
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

February 15, 2006
Date of Report (Date of earliest event reported)

THE PNC FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Commission File Number 001-09718

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, including zip code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On February 15, 2006, The PNC Financial Services Group, Inc. (the "Corporation") issued a press release and held a conference call for investors regarding the acquisition of Merrill Lynch's investment management business by the Corporation's majority-owned subsidiary, BlackRock, Inc. The Corporation also provided electronic presentation slides on its web site used in connection with the related investor conference call. Copies of the press release and electronic presentation slides are included in this Report as Exhibits 99.1 and 99.2, respectively, and are furnished herewith.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits. The exhibits listed on the Exhibit Index accompanying this Form 8-K are furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PNC FINANCIAL SERVICES GROUP, INC.
(Registrant)

Date: February 15, 2006

By: /s/ Samuel R. Patterson
Samuel R. Patterson
Controller

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>	<u>Method of Filing</u>
99.1	Press release dated February 15, 2006	Furnished herewith
99.2	Slide presentation for the investor conference call on February 15, 2006	Furnished herewith

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**PNC TO REPORT \$1.6 BILLION GAIN ON THE MERGER OF BLACKROCK AND
MERRILL LYNCH INVESTMENT MANAGERS**

PNC Retains Its Significant Investment in BlackRock

BlackRock To Become Largest Publicly Traded Asset Management Company

PITTSBURGH, Feb. 15, 2006 – The PNC Financial Services Group, Inc. (NYSE: PNC) announced today that BlackRock (NYSE: BLK) and Merrill Lynch (NYSE: MER) have signed a definitive agreement to create one of the top ten investment management companies in the world with assets under management approaching \$1 trillion. BlackRock will acquire Merrill Lynch's investment management business in exchange for a 49 percent ownership interest.

This transaction is expected to dramatically increase BlackRock's net income. As a result, PNC anticipates having a greater earnings contribution from BlackRock. The transaction is expected to be immediately accretive to PNC.

"Our partnership with Larry Fink and BlackRock over the past decade has created an extraordinary asset management platform with an unprecedented record of performance and growth," said James E. Rohr, chairman and chief executive officer of PNC. "This transformational merger is the next logical step in BlackRock's evolution as a global leader in asset management. The transaction also enables PNC to retain a sizable investment in BlackRock, significantly improve our capital flexibility and create substantial strategic opportunities and earnings benefits for our shareholders."

- more -

The PNC Financial Services Group

One PNC Plaza 249 Fifth Avenue Pittsburgh Pennsylvania 15222 2707
www.pnc.com

Upon the closing of this transaction, PNC will continue to own 44.5 million shares of BlackRock, representing an ownership interest of approximately 34 percent. Thereafter, BlackRock will be deconsolidated from PNC's financial statements and will be accounted for using the equity method. As a result of this transaction, PNC's investment will increase to approximately \$3.2 billion and PNC will record an after-tax gain of approximately \$1.6 billion based on BlackRock's closing share price of \$131.51 on February 10, 2006. This gain will substantially improve PNC's capital position. On a pro forma basis, PNC's tangible common capital to tangible assets ratio of 5.0 percent at December 31, 2005 would improve to 7.3 percent, thereby providing PNC with enhanced capital flexibility to invest in its businesses and/or repurchase shares of common stock. Currently, the PNC Board of Directors has authorized the purchase of up to 20 million shares. Further, PNC will have an additional unrecognized pretax gain of approximately \$2.6 billion related to its 34 percent ownership in BlackRock.

PNC will have two seats on the new combined company's Board of Directors including one director on the Executive Committee. The transaction must be approved by BlackRock shareholders and is expected to close later this year subject to securing appropriate regulatory and other approvals. PNC currently controls more than 80 percent of the voting interest in BlackRock and will vote its interest in support of the transaction.

PNC purchased BlackRock in February 1995 for approximately \$240 million. Since then, BlackRock's assets under management have grown from approximately \$24 billion to \$453 billion, contributing to a current market capitalization of approximately \$8.4 billion and a \$5.6 billion increase in the value of PNC's initial investment.

