the aggregate number of shares of Company Common Stock issuable upon exercise of then outstanding Company Options (as defined under Section 5.10(a)) exceeds the difference between (A) 7,530,482 less (B) the aggregate number of shares of Company Common Stock issued upon exercise of Company Options after the date hereof and prior to the Effective Time (such excess being referred to herein as the “*Excess Option Shares*”), then the “*Aggregate Cash Amount*” shall be reduced by the product of (A) the Excess Option Shares and (B) an amount equal to the excess of \$24.25 over the weighted average exercise price of the options related to the Excess Option Shares at the Effective Time, in each case rounded to the nearest whole cent.

(2) “*Aggregate Company Share Amount*” shall equal 29,202,595 shares of Company Common Stock; provided, however, that the Aggregate Company Share Amount shall be increased by virtue of the issuance of any shares of Company Common Stock upon (i) the exercise from and after the date hereof and prior to the Effective Time of Company Options outstanding on the date hereof, (ii) the funding of the trust under the Company Amended and Restated Deferred Compensation Plan, in each case, after July 15, 2004 and prior to the Effective Time, (iii) the distribution of interests under the Riggs National Corporation and Riggs Bank N.A. Deferred Compensation Plan for Directors in accordance with the terms of such plan and (iv) the vesting of deferred share awards or performance share awards under the Riggs National Corporation 2002 Long-Term Incentive Plan (including by reason of Section 5.12(c)) to the extent not outstanding on the date hereof.

(3) “*Aggregate PNC Share Amount*” shall, subject to Section 2.1(e), be equal to 7,533,648 shares of PNC Common Stock; provided, however, that the “*Aggregate PNC Share Amount*” shall be (x) increased by virtue of the issuance of any shares of Company Common Stock upon (i) the exercise from and after the date hereof and prior to the Effective Time of Company Stock Options outstanding on the date hereof, (ii) the funding of the trust under the Company Amended and Restated Deferred Compensation Plan, in each case, after July 15, 2004 and prior to the Effective Time, (iii) the distribution of interests under the Riggs National Corporation and Riggs Bank N.A. Deferred Compensation Plan for Directors in accordance with the terms of such plan or (iv) the vesting of deferred share awards or performance share awards under the Riggs National Corporation 2002 Long-Term Incentive Plan (including by reason of Section 5.12(c)) to the extent not outstanding on the date hereof and (y) shall be decreased in the event any shares of Company Common Stock are cancelled pursuant to Section 2.1(d) hereof, other than the 3,341,921 treasury shares as of the date hereof, in each case on a basis of 0.2580 additional shares of PNC Common Stock for each share of Company Common Stock so issued or cancelled.

(4) “*Measurement Price*” means the average of the daily high and low per share sales prices of PNC Common Stock on the New York Stock Exchange (the “*NYSE*”), as reported in the New York City edition of *The Wall Street Journal* or, if not reported therein, in another authoritative source mutually agreed by PNC and the Company, for the five (5) full consecutive NYSE trading days ending on the trading day immediately prior to the Closing Date.

(5) “*Closing Transaction Value*” means the sum of (A) the Aggregate Cash Amount and (B) the product obtained by multiplying the Aggregate PNC Share Amount by the Measurement Price, rounded to the nearest whole cent.

(6) “*Per Share Amount*” means the amount obtained by dividing the Closing Transaction Value by the number of Exchangeable Shares, rounded to the nearest whole cent.

(7) “*Exchange Ratio*” means that fraction of a share of PNC Common Stock as shall be obtained by dividing the Per Share Amount by the Measurement Price, rounded to the nearest one-ten-thousandth.

(8) “*Exchangeable Shares*” means the aggregate number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time, rounded to the nearest whole share.

(e) *Adjustments to Preserve Tax Treatment.*

(i) In the event that the quotient obtained by dividing (x) the product of (i) the Aggregate PNC Share Amount and (ii) the Final PNC Share Value by (y) the sum of (A) the Aggregate Cash Amount, (B) the Other Cash Consideration (as defined below), and (C) the product of (i) the Aggregate PNC Share Amount and (ii) the Final PNC Share Value is less than 0.425, the Aggregate PNC Share Amount shall be increased by the Share Adjustment Amount (as defined in this Section 2.1(e)) and the Aggregate Cash Amount shall be decreased by the product of (x) the Final PNC Share Value and (y) the Share Adjustment Amount. The “*Share Adjustment Amount*” shall be equal to the quotient obtained by dividing (x) the difference obtained by subtracting (i) the product of (a) the Aggregate PNC Share Amount and (b) the Final PNC Share Value from (ii) the product of (a) 0.425 and (b) the sum of (1) the Aggregate Cash Amount, (2) Other Cash Consideration and (3) the product of the Aggregate PNC Share Amount and the Final PNC Share Value by (y) the Final PNC Share Value.

(ii) In the event that the Aggregate PNC Share Amount and the Aggregate Cash Amount are adjusted as provided for in this Section 2.1(e), all references in this Agreement to the “Aggregate PNC Share Amount” and the “Aggregate Cash Amount” shall refer to the Aggregate PNC Share Amount and the Aggregate Cash Amount as adjusted in this Section 2.1(e).

(iii) For purposes of this Agreement, “*Final PNC Share Value*” means the arithmetic average of the daily high and low per share sales prices of PNC Common Stock on the NYSE on the Closing Date or if the Closing Date is not a trading day, the trading day prior to the Closing Date; and “*Other Cash Consideration*” means the sum of (i) the product of the number of Dissenting Shares (except to the extent that the holder of such Dissenting Shares, as of the Closing Date, has effectively withdrawn or lost his right to dissent from the Merger under the DGCL) and the Per Share Cash Consideration and (ii) any other amounts

received by a holder of Company stock prior to the Merger, either in a redemption of Company stock or in a distribution with respect to Company stock (but only to the extent such amount is treated as other property or money received in the exchange for purposes of Section 356 of the Code, or would be so treated if the Company shareholder also had received stock of PNC in exchange for stock owned by the shareholder in the Company).

(c) *PNC Common Stock*. Each share of PNC Common Stock outstanding immediately prior to the Effective Time shall remain outstanding and shall be unaffected by the Merger.

(d) *Cancellation of Old Shares*. Each Exception Share shall cease to be outstanding, shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time, other than Exception Shares, is hereinafter defined as an “*Old Share*”. Old Shares shall cease to be outstanding, shall be canceled and retired and shall cease to exist, and each holder of a certificate (an “*Old Certificate*”) formerly representing Old Shares shall thereafter cease to have any rights with respect to such shares, except the right to receive, without interest, upon exchange of such Old Certificate in accordance with Section 2.3, the Consideration. “*Exception Shares*” means shares of Company Common Stock owned or held by PNC or by the Company, other than shares owned or held in a bona fide fiduciary or agency capacity or in satisfaction of a debt previously contracted in good faith.

(e) Subject to the allocation procedures set forth in Section 2.1(e), each record holder of Company Common Stock will be entitled (i) to elect to receive shares of PNC Common Stock for all or some of the shares of Company Common Stock (“*Stock Election Shares*”) held by such record holder, (ii) to elect to receive cash for all or some of the shares of Company Common Stock (“*Cash Election Shares*”) held by such record holder or (iii) to indicate that such holder makes no such election for all or some of the shares of Company Common Stock (“*No-Election Shares*”) held by such record holder. All such elections (each, an “*Election*”) shall be made on a form designed for that purpose and agreed to by PNC and the Company (an “*Election Form*”). Any shares of Company Common Stock for which the record holder has not, as of the Election Deadline (as defined below), properly submitted to the Exchange Agent a properly completed Election Form will be deemed No-Election Shares. A record holder acting in different capacities or acting on behalf of other persons in any way will be entitled to submit an Election Form for each capacity in which such record holder so acts with respect to each person for which it so acts. The exchange agent (the “*Exchange Agent*”) will be a bank or trust company in the United States selected by PNC and reasonably acceptable to the Company. In order to make a valid election, the properly completed Election Form must be accompanied by certificates of the shares of Company Common Stock to which such Form of Election relates or by an appropriate customary guarantee of delivery of such certificates, as set forth in such Form of Election, from a member of any registered national securities exchange or a commercial bank or trust company in the United States (provided that such certificates are in fact delivered to the Exchange Agent by the time required in such guarantee of delivery; failure to

deliver shares of Company Common Stock covered by such a guarantee of delivery within the time set forth on such guarantee shall be deemed to invalidate any otherwise properly made Election, unless otherwise determined by PNC, in its sole discretion). Notwithstanding anything contained herein to the contrary, each share of Company Common Stock owned by a subsidiary of PNC or by a subsidiary of the Company (in each case, other than those shares held by any such subsidiary in a bona fide fiduciary or agency capacity) shall be converted in the Merger solely into PNC Common Stock.

(f) The allocation among the holders of shares of Company Common Stock of rights to receive the Per Share Stock Consideration or the Per Share Cash Consideration will be made as follows:

(1) Number of Stock Elections Less Than the Stock Conversion Number. If the aggregate number of Stock Election Shares (on the basis of valid Election Forms received as of the Election Deadline) is less than the number obtained by dividing the Aggregate PNC Share Amount by the Exchange Ratio (the "*Stock Conversion Number*"), then

(A) each Stock Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Stock Consideration,

(B) the Exchange Agent will allocate from among the No-Election Shares, pro rata to the holders of No-Election Shares in accordance with their respective numbers of No-Election Shares, a sufficient number of No-Election Shares so that the sum of such number and the number of Stock Election Shares equals as closely as practicable the Stock Conversion Number, and each such allocated No-Election Share (each, a "*Stock-Selected No-Election Share*") will be, as of the Effective Time, converted into the right to receive the Per Share Stock Consideration, *provided* that if the sum of all No-Election Shares and Stock Election Shares is equal to or less than the Stock Conversion Number, all No-Election Shares will be Stock-Selected No-Election Shares,

(C) if the sum of Stock Election Shares and No-Election Shares is less than the Stock Conversion Number, the Exchange Agent will allocate from among the Cash Election Shares, pro rata to the holders of Cash Election Shares in accordance with their respective numbers of Cash Election Shares, a sufficient number of Cash Election Shares so that the sum of such number, the number of all Stock Election Shares and the number of all No-Election Shares equals as closely as practicable the Stock Conversion Number, and each such allocated Cash Election Share (each, a "*Converted Cash Election Share*") will be, as of the Effective Time, converted into the right to receive the Per Share Stock Consideration, and

(D) each No-Election Share and Cash Election Share that is not a Stock-Selected No-Election Share or a Converted Cash Election Share (as the case may be) will be, as of the Effective Time, converted into the right to receive the Per Share Cash Consideration; or

(2) Number of Stock Elections Greater Than the Stock Conversion Number. If the aggregate number of Stock Election Shares (on the basis of valid Election Forms received by the Election Deadline) is greater than the Stock Conversion Number, then

(A) each Cash Election Share and No-Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Cash Consideration,

(B) the Exchange Agent will allocate from among the Stock Election Shares, pro rata to the holders of Stock Election Shares in accordance with their respective numbers of Stock Election Shares, a sufficient number of Stock Election Shares (“*Converted Stock Election Shares*”) so that the difference of (x) the number of Stock Election Shares less (y) the number of the Converted Stock Election Shares equals as closely as practicable the Stock Conversion Number, and each Converted Stock Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Cash Consideration; provided that if an Election Form designates by stock certificate number the priority in which the Stock Election Shares governed by such Election Form are to be reallocated pursuant to this clause (B), such Stock Election Shares shall be deemed reallocated in accordance with such priority, and

(C) each Stock Election Share that is not a Converted Stock Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Stock Consideration.

(3) Number of Stock Elections is Equal to the Stock Conversion Number. If the aggregate number of Stock Election Shares (on the basis of Election Forms received by the Election Deadline) is equal to the Stock Conversion Number, then

(A) each Stock Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Stock Consideration, and

(B) each Cash Election Share and No-Election Share will be, as of the Effective Time, converted into the right to receive the Per Share Cash Consideration.

2.2 Fractional Shares. Notwithstanding any other provision of this Article II, no fractional shares of PNC Common Stock will be issued pursuant to the Merger. Instead, PNC will pay or cause to be paid to the holder of any Old Shares that would, pursuant to paragraph 2.1, otherwise be entitled to receive fractional shares of PNC Common Stock an amount in cash, rounded to the nearest cent and without interest, equal to the product of (i) the fraction of a share to which such holder would otherwise have been entitled and (ii) the Measurement Price.

2.3 Exchange of Old Certificates for New Certificates

(a) *Exchange Agent.* Until the first anniversary of the Effective Time, PNC shall make available or cause to be made available to the Exchange Agent certificates (each, a “*New Certificate*”) representing the shares of PNC Common Stock (each, a “*New Share*”) and cash in amounts sufficient to allow the Exchange Agent to make all deliveries of New Certificates and payments that may be required in exchange for Old Certificates pursuant to this Article II. Upon such anniversary, any such New Certificates and cash remaining in the possession of the Exchange Agent (together with any dividends or earnings in respect thereof) shall be delivered to PNC. Any holder of Old Certificates who has not theretofore exchanged his or her Old Certificates for New Certificates and/or cash pursuant to this Article II shall thereafter be entitled to look exclusively to PNC, and only as a general creditor thereof in the case of cash, for the shares of PNC Common Stock and/or cash to which he or she may be entitled upon exchange of such Old Certificates pursuant to this Article II. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto, shall be liable to any holder of Old Certificates for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(b) *Exchange Procedures.* At least twenty business days prior to the expected Election Deadline, and thereafter from time to time as the Company may reasonably request until the Election Deadline, PNC shall cause the Exchange Agent to mail or deliver to each individual, bank, corporation, partnership, trust, association or other entity or organization (any of the foregoing, a “*Person*”) who is a holder of record of Company Common Stock an Election Form and a form of letter of transmittal in form reasonably satisfactory to PNC and the Company containing instructions for use in effecting the surrender of Old Certificates in exchange for New Certificates and any payments pursuant to this Article II. To be effective, the Election Form must be properly completed, signed and actually received by the Exchange Agent not later than 5:00 p.m., New York City time, on the business day that is ten (10) trading days prior to the Closing Date (which date shall be publicly announced by PNC as soon as practicable prior to such date) (the “*Election Deadline*”) and accompanied by the Old Certificates as to which such Election Form is being made, duly endorsed in blank or otherwise in a form acceptable for transfer on the books of Company (or accompanied by an appropriate guarantee of delivery by an eligible organization) in the case of shares that are not held in book entry form. For shares that are held in book entry form, PNC shall establish procedures for the delivery of such shares, which procedures shall be reasonably acceptable to Company. The Exchange Agent shall make all computations contemplated by Section 2.1 hereof, and after consultation with PNC and the Company, all such computations will be conclusive and binding on the former holders of Company Common Stock absent manifest error. Any shares of Company Common Stock for which the record holder has not, as of the Election Deadline, properly submitted to the Exchange Agent a properly completed Election Form will be deemed No-Election Shares. Any Election Form may be revoked, by the stockholder who submitted such Election Form to the Exchange Agent, only by written notice received by the Exchange Agent prior to the Election Deadline. In addition, all Election Forms shall automatically be revoked if the Exchange Agent is notified in writing by PNC and the Company that the Merger has been abandoned. Promptly after the Effective Time, each holder who has surrendered to the Exchange Agent an Old Certificate for cancellation together with such letter of transmittal, duly executed and

completed in accordance with the instructions thereto, shall be entitled to receive in exchange therefor a New Certificate representing the New Shares and/or a check in the amount to which such holder is entitled pursuant to this Article II, and the Old Certificate so surrendered shall forthwith be canceled. No interest will accrue or be paid with respect to any property to be delivered upon surrender of Old Certificates. If any New Certificate is to be issued, or cash payment made, in a name other than that in which the Old Certificate surrendered in exchange therefor is registered, it shall be a condition of such exchange that the Person requesting such exchange shall pay any transfer or other taxes required by reason of the issuance of such New Certificate or the making of such cash payment in a name other than that of the registered holder of the Old Certificate surrendered, or shall establish to the satisfaction of the PNC and the Exchange Agent that any such taxes have been paid or are not applicable.

(c) *Distributions with Respect to Unexchanged Shares* Notwithstanding any other provision of this Plan, no dividends or other distributions in respect of New Shares with a record date after the Effective Time shall be paid to any Person holding an Old Certificate until such Old Certificate has been surrendered for exchange as provided herein. Subject to the effect of applicable laws and the immediately preceding sentence, following surrender of any such Old Certificates, there shall be paid to the holder of the New Certificates issued in exchange therefor, without interest, at the time of such surrender, the amount of dividends or other distributions with a record date on or after the Effective Time theretofore payable with respect to the New Shares represented thereby, as well as any dividends with respect to Company Common Stock declared prior to the Effective time but unpaid.

(d) *Transfers.* At or after the Effective Time, there shall be no transfers on the stock transfer books of PNC or the Company of Old Shares.

(e) *Lost, Stolen or Destroyed Certificates.* If any Old Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Old Certificate to be lost, stolen or destroyed and, if required by PNC or the Exchange Agent, the posting by such Person of a bond in such reasonable amount as PNC or the Exchange Agent may direct as indemnity against any claim that may be made against it with respect to such Old Certificate, PNC or the Exchange Agent shall, in exchange for such lost, stolen or destroyed Old Certificate, issue or cause to be issued a New Certificate and/or pay or cause to be paid the amounts, if any, deliverable in respect to the Old Shares formerly represented by such Old Certificate pursuant to this Article II.

2.4 Adjustment of Consideration. In the event that, subsequent to the date of this Plan but prior to the Effective Time, the shares of PNC Common Stock issued and outstanding shall, through a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the capitalization of PNC, increase or decrease in number or be changed into or exchanged for a different kind or number of securities, then an appropriate and proportionate adjustment shall be made to the Per Share Cash Consideration and the Per Share Stock Consideration.

2.5 Shares of Dissenting Stockholders. Notwithstanding anything in this Agreement to the contrary, any shares of Company Common Stock that are issued and outstanding as of the Effective Time and that are held by a stockholder who has properly exercised his appraisal rights under the DGCL (the “*Dissenting Shares*”) shall not be converted into the right to receive the Consideration unless and until the holder shall have failed to perfect, or shall have effectively withdrawn or lost, his right to dissent from the Merger under the DGCL and to receive such consideration as may be determined to be due with respect to such Dissenting Shares pursuant to and subject to the requirements of the DGCL. If any such holder shall have so failed to perfect or have effectively withdrawn or lost such right after the Election Deadline, each share of such holder’s Company Common Stock shall thereupon be deemed to have been converted into and to have become, as of the Effective Time, the right to receive, without any interest thereon, the Per Share Stock Consideration or the Per Share Cash Consideration, or a combination thereof, as determined by PNC in its sole discretion. The Company shall give PNC (i) prompt notice of any notice or demands for appraisal or payment for shares of Company Common Stock received by the Company and (ii) the opportunity to participate in and direct all negotiations and proceedings with respect to any such demands or notices. The Company shall not, without the prior written consent of PNC, make any payment with respect to, or settle, offer to settle or otherwise negotiate, any such demands.

2.7 Withholding Rights. PNC shall be entitled to deduct and withhold from the Consideration such amounts as it is required to deduct and withhold under the Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by PNC, such withheld amounts shall be treated for all purposes of this Plan as having been paid to the Company stockholder in respect to which such deduction and withholding was made by PNC.

ARTICLE III Conduct of Business Pending Merger

3.1 Company Forbearances. The Company agrees that from the date hereof until the Effective Time, except as contemplated by this Plan, or as set forth in the applicable paragraph of its Disclosure Schedule (“*Previously Disclosed*”), without the prior written consent of the other party hereto (which consent shall not be unreasonably withheld), it will not, and will cause each of its subsidiaries not to:

(a) *Ordinary Course*. Conduct its business and the business of its subsidiaries other than in the ordinary and usual course or fail to use reasonable efforts to preserve intact their business organizations and assets and maintain their rights, franchises and existing relations with customers, suppliers, employees and business associates, or take any action reasonably likely to materially impair its ability to perform its obligations under this Plan or to consummate the transactions contemplated hereby and thereby.

(b) *Capital Stock*. (1) Issue, sell or otherwise permit to become outstanding, or dispose of or encumber or pledge or authorize or propose the creation of, any additional shares of its stock other than pursuant to Rights

outstanding on the date hereof, (2) enter into any agreement with respect to the foregoing or (3) permit any additional shares of its stock to become subject to new grants, other Rights or similar stock-based employee rights.

(c) *Dividends, Etc.* (1) Make, declare, pay or set aside for payment any dividend (other than (A) dividends from its direct or indirect wholly owned subsidiaries to it or another of its wholly owned subsidiaries, (B) dividends on preferred stock of subsidiaries, the common stock of which is wholly owned directly or indirectly by the Company, in accordance with the terms thereof, and (C) regular quarterly dividends on its common stock at a rate equal to the rate paid by it during the fiscal quarter immediately preceding the date hereof or (2) directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock.

(d) *Compensation; Employment Agreements; Etc.* Enter into or amend or renew any employment, consulting, severance or similar agreements or arrangements with any of its directors, officers or employees or those of its subsidiaries or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except (1) for normal individual increases in compensation to employees (other than executive officers or directors) in the ordinary course of business consistent with past practice, (2) for other changes that are required by applicable law and (3) to satisfy Previously Disclosed contractual obligations.

(e) *Benefit Plans.* Enter into, establish, adopt or materially amend any Benefit Plan, except (1) as may be required by applicable law, (2) to satisfy Previously Disclosed contractual obligations or (3) as provided in this Plan.

(f) *Dispositions.* Sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties except for sales, transfers, mortgages, encumbrances or other dispositions or discontinuances in the ordinary course of business consistent with past practice and in a transaction that, together with other such transactions, is not material to it and its subsidiaries, taken as a whole.

(g) *Acquisitions.* Acquire (other than by way of foreclosures or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, business, deposits or properties of any other entity except in the ordinary course of business consistent with past practice and in a transaction that, together with other such transactions, is not material to it and its subsidiaries, taken as a whole.

(h) *Governing Documents.* Amend its articles of incorporation, bylaws or similar governing documents ("*Governing Documents*") or the Governing Documents of any of its subsidiaries, except as contemplated by this Plan.