CONFERENCE CALL AND SUPPLEMENTARY INFORMATION

PNC Chairman and Chief Executive Officer James E. Rohr and Chief Financial Officer Richard J. Johnson will hold a conference call for investors today at 10:30 a.m. Eastern Time regarding this announcement. Investors should call five to ten minutes in advance of the conference call at 800-990-2718 (domestic) or 706-643-0187 (international). A taped replay of the call will be available for one week at 800-642-1687 (domestic) or 706-645-9291 (international) by entering conference ID 5590356. Supplementary information, which includes significant financial information that will be discussed on the conference call, will be available on PNC's website at www.pnc.com under "For Investors" prior to the beginning of the conference call.

In addition, internet access to the call, which includes audio (listen-only) and slides with supplementary information regarding the transaction, will be available through PNC's website at

- more -

www.pnc.com under “For Investors.” A replay of the webcast will be available on PNC’s website for 30 days.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements with respect to PNC’s outlook or expectations with respect to the planned transaction between BlackRock and Merrill Lynch and the impact of the transaction on PNC’s future performance. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. The forward-looking statements in this press release speak only as of the date of this press release, and PNC assumes no duty, and does not undertake, to update them. In addition to factors previously disclosed in PNC’s SEC reports (accessible on the SEC website at www.sec.gov and on PNC’s website at www.pnc.com) applicable to PNC’s business generally, as well as factors previously disclosed in BlackRock’s SEC reports (accessible on the SEC website and on BlackRock’s website at www.BlackRock.com) applicable to BlackRock’s business generally, the forward-looking statements in this press release are subject to the following risks and uncertainties:

- Completion of the transaction is dependent on, among other things, receipt of regulatory and other approvals, the timing of which cannot be predicted with precision at this point and which may not be received at all.
- The impact of the completion of the transaction on PNC’s financial statements will be affected by the timing of the transaction and the market price of BlackRock at the time of closing.
- The impact of the transaction on PNC’s future financial results depends on the following: (1) BlackRock’s future performance and BlackRock’s ability to integrate its business with the Merrill Lynch Investment Managers business and to achieve planned synergies and cost savings, (2) BlackRock’s dividend payout ratio going forward, which is assumed to be 40 percent, and (3) PNC’s ability to take advantage of the increase in its capital resulting from this transaction to pursue various capital management options such as share repurchases and making investments in its businesses, which could be affected by PNC’s future financial performance and other factors affecting PNC’s capital needs and flexibility.

The PNC Financial Services Group, Inc. is one of the nation’s largest diversified financial services organizations providing consumer and business banking; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management; asset management and global fund services.

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The PNC Financial Services Group, Inc.

Impact on PNC of the Merger of BlackRock with
Merrill Lynch Investment Managers

February 15, 2006

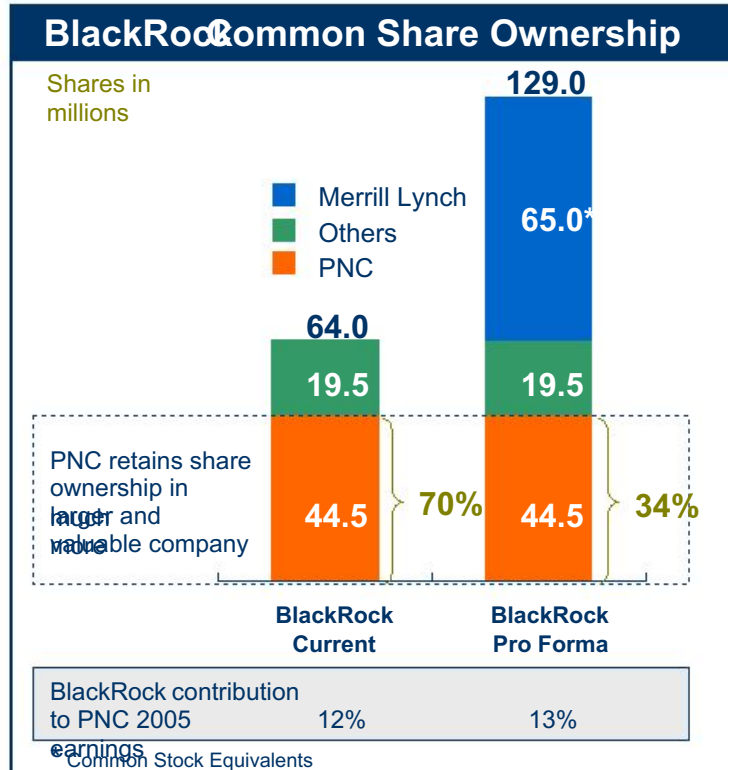
Cautionary Statement Regarding Forward-Looking Information