(i) *Accounting Methods.* Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by generally accepted accounting principles, applicable regulatory accounting requirements or applicable law.

(j) *Contracts.* (1) Enter into, renew or terminate, or make any payment not then required under, any contract or agreement (other than loans, funding arrangements and other transactions made in the ordinary course of the banking business and that do not contain (A) any non-competition or exclusive dealing agreements or other agreement or obligation which purports to limit or restrict in any respect the ability of the Company or its subsidiaries to solicit customers or the manner in which, or the localities in which, all or any portion of the business of the Company and its or could be conducted or (B) any agreement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries (or, following consummation of the transactions contemplated hereby, the ability of PNC or any of its subsidiaries) to own, operate, sell, transfer, pledge or otherwise dispose of any assets or business) that calls for aggregate annual payments of \$300,000 or more and which is not terminable on 60 days or less notice without payment of any termination fee or penalty and (2) enter into any contract or agreement pertaining to the use of the name "Riggs" or any derivative thereof.

(k) *Claims.* Settle any claim, action or proceeding against it, except for any claim, action or proceeding settled in the ordinary course of business in an amount or for such consideration not in excess of \$100,000, individually, or \$300,000 in the aggregate for all such settlements, and would not impose any material restriction on the business of the Company or its subsidiaries or, after the Effective Time, PNC or its subsidiaries or create precedent for claims that are reasonably likely to be material to the Company or its subsidiaries or, after the Effective Time, PNC or its subsidiaries.

(l) *Adverse Actions.* Notwithstanding anything herein to the contrary, (1) take any action that would, or is reasonably likely to, prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code or (2) take any action that is reasonably likely to result in (A) any of the conditions to the Merger set forth in Article VI not being satisfied in a timely manner or (B) a material violation of any provision of this Plan except, in each case, as may be required by applicable law or regulation.

(m) *Capital Expenditures.* Other than in the ordinary course of business, make any capital expenditures in excess of (1) \$100,000 per project or related series of projects or (2) \$300,000 in the aggregate.

(n) *Certain Tax Matters.* Make, change or revoke any material Tax election, file any material amended Tax Return, enter into any material closing agreement, settle any material Tax claim or assessment, or surrender any right to claim a material refund of Taxes.

(o) *Commitments.* Agree or commit to do any of the foregoing.

3.2 **PNC Forbearances.** PNC agrees that from the date hereof until the Effective Time, except as expressly contemplated by this Plan or as Previously Disclosed, without the prior written consent of the Company (which consent shall not be unreasonably withheld), it will not, and, in the case of (b) only, will cause each of its subsidiaries not to:

(a) *Governing Documents.* Amend its Governing Documents in a manner that would adversely affect the Company's stockholders.

(b) *Adverse Actions.* Notwithstanding anything herein to the contrary, (1) take any action that would, or is reasonably likely to, prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, (2) take any action that is reasonably likely to result in (A) any of the conditions to the Merger set forth in Article VI not being satisfied in a timely manner or (B) a material violation of any provision of this Plan except, in each case, as may be required by applicable law or regulation or (3) declare or pay any extraordinary or special dividends or make any other extraordinary or special distributions in respect of any of its capital stock.

ARTICLE IV Representations

4.1 **Disclosure Schedules.** On or prior to the date hereof, PNC has delivered to the Company a schedule and the Company has delivered to PNC a schedule (respectively, each schedule a "*Disclosure Schedule*") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations contained in Section 4.3 or to one or more of its covenants contained herein; provided, that the mere inclusion of an item in a Disclosure Schedule as an exception to a representation shall not be deemed an admission by a party that such item was required to be disclosed therein.

4.2 **Standard.** (a) For all purposes of this Plan, no representation of PNC or the Company contained in Section 4.3 (other than the representations contained in Section 4.3(b), which shall be true and correct in all material respects, and in Section 4.3(g)(3), which shall be true and correct in all respects) shall be deemed untrue and no party hereto shall be deemed to have breached a representation, as a consequence of the existence of any fact, event or circumstance unless such fact, circumstance or event, individually or taken together with all other facts, events or circumstances inconsistent with any representation contained in Section 4.3 (read for this purpose without regard to any individual reference to "materiality" or "Material Adverse Effect" set forth therein) has had or is reasonably likely to have a Material Adverse Effect with respect to PNC or the Company, as the case may be.

(b) The term "*Material Adverse Effect*" means an effect which (1) is materially adverse to the business, financial condition or results of operations of PNC or the Company, as the context may dictate, and its subsidiaries, taken as a whole, or (2) materially impairs the ability of PNC or the Company to consummate the Merger; *provided, however,* that in determining whether a Material Adverse Effect has occurred there shall be excluded any effect to the extent attributable to or resulting from (A) any changes in laws, regulations or interpretations of laws or

regulations generally affecting the banking or bank holding company businesses, but not uniquely relating to PNC or the Company, (B) any change in generally accepted accounting principles or regulatory accounting requirements, generally affecting the banking or bank holding company businesses, but not uniquely relating to PNC or the Company, (C) events, conditions or trends in economic, business or financial conditions generally or affecting the banking or bank holding company businesses specifically (including changes in interest rates and changes in the markets for securities), except to the extent any such events, conditions or trends in economic, business or financial conditions have a materially disproportionate adverse effect upon PNC or the Company, as the context may dictate, (D) changes in national or international political or social conditions including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon or within the United States, or any of its territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (E) actions or omissions of PNC or the Company taken with the prior written consent of the other party in contemplation of the transactions contemplated hereby and (F) any change, effect, event or occurrence arising out of the announcement or performance of this Plan and the transactions contemplated hereby, including any expenses incurred in connection herewith.

4.3 Representations. Except as Previously Disclosed, the Company hereby represents and warrants to PNC, and PNC hereby represent and warrant to the Company, to the extent applicable, in each case with respect to itself and its subsidiaries, as follows:

(a) *Organization, Standing and Authority*. It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. It is duly qualified to do business and is in good standing in the states of the United States and any foreign jurisdictions where its ownership or leasing of property or assets or the conduct of its business requires it to be so qualified.

(b) *Capital Stock*.

(1) The information in Recital A, in the case of PNC, and in Recital B, in the case of the Company, is true and correct.

(2) Its outstanding shares of common stock have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, not subject to any preemptive rights and were not issued in violation of any preemptive rights.

(3) Except as set forth in this Plan or as Previously Disclosed, as of the date hereof, there are no shares of its common stock authorized and reserved for issuance, it does not have any Rights outstanding with respect to its common stock, and it does not have any commitment to authorize, issue or sell any of its common stock or Rights, except pursuant to this Plan, outstanding options to purchase its common stock and the Benefit Plans. All Company Options

(as defined in Section 5.10(a)) under the Riggs National Corporation 1993 Stock Option Plan, Riggs National Corporation 1994 Stock Option Plan, Riggs National Corporation 1996 Stock Option Plan and Riggs National Corporation 1997 Non-Employee Directors Stock Option Plan are fully vested and exercisable, or will become such in accordance with their regular vesting schedule prior to October 11, 2004. As used herein, "Rights" means, with respect to any Person, securities or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, or any options, calls or commitments relating to, or any stock appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares of capital stock or earnings of such Person.

(4) In the case of PNC, any shares of PNC Common Stock issued in connection with the Merger have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, not subject to any preemptive rights and were not issued in violation of any preemptive rights.

(c) *Subsidiaries.*

(1) The Company has Previously Disclosed a list of all of its subsidiaries.

(2) (A) It owns, directly or indirectly, all the issued and outstanding equity securities of each of its Significant Subsidiaries, (B) no equity securities of any of its Significant Subsidiaries are or may become required to be issued (other than to it or its wholly owned subsidiaries) by reason of any Right or otherwise, (C) there are no contracts, commitments, understandings or arrangements by which any of its Significant Subsidiaries is or may be bound to sell or otherwise transfer any equity securities of any its subsidiaries (other than to it or its wholly owned subsidiaries), (D) there are no contracts, commitments, understandings, or arrangements relating to its rights to vote or to dispose of such securities and (E) all the equity securities of each Significant Subsidiary held by it or its subsidiaries have been duly authorized and are validly issued and outstanding, fully paid and nonassessable (except as provided in 12 U.S.C. § 55 or comparable state laws) and are owned by it or its subsidiaries free and clear of all liens, pledges, security interests, claims, provisions, preemptive or subscription rights or other encumbrances or restrictions of any kind or Rights ("Liens"). For purposes of this Plan, "Significant Subsidiary" has the meaning ascribed to that term in Rule 1-02 of Regulation S-X under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(3) Each of its Significant Subsidiaries has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its organization, and is duly qualified to do business and in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified.

(d) *Corporate Power.* It and each of its Significant Subsidiaries has the corporate power and authority to carry on its business as it is now being conducted and to own all its properties and assets; and it has the corporate power and authority to execute, deliver and perform its obligations under this Plan and to consummate the transactions contemplated hereby and thereby.

(e) *Corporate Authority.*

(1) Subject to receipt of the stockholder approval described in Section 4.3(e)(3), in the case of the Company, this Plan and the transactions contemplated hereby and thereby have been authorized by all necessary corporate action. This Plan is its valid and legally binding obligation, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(2) In the case of PNC, no vote of the holders of any class or series of PNC's capital stock is necessary to approve and adopt this Plan and the transactions contemplated hereby.

(3) In the case of the Company, the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock to adopt this Plan is the only vote of the holders of any class or series of the Company's capital stock necessary to approve and adopt this Plan and the transactions contemplated hereby.

(f) *Regulatory Approvals; No Defaults.*

(1) No consents or approvals of, or filings or registrations with, any governmental or regulatory authority, agency, court, commission or other entity, domestic or foreign ("*Governmental Entity*") or with any third party are required to be made or obtained by it or any of its subsidiaries in connection with the execution, delivery or performance by it of this Plan or to consummate the Merger or the Bank Merger except for (A) filings and approvals of applications with and by federal, state and other authorities as Previously Disclosed, (B) filings with the SEC, the National Association of Securities Dealers, and state securities authorities, (C) filings and approvals under the Hart-Scott-Rodino Antitrust Improvements Act, if required by applicable law and regulation (D) the applicable stockholder approval described in Section 5.2(a), (E) any consents, notices or approvals required pursuant to any investment advisory contract or the Investment Advisers Act of 1940, and (F) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware pursuant to the DGCL and the filing of the Articles of Merger with the Department of State of the Commonwealth of Pennsylvania.

(2) Subject to receipt of the regulatory approvals referred to in the preceding paragraph (the "*Regulatory Approvals*"), and the expiration of related waiting periods, and required filings under federal and state securities laws, the execution, delivery and performance of this Plan and the consummation of the transactions contemplated hereby do not and will not (A) constitute a breach or violation of, or a default under, or give rise to any Lien, any acceleration of remedies or any right of termination under, any law, rule or regulation or any judgment,

decree, order, governmental permit or license, or agreement, indenture or instrument of it or of any of its subsidiaries or to which it or any of its subsidiaries or properties is subject or bound, (B) constitute a breach or violation of, or a default under, its Governing Documents or (C) require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license, agreement, indenture or instrument.

(3) As of the date hereof, it (a) knows of no reason why (1) all Regulatory Approvals from any Governmental Entity required for the consummation of the transactions contemplated by this Plan should not be obtained on a timely basis or (2) the opinion of tax counsel referred to, in the case of PNC, in Section 6.2(c) and, in the case of the Company, in Section 6.3(c) should not be obtained on a timely basis and (b) has no reason to believe that the Merger will fail to qualify as a reorganization under Section 368(a) of the Internal Revenue Code.

(g) Financial Reports and Regulatory Documents; Material Adverse Effect.

(1) Its Annual Report on Form 10-K for the fiscal year ended December 31, 2003, and all other reports, registration statements, definitive proxy statements or information statements filed by it or any of its subsidiaries subsequent to December 31, 2003 under the Securities Act of 1933, as amended ("*Securities Act*"), or under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act or under the securities regulations of the SEC, in the form filed (collectively, its "*Regulatory Filings*") with the SEC as of the date filed, (A) complied in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (B) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each of the balance sheets or statements of condition contained in or incorporated by reference into any such Regulatory Filing (including the related notes and schedules thereto) fairly presented in all material respects its financial position and that of its subsidiaries as of its date, and each of the statements of income and changes in shareholders' equity and cash flows or equivalent statements in such Regulatory Filings (including any related notes and schedules thereto) fairly presented in all material respects, the results of operations, changes in shareholders' equity and changes in cash flows, as the case may be, of it and its subsidiaries for the periods to which they relate, in each case in accordance with GAAP consistently applied during the periods involved, except in each case as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements.

(2) Since December 31, 2003, it and its subsidiaries have not incurred any liability other than in the ordinary course of business consistent with past practice.

(3) In the case of the Company only, since December 31, 2003, (A) it and its subsidiaries have conducted their businesses in the ordinary and usual course consistent with past practice (excluding the incurrence of

expenses related to this Plan and the transactions contemplated hereby) and (B) no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events (described in any paragraph of Section 4.3 or otherwise), is reasonably likely to have a Material Adverse Effect with respect to it.

(4) In the case of the PNC only, since December 31, 2003, no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events (described in any paragraph of Section 4.3 or otherwise), is reasonably likely to have a Material Adverse Effect with respect to it.

(h) *Litigation.* Except as set forth in its Regulatory Filings prior to the date hereof, there is no suit, action or proceeding pending or, to the knowledge of it, threatened against or affecting it or any of its subsidiaries (and it is not aware of any basis for any such suit, action or proceeding) (1) that, individually or in the aggregate, is material to it and its subsidiaries, taken as a whole, or (2) that is reasonably likely to prevent or delay it in any material respect from performing its obligations under, or consummating the transactions contemplated by, this Plan.

(i) *Regulatory Matters.*

(1) Except as Previously Disclosed, neither it nor any of its subsidiaries is a party to or is subject to any written order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Governmental Entity charged with the supervision or regulation of financial institutions or issuers of securities or engaged in the insurance of deposits or the supervision or regulation of it or any of its subsidiaries (collectively, the “*Regulatory Authorities*”).

(2) Except as Previously Disclosed, neither it nor any of its subsidiaries has been advised by any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such written order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission. Except as Previously Disclosed, there are no material formal or informal investigations relating to any material regulatory matters pending before any Governmental Entity with respect to it or its subsidiaries.

(j) *Compliance with Laws.* Except as Previously Disclosed, it and each of its subsidiaries:

(1) conducts its business in compliance with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, the Sarbanes-Oxley Act of 2002, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, the Bank Secrecy Act and all other applicable fair lending laws and other laws relating to discriminatory business practices; and

(2) has all permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental Entities that are required in order to permit them to own or lease their properties and to conduct their businesses as presently conducted; all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, to its knowledge, no suspension or cancellation of any of them is threatened.

(k) *Material Contracts; Defaults.* Except for those agreements and other documents filed as exhibits to its Regulatory Filings, neither it nor any of its subsidiaries is a party to, bound by or subject to any agreement, contract, arrangement, commitment or understanding (1) that is a "material contract" within the meaning of Item 601(b)(10) of the SEC's Regulation S-K, (2) in the case of the Company only, any agreement, contract, arrangement, commitment or understanding that contains (A) any non-competition or exclusive dealing agreements or other agreement or obligation which purports to limit or restrict in any respect the ability of the Company or its subsidiaries to solicit customers or the manner in which, or the localities in which, all or any portion of the business of the Company and its Subsidiaries is or would be conducted or (B) any agreement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries; (3) in the case of the Company only, any agreement, contract, arrangement, commitment or understanding that involves performance of services or delivery of goods or materials to or by, or expenditures or receipts of, it or any of its subsidiaries of an amount or value in excess of \$300,000, other than any loan commitment entered in the ordinary course or any such agreement, contract, arrangement, commitment or understanding that is terminable on 60 days or less notice without payment of any termination fee or penalty; (4) in the case of the Company only, any joint venture, partnership or similar arrangement providing for the sharing of profits, losses, costs or liabilities by it or any of its subsidiaries with any other Person; and (5) in the case of the Company only, any agreement providing for the indemnification by the Company or its subsidiaries of any Person (other than customary agreements with vendors providing goods or services to the Company or its Subsidiaries where the potential indemnity obligations thereunder are not reasonably expected to be material to the Company). Neither PNC nor any of its subsidiaries, nor Seller nor any of its subsidiaries, is in default under any material contract, agreement, commitment, arrangement, lease, insurance policy or other instrument to which it is a party, by which its respective assets, business, or operations may be bound or affected, or under which it or its respective assets, business, or operations receives benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default.

(l) *No Brokers; Fairness Opinions.* (i) No action has been taken by it that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Plan, excluding a Previously Disclosed fee to be paid to Sandler O'Neill & Partners, L.P., in the case of PNC, and Previously Disclosed fee to be paid to Lehman Brothers Inc., in the case of the Company.

(ii) As of the date of this Plan, it has received the written opinion, dated the date of this Plan, of its financial advisor, Lehman Brothers Inc., in the case of the Company, and of its financial advisor, Sandler O'Neill & Partners, L.P., in the case of PNC, to the effect that the Consideration is fair, from a financial point of view, to, in the case of PNC, PNC and in the case of the Company, the holders of Company Common Stock.

(m) *Employee Benefit Plans*. In the case of the Company only,

(1) All benefit and compensation plans, contracts, policies or arrangements covering its current or former employees of it and its subsidiaries (the "Employees") and its current or former directors, including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive and bonus plans (the "Benefit Plans") have been Previously Disclosed. Copies of all Benefit Plans and all amendments thereto, all summary plan descriptions, the most recently filed Form 5500 and the most recent IRS determination letter have been made available to the other party.

(2) All Benefit Plans, other than "multiemployer plans" within the meaning of Section 3(37) of ERISA (each a "Multiemployer Plan") are in substantial compliance with ERISA, the Internal Revenue Code and other applicable laws. Each Benefit Plan which is subject to ERISA (the "ERISA Plans") that is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA ("Pension Plan"), and that is intended to be qualified under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service (the "IRS"), and it is not aware of any circumstances likely to result in the loss of the qualification of such plan under Section 401(a) of the Internal Revenue Code. Neither it nor any of its subsidiaries has engaged in a transaction with respect to any ERISA Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject it or any subsidiary to a tax or penalty imposed by either Section 4975 of the Internal Revenue Code or Section 502(i) of ERISA in an amount which would be material. Neither it nor any of its subsidiaries has incurred or reasonably expects to incur a material tax or penalty imposed by Section 4980F of the Internal Revenue Code or Section 502 of ERISA.

(3) No liability under Subtitle C or D of Title IV of ERISA has been or is reasonably expected to be incurred by it or any of its subsidiaries with respect to any ongoing, frozen or terminated "single-employer plan", within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by any of them, or the single-employer plan of any entity which is considered one employer with it under Section 4001 of ERISA or Section 414 of the Internal Revenue Code (an "ERISA Affiliate"). None of it, any of its subsidiaries or any of its ERISA Affiliates has contributed to a Multiemployer Plan or a plan that has two or more contributing sponsors at least two of whom are not under common control, within

the meaning of Section 4063 of ERISA, within the past six years. No notice of a “reportable event”, within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived or extended other than pursuant to Pension Benefit Guaranty Corporation Reg. Section 4043.66, has been required to be filed for any Pension Plan or by any ERISA Affiliate within the 12-month period ending on the date hereof or will be required to be filed in connection with the transactions contemplated by this Plan.

(4) All contributions required to be made under each Benefit Plan have been timely made and all obligations in respect of each Benefit Plan have been properly accrued and reflected in the Regulatory Filings as of the date of such filings. Neither any Pension Plan nor any single-employer plan of an ERISA Affiliate has an “accumulated funding deficiency” (whether or not waived) within the meaning of Section 412 of the Internal Revenue Code or Section 302 of ERISA and no ERISA Affiliate has an outstanding funding waiver. It is not reasonably anticipated that required minimum contributions to any Pension Plan under Section 412 of the Internal Revenue Code will be materially increased by application of Section 412(l) of the Internal Revenue Code. Neither it nor any of its subsidiaries has provided, or is required to provide, security to any Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Internal Revenue Code.

(5) Under each Pension Plan which is a single-employer plan, as of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all “benefit liabilities”, within the meaning of Section 4001(a)(16) of ERISA (as determined on the basis of the actuarial assumptions contained in such Pension Plan’s most recent actuarial valuation), did not exceed the then current value of the assets of such Pension Plan, and there has been no material change in the financial condition of such Pension Plan since the last day of the most recent plan year.

(6) As of the date hereof, there is no material pending or, to its knowledge threatened, litigation relating to the Benefit Plans. Neither it nor any of its subsidiaries has any obligations for retiree health and life benefits under any ERISA Plan or collective bargaining agreement. It or its subsidiaries may amend or terminate any such plan or agreement at any time without incurring any liability thereunder other in respect of claims owed prior to such amendment or termination.

(7) Neither the execution of this Plan, shareholder approval of this Plan nor the consummation of the transactions contemplated hereby (either alone or in conjunction with any other event) will (w) entitle any of its employees or any of its subsidiaries to severance pay or any increase in severance pay upon any termination of employment after the date hereof, (x) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans, (y) limit or restrict the right of the Company or, after the consummation of the transactions contemplated hereby, PNC to merge, amend or terminate any of the Benefit Plans or (z) result in payments under any of the Benefit Plans which would not be deductible under Section 162(m) or Section 280G of the Internal Revenue Code.

(n) *Labor Matters.* Neither it nor any of its subsidiaries is a party to or is bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is it or any of its subsidiaries the subject of a proceeding asserting that it or any such subsidiary has committed an unfair labor practice (within the meaning of the National Labor Relations Act) or seeking to compel it or any of its subsidiaries to bargain with any labor organization as to wages or conditions of employment, nor is there any strike or other material labor dispute involving it or any of its subsidiaries pending or, to its knowledge, threatened, nor to its knowledge is there any activity involving its or any of its subsidiaries' employees seeking to certify a collective bargaining unit or engaging in other organizational activity.