This presentation contains forward-looking statements with respect to PNC's outlook or with respect to the planned transaction between BlackRock and Merrill Lynch and the impact of the transaction on PNC's future performance. Forward-looking statements are subject to assumptions, risks and uncertainties, which change over time. The forward-looking statements in this presentation speak only as of the date of this presentation, and PNC assumes no duty, and does not undertake, to update them. In addition to factors previously disclosed in PNC's SEC reports (accessible on the SEC website at www.sec.gov and on PNC's website at www.pnc.com) applicable to PNC's business generally, as well as factors previously disclosed in BlackRock's SEC reports (accessible on the SEC website and on BlackRock's website at www.BlackRock.com) applicable to BlackRock's business generally, the forward-looking statements in this presentation are subject to following risks and uncertainties:

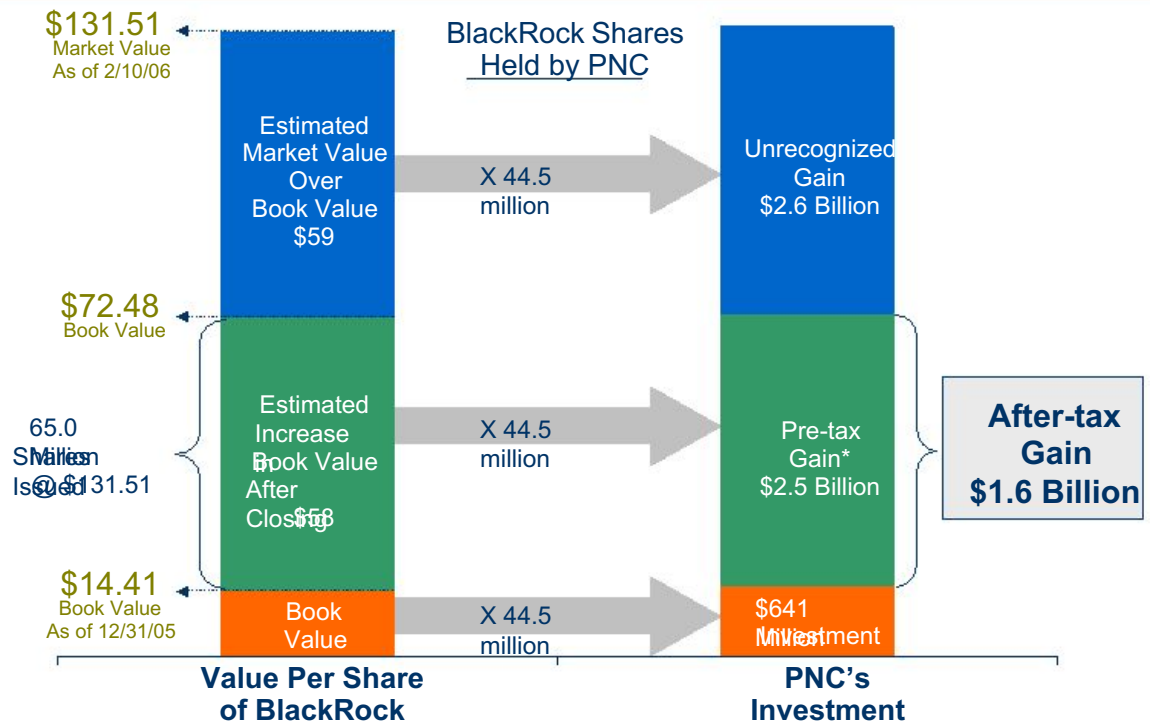
- Completion of the transaction is dependent on, among other things, receipt of regulatory and approvals, the timing of which cannot be predicted with precision at this point and which may not be received at all.
- The impact of the completion of the transaction on PNC's financial statements will be affected by the timing of the transaction and the market price of BlackRock at the time of closing.
- The impact of the transaction on PNC's future financial results depends on the following: (1) BlackRock's future performance and BlackRock's ability to integrate its business with the Merrill Lynch Investment Managers business and to achieve planned synergies and cost savings, (2) BlackRock's dividend payout ratio going forward, which is assumed to be 40%, and (3) ability to take advantage of the increase in its capital resulting from this transaction to various capital management options such as share repurchases and making investments in its businesses, which could be affected by PNC's future financial performance and other factors affecting PNC's capital needs and flexibility.