(o) *Environmental Matters.* To its knowledge, neither its conduct nor its operation or the conduct or operation of its subsidiaries nor any condition of any property presently or previously owned, leased or operated by any of them (including, without limitation, in a fiduciary or agency capacity), violates or violated Environmental Laws and no condition has existed or event has occurred with respect to any of them or any such property that, with notice or the passage of time, or both, is reasonably likely to result in liability under Environmental Laws. To its knowledge, no property on which it or any of its subsidiaries holds a Lien, violates or violated Environmental Laws and no condition has existed or event has occurred with respect to any such property that, with notice or the passage of time, or both, is reasonably likely to result in liability under Environmental Laws. Neither it nor any of its subsidiaries has received any written notice from any person or entity that it or its subsidiaries or the operation or condition of any property ever owned, leased, operated, or held as collateral or in a fiduciary capacity by any of them are or were in violation of or otherwise are alleged to have liability under any Environmental Law, including, but not limited to, responsibility (or potential responsibility) for the cleanup or other remediation of any pollutants, contaminants, or hazardous or toxic wastes, substances or materials at, on, beneath, or originating from, any such property. "*Environmental Laws*" means all applicable local, state and federal environmental, health and safety laws and regulations, including the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, the Federal Clean Air Act, and the Occupational Safety and Health Act, each as amended, regulations promulgated thereunder, and state counterparts.

(p) *Tax Matters.*

(1) (A) All returns, amended returns or other reports (including elections, declarations, disclosures, schedules, estimates and information returns) with respect to Taxes (as hereinafter defined) ("*Tax Returns*") that are required to be filed (taking into account any validly obtained extensions of time within which to file) by or with respect to it and its subsidiaries have been duly and timely filed, and all such Tax Returns are complete and accurate in all material respects, (B) all Taxes shown to be due on the Tax Returns referred to in clause (A)

have been paid in full in a timely manner, (C) all Taxes that it or any of its Subsidiaries is obligated to withhold from amounts owing to any employee, creditor or third party have been withheld and, to the extent due and payable, paid over to the proper Governmental Authority in a timely manner, (D) the Tax Returns referred to in clause (A) have been examined by the Internal Revenue Service or the appropriate Tax authority or the period for assessment of the Taxes in respect of which such Tax Returns were required to be filed has expired, (E) all deficiencies asserted or assessments made as a result of such examinations have been paid in full, (F) no issues that have been raised by the relevant taxing authority in connection with the examination of any of the Tax Returns referred to in clause (A) are currently pending, and (G) no extensions or waivers of statutes of limitation have been given by, or requested with respect to any Taxes of, it or any of its subsidiaries.

(2) (A) It has made available to the other party hereto true and correct copies of the U.S. federal income Tax Returns filed by it and its subsidiaries for each of the three most recent fiscal years ended on or before December 31, 2003; (B) it has made provision in accordance with GAAP, in the financial statements included in the Regulatory Filings filed prior to the date hereof, for all Taxes that accrued on or before the end of the most recent period covered by its Regulatory Filings filed prior to the date hereof; (C) neither it nor any of its subsidiaries is a party to any Tax allocation or sharing agreement, is or has been a member of an affiliated group filing consolidated or combined Tax returns (other than a group over which it is or was the common parent) or otherwise has any liability for the Taxes of any person (other than its own Taxes and those of its subsidiaries); (D) as of the date hereof, neither it nor any of its subsidiaries has any reason to believe that any conditions exist that could reasonably be expected to prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; (E) no Liens for Taxes exist with respect to any of its assets or properties or those of its subsidiaries, except for statutory Liens for Taxes not yet due and payable or that are being contested in good faith and reserved for in accordance with GAAP; (F) neither it nor any of its subsidiaries has been a party to any distribution occurring during the last three years in which the parties to such distribution treated the distribution as one to which Section 355 of the Internal Revenue Code applied; (G) neither it nor any of its subsidiaries has been a party to any "listed transaction" as defined in Treasury Regulation Section 1.6011-4; and (H) no Tax is required to be withheld pursuant to Section 1445 of the Internal Revenue Code as a result of the transfer contemplated by this Plan.

(3) As used herein, "Tax" and "Taxes" means all federal, state, local or foreign taxes, charges, levies or other assessments, however denominated, including, without limitation, all net income, gross income, gains, gross receipts, sales, use, ad valorem, goods and services, capital, production, transfer, franchise, windfall profits, license, withholding, payroll, employment, disability, employer health, excise, estimated, severance, stamp, occupation, property, environmental, unemployment or other taxes, custom duties, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority whether arising before, on or after the Closing Date.

(q) *Derivative Instruments.* All interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar risk management arrangements, whether entered into for its own account, or for the account of one or more of its subsidiaries or their customers, if any, were entered into (1) in accordance with prudent business practices and all applicable laws, rules, regulations and regulatory policies and (2) with counterparties believed to be financially responsible at the time; and each of them constitutes the valid and legally binding obligation of such party or one of its subsidiaries, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles), and are in full force and effect. Neither it nor its subsidiaries, nor to its knowledge, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement.

(r) *Insurance.* It and its subsidiaries are insured with reputable insurers against such risks and in such amounts as its management reasonably has determined to be prudent in accordance with industry practices. All of the insurance policies, binders, or bonds maintained by it or its subsidiaries are in full force and effect; it and its subsidiaries are not in material default thereunder.

(s) *Takeover Laws and Provisions.* It has taken all action required to be taken by it in order to exempt this Plan and the transactions contemplated hereby from, and this Plan and the transactions contemplated hereby are exempt from, the requirements of any "moratorium", "control share", "fair price", "affiliate transaction", "business combination" or other antitakeover laws and regulations of any state (collectively, "*Takeover Laws*"). It has taken all action required to be taken by it in order to make this Plan and the transactions contemplated hereby comply with, and this Plan, and the transactions contemplated hereby comply with, the requirements of any Articles, Sections or provisions of its Governing Documents concerning "business combinations", "fair price", "voting requirements", "constituency requirements" or other related provisions (collectively, "*Takeover Provisions*").

(t) *Transactions with Affiliates.* There are no outstanding amounts payable to or receivable from, or advances by the Company or any of its subsidiaries to, and neither the Company nor any of its subsidiaries is otherwise a creditor or debtor to, any present or former director or executive officer of the Company or any of its subsidiaries, other than as part of the normal and customary terms of such Persons' respective employment or service as a director with the Company or any of its subsidiaries. Neither the Company nor any subsidiary of the Company is a party to any transaction or agreement with any present or former director or executive officer of the Company, other than the terms of such Person's respective employment or service as a director with the Company or any of its subsidiaries.

(u) *Available Funds.* In the case of PNC, PNC has or will have available to it all funds necessary to satisfy all of its obligations hereunder and in connection with the Merger and the other transactions contemplated by this Plan.

ARTICLE V
Covenants

5.1 Reasonable Best Efforts. Subject to the terms and conditions of this Plan, each of PNC and the Company agrees to use its respective reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Merger as soon as possible and otherwise to enable consummation of the transactions contemplated hereby and shall cooperate fully with the other party hereto to that end.

5.2 Stockholder Approvals.

(a) The Company agrees to take in accordance with applicable law and its Governing Documents all action necessary to convene a meeting of its stockholders (including any adjournment or postponement, the "*Company Meeting*"), as promptly as practicable, to consider and vote upon the adoption and approval of this Plan, as well as any other matters required to be approved by the Company's stockholders for consummation of the Merger.

(b) The board of directors of the Company has adopted resolutions recommending to the stockholders of the Company the adoption of this Plan and the other matters required to be approved or adopted in order to carry out the intentions of this Plan, and the board of directors of the Company shall recommend to the Company's stockholders the approval and adoption of this Plan and the other matters required to be approved or adopted in order to carry out the intentions of this Plan. Notwithstanding the foregoing, the board of directors of the Company may withdraw, modify, condition or refuse to recommend the adoption of this Plan and the other matters required to be approved or adopted in order to carry out the intentions of this Plan if the board of directors of the Company determines, in good faith after consultation with its outside financial and legal advisors, that the failure to take such action would breach its fiduciary obligations under applicable law. Notwithstanding the foregoing, this Plan and such other matters shall be submitted to the stockholders of the Company at the Company Meeting for the purpose of approving the Plan and such other matters and nothing contained herein shall be deemed to relieve the Company of such obligation, *provided, however*, that if the Board of Directors of the Company shall have withdrawn, modified, conditioned or refused to recommend the adoption of this Plan and such other matters in accordance with the terms of this Agreement, then in submitting this Agreement to the Company's stockholders, the board of directors of the Company may submit this Agreement to the Company's stockholders without recommendation (although the resolutions adopting this Plan as of the date hereof may not be rescinded or amended), in which event the board of directors of the Company may communicate the basis for its lack of a recommendation to the Company's stockholders in the Proxy Statement (as defined in Section 5.3(a)) or an appropriate amendment or supplement thereto to the extent required by law.

5.3 Registration Statement/Proxy Statement.

(a) The parties agree jointly to prepare a registration statement on Form S-4 or other applicable form (the "*Registration Statement*") to be filed by PNC with the SEC in connection with the issuance of PNC Common Stock in the Merger (including the proxy statement and prospectus and other proxy solicitation materials of the Company constituting a part thereof (the "*Proxy Statement*") and all related documents). The parties agree to cooperate in the preparation of the Registration Statement and the Proxy Statement; and, provided that the Company has cooperated as required above, PNC agrees to file the Registration Statement with the SEC within twenty-one (21) days of the date hereof. Each of PNC and the Company agrees to use all reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after filing thereof. PNC also agrees to use all reasonable efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Plan. Each of PNC and the Company agrees to furnish all information concerning it, its subsidiaries, officers, directors and stockholders as may be reasonably requested in connection with the foregoing.

(b) Each of PNC and the Company agrees (1) as to itself and its subsidiaries, that none of the information supplied or to be supplied by it for inclusion or incorporation by reference in (a) the Registration Statement will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (b) the Proxy Statement and any amendment or supplement thereto will, at the date of mailing to stockholders and at the time of the Company Meeting contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which such statement was made, not misleading and (2) that the Registration Statement and Proxy Statement shall comply with all applicable laws as they relate to PNC and the Company. Each of PNC and the Company further agrees that if it shall become aware prior to the Effective Date of any information furnished by it that would cause any of the statements in the Proxy Statement or the Registration Statement to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other party thereof and to take the necessary steps to correct the Proxy Statement or the Registration Statement.

(c) PNC agrees to advise the Company, promptly after PNC receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of PNC Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information.

5.4 Press Releases PNC and the Company shall consult with each other before issuing any press release with respect to the Merger or this Plan and shall not issue any such press release or make any such public statement without the prior consent of the other party, which shall not be unreasonably withheld; *provided, however*, that a party may, without the prior consent of the other party (but after prior consultation, to the extent practicable in the circumstances) issue such press release or make such public statement as may upon the advice of counsel be required by law or the rules and regulations of the NASDAQ National Market or the NYSE, as the case may be. PNC and the Company shall cooperate to develop all public announcement materials and make appropriate management available at presentations related to the transactions contemplated by this Plan as reasonably requested by the other party.

5.5 Access: Information

(a) Each of PNC and the Company agrees that upon reasonable notice and subject to applicable laws relating to the exchange of information, it shall afford the other party, and the other party's officers, employees, counsel, accountants and other authorized representatives, such access during normal business hours throughout the period prior to the Effective Time to the books, records (including, without limitation, tax returns and work papers of independent auditors), properties, personnel and to such other information as any party may reasonably request and, during such period, it shall furnish promptly to such other party (1) a copy of each material report, schedule and other document filed by it pursuant to the requirements of federal or state securities or banking laws (including pursuant to any agreements with, commitments to or orders of any Governmental Entity, including any related action plan), and (2) all other information concerning the business, properties and personnel of it as the other may reasonably request; provided that the foregoing shall not require PNC or the Company (i) to permit any inspection, or to disclose any information, that in the reasonable judgment of PNC or the Company, as the case may be, would result in disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if PNC or the Company, as the case may be, shall have used reasonable efforts to obtain the consent of such third party to such inspection or disclosure or (ii) to disclose any privileged information of PNC or the Company, as the case may be, or any of its subsidiaries. All requests for information made pursuant to this Section 5.5 shall be directed to an executive officer of PNC or the Company, as the case may be, or such Person as may be designated by either of their executive officers, as the case may be.

(b) Each party agrees that it will not, and will cause its representatives not to, use any information obtained pursuant to this Section 5.5 (as well as any other information obtained prior to the date hereof in connection with the entering into of this Plan) for any purpose unrelated to the consummation of the transactions contemplated by this Plan. Subject to the requirements of law, each party will keep confidential, and will cause its representatives to keep confidential, all information and documents obtained pursuant to this Section 5.5 (as well as any other information obtained prior to the date hereof in connection with the entering into of this Plan) unless such information (1) was already known to such party, (2) becomes available to such party from other sources not known by

such party to be bound by a confidentiality obligation, (3) is disclosed with the prior written approval of the providing party or (4) is or becomes readily ascertainable from publicly available sources. If this Plan is terminated or the transactions contemplated by this Plan shall otherwise fail to be consummated, each party shall promptly cause all copies of documents or extracts thereof containing information and data as to the other party to be returned to the other party.

(c) In addition to the confidentiality arrangements contained in this Plan, all information provided or obtained in connection with the transactions contemplated by this Plan (including pursuant to clause (a) above) will be held by PNC in accordance with and subject to the terms of the Confidentiality Agreement, dated May 21, 2004, between PNC and the Company (the "*Confidentiality Agreement*"). In the event of a conflict or inconsistency between the terms of this Plan and the Confidentiality Agreement, the terms of this Plan will govern.

5.6 Acquisition Proposals. The Company agrees that neither it nor any of its subsidiaries nor any of its respective officers and directors or the officers and directors of any of its subsidiaries shall, and it shall direct and use all reasonable best efforts to cause its employees and agents, including any investment banker, attorney or accountant retained by it or by any of its subsidiaries (collectively, its "*Representatives*") not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any Acquisition Proposal, or, except to the extent that the board of directors of the Company determines, in good faith, after consultation with its outside financial and legal advisors, that such action is required in order for the board of directors of the Company to comply with its fiduciary duties, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any Person relating to an Acquisition Proposal or otherwise facilitate any effort or attempt to implement or make an Acquisition Proposal (and in any event, the Company shall not provide any confidential information or data to any Person in connection with an Acquisition Proposal unless such person shall have executed a confidentiality agreement on terms at least as favorable as those contained in the Confidentiality Agreement). "*Acquisition Proposal*" means any proposal or offer with respect to the following involving the Company or any of its Significant Subsidiaries: (1) any merger, consolidation, share exchange, business combination or other similar transaction; (2) any sale, lease, exchange, pledge, transfer or other disposition of 30% or more of its consolidated assets or liabilities in a single transaction or series of transactions; (3) any tender offer or exchange offer for 30% or more of the outstanding shares of its capital stock; or (4) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing, other than the Merger provided for in this Plan. Notwithstanding anything in this Plan to the contrary, the Company shall (i) promptly advise PNC, orally and in writing, of (A) the receipt by it (or any of the other persons referred to above) of any Acquisition Proposal, or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, (B) the material terms and conditions of such proposal or inquiry (whether written or oral), and (C) the identity of the person making any such proposal or inquiry and (ii) keep the other party hereto fully informed of the status and details of any such proposal or inquiry and any developments with respect thereto. The Company shall use its reasonable best efforts to enforce any existing confidentiality or standstill agreements in accordance with the terms thereof.

5.7 Affiliate Agreements. The Company shall use its reasonable best efforts to cause each director, executive officer and other person who is an “affiliate” (for purposes of Rule 145 under the Securities Act) of the Company to deliver to PNC, as soon as practicable after the date of this Plan, a written agreement in the form Previously Disclosed.

5.8 Takeover Laws and Provisions. No party hereto shall take any action that would cause the transactions contemplated by this Plan to be subject to requirements imposed by any Takeover Law and each of them shall take all necessary steps within its control to exempt (or ensure the continued exemption of) the transactions contemplated by this Plan from, or if necessary challenge the validity or applicability of, any applicable Takeover Law, as now or hereafter in effect. No party hereto shall take any action that would cause the transactions contemplated by this Plan not to comply with any Takeover Provisions and each of them shall take all necessary steps within its control to make the transactions contemplated by this Plan comply with (or continue to comply with) the Takeover Provisions.

5.9 Regulatory Applications.

(a) PNC and the Company shall cooperate and use their respective reasonable best efforts to prepare as promptly as possible all documentation, to effect all filings and to obtain all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary to consummate the transactions contemplated by this Plan, and PNC shall file its applications for approval of the Merger and the Bank Merger by the Board of Governors of the Federal Reserve (the “*Board of Governors*”) and the Office of the Comptroller of the Currency (the “*OCC*”), respectively, within 21 days of the date hereof, and shall promptly make all other necessary regulatory filings. Each of PNC and the Company shall have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable laws relating to the exchange of information, with respect to all material written information submitted to any third party or any Governmental Entity in connection with the transactions contemplated by this Plan. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each party hereto agrees that it will consult with the other party hereto with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Plan and each party will keep the other party apprised of the status of material matters relating to completion of the transactions contemplated hereby. Notwithstanding the foregoing, nothing contained herein shall be deemed to require the Company or PNC to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the foregoing permits, consents, approvals and authorizations of Governmental Entities, that would reasonably be expected to have a material adverse effect (measured on a scale relative to the Company) on either PNC or the Company (a “*Materially Burdensome Regulatory Condition*”).

(b) Each party agrees, upon request, to furnish the other party with all information concerning itself, its subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of such other party or any of its subsidiaries with or to any third party or Governmental Entity.

5.10 Options. (a) *Cashout of Options*. Immediately after the Effective Time, each option granted by the Company to purchase shares of Company Common Stock that is outstanding and unexercised under any employee stock option or equity compensation plan or arrangement of the Company (any such option to purchase Company Common Stock being referred to as a “*Company Option*” or the “*Company Options*”), whether or not vested or exercisable, shall be terminated and the holder shall be paid by PNC as soon as reasonably possible following the Effective Time, an amount in cash determined by multiplying (i) the excess, if any, of the Per Share Cash Consideration over the applicable per share exercise price of that option by (ii) the number of shares of Company Common Stock that the holder could have purchased (assuming full vesting of all options) had that holder exercised that option immediately before the Effective Time, less applicable tax withholding.

(b) *Actions*. Prior to the Effective Time, (1) the Company shall take such actions as PNC may reasonably request (but without expenditure of any funds) to give effect to the transactions contemplated by Section 5.10(a), including, without limitation, the provision of any notices to option holders as may be provided for in the Company’s stock option and equity compensation arrangements, and (2) the Board of Directors of the Company or the Compensation Committee thereof, as applicable, will use its reasonable best efforts to adopt any resolutions and/or plan amendments necessary to effectuate the provisions of Section 5.10(a).

5.11 Indemnification and Insurance.

(a) Following the Effective Time, PNC shall indemnify, defend and hold harmless and advance expenses to the present and former directors, officers, employees and agents of the Company or any of its subsidiaries (including the Company Bank), and any person presently or formerly serving at the request of the Company or any of its subsidiaries as a director, officer, employee, agent, trustee or fiduciary of another corporation, partnership, joint venture, trust or other enterprise or under or with respect to any employee benefit plan (each, an “*Indemnified Party*” and collectively, the “*Indemnified Parties*”) against all costs or expenses (including reasonable attorneys’ fees), judgments, fines, losses, claims, damages, penalties, amounts paid in settlement or other liabilities (collectively, “*Indemnified Liabilities*”) incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of actions or omissions occurring at or prior to the Effective Time (including the transactions contemplated by this Plan), whether asserted or claimed prior to, at or after the Effective Time (x) to the same extent as such persons are indemnified or have the right to advancement of expenses pursuant to the Governing Documents and indemnification agreements, if any, in effect on the date of this Plan with the Company or any of its subsidiaries and (y) without limitation

of, and in addition to, clause (x), to the fullest extent permitted by law. In the event of any such Indemnified Liabilities, (i) PNC shall pay the reasonable fees and expenses of counsel selected by an Indemnified Party promptly after statements therefor are received and shall otherwise advance to such Indemnified Party upon request reimbursement of documented expenses reasonably incurred and (ii) PNC shall cooperate in the defense of such matter. If any Indemnified Party is required to bring any action to enforce rights or to collect moneys due under this Plan and is successful in obtaining a decision that it is entitled to enforcement of any right or collection of any money in such action, PNC shall reimburse such Indemnified Party for all of its expenses reasonably incurred in connection with bringing and pursuing such action including, without limitation, reasonable attorneys' fees and costs.

(b) For a period of six years from the Effective Time, PNC shall use its reasonable best efforts to provide directors' and officers' liability insurance (including excess coverage) and fiduciary liability insurance in respect of any Company Benefit Plans that serves to reimburse the present and former officers and directors of the Company or any of its subsidiaries (including the Company Bank) with respect to claims against such directors and officers arising from facts or events occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Plan) which insurance shall contain at least the same coverage and amounts, and contain terms and conditions no less advantageous, as that coverage currently provided by the Company, provided, that if PNC is unable to maintain or obtain the insurance called for by this Section 5.11(b), PNC will use its reasonable best efforts to obtain as much comparable insurance as is reasonably available.

(c) Any Indemnified Party wishing to claim indemnification under Section 5.11(a), upon learning of any claim, action, suit, proceeding or investigation described above, shall notify PNC thereof; *provided* that the failure to so notify shall not affect the obligations of PNC under Section 5.11(a) unless and to the extent that PNC is actually and materially prejudiced as a result of such failure. PNC hereby acknowledges notice of all matters Previously Disclosed.

(d) If PNC or any of its successors or assigns shall consolidate with or merge into any other entity and shall not be the continuing or surviving entity of such consolidation or merger or shall transfer all or substantially all of its assets or deposits to any other entity, or engage in any similar transaction, then and in each case, PNC shall cause proper provision to be made so that the successors and assigns of PNC shall assume the obligations set forth in this Section 5.11.

(e) The provisions of this Section 5.11 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party and his or her heirs and representatives. The indemnification rights granted in this Section 5.11 are in addition to, and not in substitution for, any other rights to indemnification or contribution that any Indemnified Party may have by contract or otherwise.