PNC Retains Share Ownership in Larger and More Valuable Company

- ▶ New BlackRock creates a top ten investment manager worldwide with approximately \$1 trillion in assets under management
- ▶ Immediately accretive to PNC's earnings
- ▶ \$1.6 billion after-tax gain expected to be recognized upon closing
- ▶ Additional unrecognized pre-tax gain on BlackRock investment of \$2.6 billion
- ▶ Significantly enhances capital flexibility



PNC's Estimated Gain on Transaction



* Pre-tax gain is net of \$55 million of
 Note: This calculation will adjust through the closing
 date



Positive Financial Impact on PNC from Transaction

Estimated 2006 Accretion to PNC's Earnings Per Share

\$ millions, except earnings per share	<u>2006 Estimate</u>
BlackRock net income from combined company	\$746 (a)
PNC after-tax portion of BlackRock net income:	
After transaction	\$193 (b)
Before transaction	<u>176 (c)</u>
Incremental BlackRock net income contribution to PNC	\$17
Accretion to PNC's earnings per share	<u>\$0.06 (d)</u>

PNC 2005 Pro Forma Highlights Resulting from BlackRock Transaction

- ▶ BlackRock earnings contribution increases from 12% to 13% of total PNC net income
- ▶ Noninterest income to total revenue remains above 60%
- ▶ Efficiency ratio improves by 300 bps
- ▶ Tangible capital ratio improves from 5.0% to 7.3%

(a) BlackRock net income is based on IBES 2006 mean estimate; pro forma numbers include projected MLIM results and pre-tax synergies of \$70 million (midpoint) plus other accounting related adjustments and assuming transaction closed on January 1, 2006 (anticipated closing is September 30, 2006)

(b) PNC's 34% portion of BlackRock's estimated 2006 net income from combined company tax effected at 24%; assumes 40% dividend payout ratio

(c) PNC's estimate of BlackRock's 2006 net income contribution prior to transaction tax effected at 7%

(d) Assumes no PNC share repurchases





Appendix

Impact of on PNC's Balance BlackRock

Deconsolidation

Appendix

Sheet

\$ Billions	PNC Consolidated 12/31/05	BlackRock Deconsolidating Adjustments	Transaction Adjustments	PNC Pro forma 12/31/05
Cash	\$3.5	(\$0.5)		\$3.0
Securities & short-term investments	23.6	(0.3)		23.3
Investment in BlackRock	0	0.7	\$2.5 (a)	3.2
Goodwill & other intangible assets	4.5	(0.5)		4.0
Other assets	60.4	(0.6)		59.8
Total assets	\$92.0	(\$1.2)	\$2.5	\$93.3
Other liabilities	\$65.9	(\$0.7)	\$0.9 (b)	\$66.1
Borrowed funds	16.9	(0.2)		16.7
Minority and noncontrolling interests in consolidated entities	0.6	(0.3)		0.3
Equity	8.6	0	1.6 (c)	10.2
Total liabilities & equity	\$92.0	(\$1.2)	\$2.5	\$93.3

(a) PNC's Investment equals its ownership percentage of BlackRock's pro forma book equity

(b) PNC's Deferred Income Tax

(c) Income equals the after-tax gain recorded on this transaction



Impact of on PNC's BlackRock Income

Deconsolidation

Appendix

Statement

\$ millions	PNC Consolidated 2005	BlackRock Deconsolidating Adjustments	Estimated Pro BlackRock	PNC Pro for 2005
Net interest	\$2,154	(\$35)		\$2,119
Interest income	4,162	(1,191)	\$221 (a)	3,192
Total revenue	6,316	(1,226)	221	5,311
Provision for credit	21	0	0	21
Interest expense	4,317	(851)	0	3,466
Income before minority and noncontrolling interest	1,978	(375)	221	1,824
Minority and noncontrolling interest in income of consolidated entities	49	(74)	0	(25)
Income	604	(138)	53 (b)	519
Net income	\$1,325	(\$163)	\$168	\$1,330

(a) Represents PNC's 2005 pro forma average ownership of approximately 35% of the 2005 pro forma net income BlackRock excluding synergies and other accounting

(b) Represents effective tax rate of 24% on BlackRock's pro forma net income