5.12 Benefit Plans.

(a) PNC shall, or shall cause the Company to, from and after the Effective Time, (1) comply with the Benefit Plans of the Company (the “*Company Benefit Plans*”) in accordance with their terms, (2) provide the employees of the Company with (A) until December 31, 2005, benefits under employee benefit plans that are no less favorable in the aggregate than those provided by the Company on the date hereof and (B) until the first anniversary of the Effective Time, severance benefits on an individual-by-individual basis that are equal to the severance benefits provided by the Company under the Riggs National Corporation Employee Severance Policy on the date hereof other than any such employees who as of the Effective Time are parties to Senior Executive Change of Control and Retention Agreements or other individual agreements providing for payments in connection with the termination of any such employee party, (3) provide employees of the Company credit for years of service with the Company or any of its subsidiaries or their predecessors prior to the Effective Time for the purpose of eligibility, vesting and benefit accruals (other than benefit accruals under a defined benefit pension plan), (4) cause any and all pre-existing condition limitations (to the extent such limitations did not apply to a pre-existing condition under comparable Company Benefit Plans) and eligibility waiting periods under group health plans of PNC to be waived with respect to employees of the Company who remain as employees of PNC or its subsidiaries (and their eligible dependents) and (5) cause to be credited any deductibles or out-of-pocket expenses incurred by employees of the Company and their beneficiaries and dependents during the portion of the calendar year prior to their participation in PNC’s health plans with the objective that there be no double counting during the year in which the Closing Date occurs of such deductibles or out-of-pocket expenses. PNC and the Company agree to honor, or to cause to be honored, in accordance with their terms, all vested or accrued benefit obligations to, and contractual rights of, current and former employees of the Company and its subsidiaries, including, without limitation, any benefits or rights arising as a result of the transactions contemplated by this Plan (either alone or in combination with any other event); it being understood and agreed to by the parties hereto that the transactions contemplated by this Plan shall constitute a “change of control” for purposes of the Company Benefit Plans.

(b) PNC hereby expressly assumes at the Effective Time (i) the Previously Disclosed special retention letter agreements, (ii) the Riggs National Corporation Senior Executive Change of Control and Retention Agreements (and the related trust agreement), (iii) the Riggs National Corporation Amended and Restated Deferred Compensation Plan (and the related trust agreement), (iv) the Riggs National Corporation and Riggs Bank N.A. Deferred Compensation Plan for Directors and (v) the Split Dollar Life Insurance Agreements, each as more specifically identified on Section 5.12(b) of the Disclosure Schedule, and PNC agrees to honor and perform the Company’s obligations under such plans and agreements in accordance with their terms.

(c) Prior to the Effective Time, the Company shall take any actions it determines are warranted to cause the interests in the Company Deferred Compensation Plan and the Riggs National Corporation and Riggs Bank N.A. Deferred Compensation Plan for Directors that are in the Company stock fund to be converted into a dollar amount equal to the Per Share Cash Consideration that could be invested in the same way interests that are not in the Company stock fund

can be invested at the Effective Time. Prior to the Effective Time, the Company shall take any actions that are necessary to cause all unvested deferred share awards and all unvested performance share awards which are outstanding under the Riggs National Corporation 2002 Long-Term Incentive Plan to be terminated immediately prior to the Effective Time and simultaneously therewith will issue one share of Company Common Stock for each underlying share that is so terminated to the grantee of such award.

5.13 Notification of Certain Matters. Each of PNC and the Company shall give prompt notice to the other of any fact, event or circumstance known to it that (1) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect with respect to it or (2) would cause or constitute a material breach of any of its representations, covenants or agreements contained herein.

5.14 Exemption from Liability Under Section 16(b). PNC and the Company agree that, in order to most effectively compensate and retain the Company Insiders (as defined below) in connection with the Merger, both prior to and after the Effective Time, it is desirable that the Company Insiders not be subject to a risk of liability under Section 16(b) of the Exchange Act to the fullest extent permitted by applicable law in connection with the conversion of shares of Company Common Stock and Company Options into shares or options of PNC in the Merger, and for that compensatory and retentive purpose agree to the provisions of this Section 5.14. Assuming that the Company delivers to PNC the Company Section 16 Information (as defined below) in a timely fashion prior to the Effective Time, the board of directors of PNC, or a committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), shall reasonably promptly thereafter and in any event prior to the Effective Time adopt a resolution providing in substance that the receipt by the Company Insiders (as defined below) of PNC Common Stock in exchange for shares of Company Common Stock pursuant to the transactions contemplated hereby and to the extent such securities are listed in the Company Section 16 Information, are intended to be exempt from liability pursuant to Section 16(b) under the Exchange Act to the fullest extent permitted by applicable law. "*Company Section 16 Information*" shall mean information accurate in all material respects regarding the Company Insiders, the number of shares of Company Common Stock held by each such Company Insider and expected to be exchanged for PNC Common Stock in the Merger, and the number and description of the options to purchase shares of Company Common Stock held by each such Company Insider and expected to be converted into options to purchase shares of PNC Common Stock in connection with the Merger; *provided* that the requirement for a description of any Company Options shall be deemed to be satisfied if copies of all plans, and forms of agreements, under which such Options have been granted have been made available to PNC. "*Company Insiders*" shall mean those present or former officers and directors of the Company who are subject to the reporting requirements of Section 16(a) of the Exchange Act and who are listed in the Company Section 16 Information. Prior to the Effective Time, the board of directors of the Company, or a committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), shall adopt a resolution providing in substance that the disposition by the Company Insiders of Company Common Stock in exchange for the Consideration pursuant to

the transactions contemplated hereby us intended to be exempt from liability pursuant to Section 16(b) under the Exchange Act to the fullest extent permitted by applicable law.

5.15 Coordination of Dividends. The board of directors of the Company shall cause its regular quarterly dividend record dates and payment dates for Company Common Stock to be the same as PNC's regular quarterly dividend record dates and payment dates for PNC Common Stock (*i.e.*, the Company shall move its next dividend record and payment dates to on or about October 8 and October 24, respectively), and the Company shall not thereafter change its regular dividend payment dates and record dates.

5.16 Certain Transition Matters. (a) Commencing following the date hereof, PNC and the Company shall cooperate and take all actions reasonably necessary to facilitate the integration of their respective businesses and operating systems, effective as of the Closing Date, including by causing their respective employees and officers, and their respective outside vendors and contractors, to provide support and to assist in performing all tasks, including equipment installation, reasonably required to result in a successful integration and conversion at the Closing.

(b) PNC and the Company shall consult with respect to the character, amount and timing of restructuring charges to be taken by each of them in connection with the transactions contemplated hereby, and shall take such charges as PNC shall reasonably request; provided, however, that the Company shall not be obligated to take any such charges pursuant to this Section 5.16(b) unless and until (i) PNC irrevocably acknowledges to the Company in writing that all conditions to its obligation to consummate the Merger have been satisfied; and (ii) PNC irrevocably waives in writing any and all rights that it may have to terminate this Plan and the Company has obtained the approval of this Plan from its stockholders. The Company shall consult and cooperate with PNC in connection with the development, enhancement and performance of the Company's system of internal control over financial reporting.

(c) Prior to the Effective Time, the Company shall (i) continue to use all reasonable efforts to comply with the terms of all agreements with, commitments to or orders of any Governmental Entity, including any related action plan, in accordance with their terms, and (ii) continue to work with the independent consultant retained by the Company in connection with Section 1 of the May 14, 2004 Cease and Desist Order with the Board of Governors (the "*Independent Consultant*"), and shall provide the Independent Consultant with such authority, and with such access to and cooperation of the Company and its personnel, necessary to allow the Independent Consultant to oversee the efforts of the Company addressed in clause (i) of this sentence. In addition, the Company agrees that it shall use all reasonable efforts to cause the Company Bank to complete, prior to the earlier of December 31, 2004 and the anticipated Closing Date, the review contemplated by Section 1(d) of Article II of the May 13, 2004 consent order with the OCC to the satisfaction of the OCC. The Company also agrees that it shall use all reasonable efforts to complete the anticipated sale of, or winding down of the operations identified in Section 5.16(c) of the Company Disclosure Schedule prior to

the Closing Date, and that it shall timely inform PNC of all material developments relating thereto, and shall consult and cooperate with PNC with respect thereto. The Company shall keep PNC fully informed of all efforts in these regards.

ARTICLE VI

Conditions

6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each of PNC and the Company to consummate the Merger is subject to the fulfillment or written waiver by PNC and the Company prior to the Effective Time of each of the following conditions:

(a) *Stockholder Approval*. This Plan and the Merger shall have been duly adopted and approved by the requisite votes of the stockholders of the Company.

(b) *Governmental and Regulatory Consents*. All statutory waiting periods applicable to the consummation of the Merger and the Bank Merger shall have expired or been terminated, and, other than the filing provided for in Section 1.4(a), all notices, reports and other filings required to be made prior to the Effective Time by PNC or the Company or any of their respective subsidiaries with, and all regulatory consents, registrations, approvals, permits and authorizations required to be obtained prior to the Effective Time by PNC or the Company or any of their respective subsidiaries from, any Governmental Entity in connection with the consummation of the Merger and the Bank Merger, and the other transactions contemplated hereby by PNC and the Company, shall have been made or obtained (as the case may be) and become final, unless the failure to obtain any such consent or approval would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on PNC or the Company, and no such consent, registration, approval, permit or authorization shall have resulted in the imposition of any Materially Burdensome Regulatory Condition.

(c) *Third Party Consents*. All consents or approvals of all Persons (other than Governmental Entities) required for consummation of the Merger shall have been obtained and shall be in full force and effect, unless the failure to obtain any such consent or approval would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on PNC or the Company.

(d) *No Prohibitions*. No United States or state court or other Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and prohibits consummation of the Merger.

(e) *Registration Statement*. The Registration Statement shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Governmental Entity.

(f) *Blue Sky Approvals*. All permits and other authorizations under the Securities Laws (other than that referred to in Section 6.1(c)) and other authorizations necessary to consummate the Merger and to issue the shares of PNC Common Stock to be issued in the Merger shall have been received and be in full force and effect.

6.2 Conditions to Obligation of PNC. The obligation of PNC to consummate the Merger is also subject to the fulfillment, or the written waiver by PNC prior to the Effective Time, of each of the following conditions:

(a) *Representations*. The representations of the Company set forth in this Plan shall be, giving effect to Sections 4.1 and 4.2, true and correct as of the date of this Plan and as of the Effective Time as though made at and as of the Effective Time (except that representations that by their terms speak specifically as of the date of this Plan or some other date shall be true and correct as of such date) and PNC shall have received a certificate, dated the Closing Date, signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company to such effect.

(b) *Performance of Obligations of the Company*. The Company shall have performed in all material respects all obligations required to be performed by it under this Plan at or prior to the Effective Time, and PNC shall have received a certificate, dated the Closing Date, signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company to such effect.

(c) *Opinion of Tax Counsel*. PNC shall have received an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to PNC, dated the Closing Date, to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, (1) the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and (2) each of PNC and the Company will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. In rendering its opinion, Wachtell, Lipton, Rosen & Katz may require and rely upon representations contained in letters from each of PNC and the Company.

6.3 Conditions to Obligation of the Company. The obligation of the Company to consummate the Merger is also subject to the fulfillment, or the written waiver by the Company, prior to the Effective Time of each of the following conditions:

(a) *Representations*. The representations of PNC set forth in this Plan shall be, giving effect to Sections 4.1 and 4.2, true and correct as of the date of this Plan and as of the Effective Time as though made at and as of the Effective Time (except that representations that by their terms speak specifically as of the date of this Plan or some other date shall be true and correct as of such date); and the Company shall have received a certificate, dated the Closing Date, signed on behalf of PNC by the Chief Executive Officer and the Chief Financial Officer of PNC to such effect.

(b) *Performance of Obligations of PNC.* PNC shall have performed in all material respects all obligations required to be performed by it under this Plan at or prior to the Effective Time, and the Company shall have received a certificate, dated the Closing Date, signed on behalf of PNC by the Chief Executive Officer and the Chief Financial Officer of PNC to such effect.

(c) *Opinion of Tax Counsel.* The Company shall have received an opinion of Sullivan & Cromwell LLP, special counsel to the Company, dated the Closing Date, to the effect that on the basis of the facts, representations and assumptions set forth in such opinion, (1) the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and (2) each of PNC and the Company will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code. In rendering its opinion, Sullivan & Cromwell LLP may require and rely upon representations contained in letters from each of PNC and the Company.

ARTICLE VII Termination

7.1 Termination by Mutual Consent. This Plan may be terminated and the Merger may be abandoned at any time prior to the Effective Time (whether or not the stockholders of Company Common Stock have adopted and approved this Plan), upon the mutual consent of PNC and the Company, by action of their respective boards of directors.

7.2 Termination by PNC. This Plan may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval by stockholders of the Company referred to in Section 6.1(a), by action of the board of directors of PNC:

(a) if there has been a breach of any representation, covenant or agreement made by the Company in this Plan, or any such representation shall have become untrue after the date of this Plan, such that Section 6.2(a) or 6.2(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by PNC to the Company;

(b) if the Merger shall not have been consummated by April 30, 2005 (the "*Termination Date*"), provided that the right to terminate this Plan shall not be available if PNC has breached in any material respect its obligations under this Plan in any manner that shall have proximately contributed to the occurrence of the failure of the Merger to be consummated;

(c) if the approval of the Company's stockholders required by Section 6.1(a) shall not have been obtained at its stockholders' meeting or at any adjournment or postponement thereof;

(d) if any order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after the approval by the stockholders of the Company); or

(e) if (i) the Board of Directors of the Company has failed to recommend that the Company Stockholders vote in favor of this Agreement and the transactions contemplated hereby or has withdrawn, modified or qualified such recommendation in a manner adverse to PNC, (ii) the Company has failed to substantially comply with its obligations under Section 5.2 or 5.6, or (iii) the Board of Directors of the Company has publicly recommended or endorsed an Acquisition Proposal other than the Merger.

7.3 Termination by the Company. This Plan may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval by stockholders of the Company referred to in Section 6.1(a), by action of the board of directors of the Company:

(a) if the Merger shall not have been consummated by the Termination Date; *provided* that the right to terminate this Plan pursuant to this clause (a) shall not be available if the Company has breached in any material respect its obligations under this Plan in any manner that shall have proximately contributed to the occurrence of the failure of the Merger to be consummated;

(b) if the approval of the Company's stockholders required by Section 6.1(a) shall not have been obtained at its stockholders' meeting or at any adjournment or postponement thereof;

(c) if any order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after the approval by the stockholders of the Company);

(d) if there has been a breach of any representation, covenant or agreement made by PNC in this Plan, or any such representation shall have become untrue after the date of this Plan, such that Section 6.3(a) or 6.3(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by the Company to PNC.

7.4 Effect of Termination and Abandonment. In the event of termination of this Plan and the abandonment of the Merger pursuant to this Article VII, this Plan (other than as set forth in Sections 7.5 and 8.1) shall become void and of no effect with no liability on the part of any party hereto (or of any of its directors, officers, employees, agents, legal and financial advisors or other representatives); *provided, however*, no such termination shall relieve any party hereto of any liability or damages resulting from any willful breach of this Plan.

7.5 Termination Fee. (a) In the event that (i) a Company Pre-Termination Takeover Proposal Event (as hereinafter defined) shall occur after the date of this Agreement and thereafter this Agreement is terminated by either PNC or the Company pursuant to Section 7.2(c) or 7.3(b), respectively, by PNC pursuant to Section 7.2(e)(i) or (ii), or by PNC pursuant to Section 7.2(a) as a result of a willful breach by the Company, and (ii) prior to the date that is twelve (12) months after the date of such termination the Company consummates an Acquisition Proposal or enters into any acquisition or other similar agreement, including any letter of intent, related to any Acquisition Proposal (each, a "*Company Acquisition Agreement*"), then

the Company shall, (i) on the date such Company Acquisition Agreement is entered into, pay PNC a fee equal to \$10 million by wire transfer of same day funds and (ii) on the date an Acquisition Proposal is consummated (if consummated within one year of the date of termination, or if consummated at any time (without regard to such one-year period) if the Acquisition Proposal is the Acquisition Proposal relating to the Company Acquisition Agreement addressed in the preceding clause (i)), pay PNC a fee equal to \$30 million by wire transfer of same day funds, less any fee paid pursuant to the preceding clause (i).

(b) In the event that this Agreement is terminated by PNC pursuant to Section 7.2(e)(iii), then the Company shall, (i) on the date of such termination, pay PNC a fee equal to \$10 million by wire transfer of same day funds and (ii) on the date the Company consummates an Acquisition Proposal (if consummated within one year of the date of termination, or at any time if the Acquisition Proposal is the Acquisition Proposal that resulted in such termination), pay PNC a fee equal to \$20 million by wire transfer of same day funds.

(c) For purposes of this Section 7.5, a “*Pre-Termination Takeover Proposal Event*” shall be deemed to occur if, prior to the event giving rise to the right to terminate this Agreement, a bona fide Acquisition Proposal shall have been made known to the Company or any of its Subsidiaries or has been made directly to its shareholders generally or any person shall have publicly announced an intention (whether or not conditional) to make a Acquisition Proposal, and such Acquisition Proposal or public announcement shall not have been irrevocably withdrawn not less than five business days prior to the Company Meeting.

(d) Notwithstanding anything to the contrary herein, the maximum aggregate amount of fees payable under this Section 7.5 shall be \$30 million.

(e) The Company acknowledges that the agreements contained in this Section 7.5 are an integral part of the transactions contemplated by this Plan, and that, without these agreements, PNC would not enter into this Agreement; accordingly, if the Company fails promptly to pay the amount due pursuant to this Section 7.5, and, in order to obtain such payment, PNC commences a suit which results in a judgment against the Company for the fee set forth in this Section 7.5, the Company shall pay to PNC its costs and expenses (including attorneys’ fees and expenses) in connection with such suit, together with interest on the amount of the fee at the rate on six-month U.S. Treasury obligations plus 300 basis points in effect on the date such payment was required to be made.

ARTICLE VIII Miscellaneous

8.1 Survival. Except for the agreements and covenants contained in Articles I and II, Sections 5.10, 5.11, 5.12, 5.14 and 7.5 and this Article VIII, the representations, agreements and covenants contained in this Plan shall be deemed only to be conditions of the Merger and shall not survive the Effective Time.

8.2 Modification or Amendment. Subject to applicable law, at any time prior to the Effective Time, the parties hereto may modify or amend this Plan, by written agreement executed and delivered by duly authorized officers of the respective parties.

8.3 Waiver of Conditions. The conditions to each party's obligation to consummate the Merger are for the sole benefit of such party and may be waived by such party as a whole or in part to the extent permitted by applicable law. No waiver shall be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

8.4 Counterparts. For the convenience of the parties hereto, this Plan may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. The execution and delivery of this Plan may be effected by telecopier.

8.5 Governing Law. **This Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed entirely within the State of Delaware.**

8.6 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the third business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

To PNC:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222
Attention: Mergers & Acquisition Department
Telecopy No.: (412) 762-6238

-and-

Attention: General Counsel
Telecopy: (412) 705-2679

To the Company:

Riggs National Corporation
800 17th Street, NW
Washington, DC 20006
Attention: Chairman and Chief Executive Officer
Telecopy No.: (202) 835-5226

with copies to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Craig M. Wasserman
Facsimile: 212-403-2000

with copies to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004-2498
Attention: Mark J. Menting
Facsimile: 212-558-3588

8.7 Entire Agreement, Etc. This Plan (including the Disclosure Schedules) and the Confidentiality Agreement constitute the entire agreement, and supersedes all other prior agreements, understandings, representations, both written and oral, between the parties, with respect to the subject matter hereof, and this Plan shall not be assignable by operation of law or otherwise (any attempted assignment in contravention of this Section 8.7 being null and void).

8.8 Definition of “subsidiary” and “affiliate”; Covenants with Respect to Subsidiaries and Affiliates (a) When a reference is made in this Plan to a subsidiary of a Person, the term “*subsidiary*” has the meaning ascribed to that term in Rule 1-02 of Registration S-X under the Exchange Act. When a reference is made in this Plan to an affiliate of a Person, the term “*affiliate*” (or “*Affiliate*”) means those other Persons that, directly or indirectly, control, are controlled by, or are under common control with, such Person.

(b) Insofar as any provision of this Plan shall require a subsidiary or an affiliate of a party to take or omit to take any action, such provision shall be deemed a covenant by PNC or the Company, as the case may be, to cause such action or omission to occur.

8.9 Interpretation; Effect. When a reference is made in this Plan to Sections, such reference shall be to a Section of this Plan unless otherwise indicated. The table of contents and headings contained in this Plan are for reference purposes only and are not part of this Plan. Whenever the words “include,” “includes” or “including” are used in this Plan, they shall be deemed to be followed by the words “without limitation.” No provision of this Agreement shall be construed to require the Company, PNC or any of their respective subsidiaries or affiliates to take any action that would violate any applicable law, rule or regulation.

8.10 Severability. The provisions of this Plan shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Plan, or the application thereof to any Person or entity or any circumstance, is found by a court or other Governmental Entity of competent jurisdiction to be invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Plan and the application of such provision to other Persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.11 No Third Party Beneficiaries. Nothing contained in this Plan, expressed or implied, is intended to confer upon any Person, other than the parties hereto, any benefit, right or remedies except that the provisions of Sections 5.11, 5.12(b) (to the extent of agreements expressly set forth in Section 5.12(b) of the Disclosure Schedule) and 5.14 shall inure to the benefit of the Persons referred to therein.

8.12 Waiver of Jury Trial. Each party hereto acknowledges and agrees that any controversy which may arise under this Plan is likely to involve complicated and difficult issues, and therefore each party hereby irrevocably and unconditionally waives any right such party may have to a trial by jury in respect of any litigation, directly or indirectly, arising out of, or relating to, this Plan, or the transactions contemplated by this Plan. Each party certifies and acknowledges that (a) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) each party understands and has considered the implications of this waiver, (c) each party makes this waiver voluntarily, and (d) each party has been induced to enter into this Plan by, among other things, the mutual waivers and certifications in this Section 8.12.

[next page is a signature page]

IN WITNESS WHEREOF, this Plan has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first above written.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: _____

Name:

Title:

RIGGS NATIONAL CORPORATION

By: _____

Name:

Title: