
**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

March 29, 2007

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 3.03 Material Modification to Rights of Security Holders

The information under the heading “Restrictions on Dividends” in Item 8.01 below is incorporated into this Item 3.03 by reference.

Item 8.01 Other Events

On March 29, 2007, PNC Preferred Funding LLC (the “Company”), a Delaware limited liability company and indirect subsidiary of The PNC Financial Services Group, Inc. (“PNC”), closed the sale of \$500,000,000 of Fixed-to-Floating Rate Non-Cumulative Exchangeable Perpetual Trust Securities (the “Trust Securities”) of PNC Preferred Funding Trust II, a Delaware statutory trust. The sale was made pursuant to a Purchase Agreement, dated March 22, 2007, by and among the Company, PNC and Goldman, Sachs & Co., as representative of the purchasers named in the agreement (collectively, the “Purchasers”).

The Trust Securities will be offered and sold by the Purchasers in reliance on Rule 144A under the Securities Act of 1933, as amended, only to persons who are “qualified institutional buyers” within the meaning of Rule 144A and “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended.

PNC Preferred Funding Trust II’s sole assets consist of \$500,000,000 of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Securities of the Company, liquidation preference \$100,000 per security (the “Series 2007-A Company Preferred Securities”). The Company’s material assets consist of indirect interests in mortgages and mortgage-related assets.

If the Office of the Comptroller of the Currency so directs following the occurrence of a Conditional Exchange Event (defined below), each Trust Security will be automatically exchanged for a share of Series I Non-Cumulative Perpetual Preferred Stock of PNC, \$1.00 par value, with a liquidation preference of \$100,000 per share (the “Series I Preferred Stock”). “Conditional Exchange Event” means: (a) PNC Bank, National Association (“PNC Bank”) becoming “undercapitalized” under the OCC’s “prompt corrective action” regulations, (b) PNC Bank being placed into conservatorship or receivership or (c) the OCC, in its sole discretion, directing such exchange in anticipation of PNC Bank becoming “undercapitalized” in the near term or taking supervisory action that limits the payment of dividends, as applicable, by PNC Bank, and in connection therewith, directs such exchange.

Restrictions on Dividends

At the closing of the transactions contemplated by the Purchase Agreement (the “Closing”), PNC entered into an Exchange Agreement (the “Exchange Agreement”) whereby PNC covenanted in favor of the holders of the Trust Securities that, if full dividends are not paid on the Series 2007-A Company Preferred Securities and the Trust Securities for any dividend period, then PNC will not declare or pay dividends with respect to, or redeem, purchase or acquire, any of its equity capital securities during the next succeeding dividend period, other than: (i) purchases, redemptions or other acquisitions of shares of capital stock of PNC in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees,

officers, directors or consultants, (ii) purchases of shares of common stock of PNC pursuant to a contractually binding requirement to buy stock existing prior to the commencement of the extension period, including under a contractually binding stock repurchase plan, (iii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan, (iv) as a result of an exchange or conversion of any class or series of PNC's capital stock for any other class or series of PNC's capital stock, (v) the purchase of fractional interests in shares of PNC capital stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged or (vi) any stock dividends paid by PNC where the dividend stock is the same stock as that on which the dividend is being paid. A copy of the Exchange Agreement is attached to this Report as Exhibit 4.16.

Replacement Capital Covenant

At the Closing, PNC entered into a Replacement Capital Covenant (the "Covenant") whereby PNC agreed for the benefit of specified debtholders that, until March 29, 2017, neither it nor its subsidiaries will purchase or redeem the Trust Securities, the Series 2007-A Company Preferred Securities or the Series I Preferred Stock (collectively, the "Covered Securities") unless: (i) PNC has received the prior approval of the Federal Reserve Board, if such approval is then required under the Federal Reserve Board's capital guidelines applicable to bank holding companies and (ii) during a 180-day period prior to the date of purchase, PNC, PNC Bank or PNC Bank's subsidiaries, as applicable, have received proceeds from the sale of Qualifying Securities in the amounts specified in the Covenant (which amounts will vary based on the type of securities sold). "Qualifying Securities" means securities having terms and provisions that are specified in the Covenant and include both debt and equity securities that, generally described, are intended to contribute to PNC's capital base in a manner that is similar to the contribution to its capital base made by the Covered Securities. The Covenant could preclude PNC from purchasing the Covered Securities at a time when PNC might otherwise wish to do so. A copy of the Covenant is attached to this Report as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

4.16 Exchange Agreement dated March 29, 2007, by and among The PNC Financial Services Group, Inc., PNC Bank, National Association and PNC Preferred Funding Trust II.

99.1 Replacement Capital Covenant dated March 29, 2007, by The PNC Financial Services Group, Inc. in favor of specified debtholders [Change on exhibit itself as well].

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.

March 30, 2007

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

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>	<u>Method of Filing</u>
4.16	Exchange Agreement dated March 29, 2007, by and among The PNC Financial Services Group, Inc., PNC Bank, National Association and PNC Preferred Funding Trust II.	Filed herewith
99.1	Replacement Capital Covenant dated March 29, 2007, by The PNC Financial Services Group, Inc. in favor of specified debtholders.	Filed herewith

This EXCHANGE AGREEMENT, dated as of March 29, 2007 (this "*Agreement*"), between PNC PREFERRED FUNDING TRUST II, a Delaware statutory trust (together with its successors and assigns "*PNC Delaware*"), and The PNC Financial Services Group, Inc., a Pennsylvania corporation (together with its successors and assigns "*PNC*"), and PNC Bank, National Association, a national banking association (together with its successors and assigns "*PNC Bank*").

RECITALS

WHEREAS, PNC Delaware will issue 5,000 shares of Fixed-to-Floating Rate Non-cumulative Exchangeable Perpetual Trust Securities, with a liquidation preference of \$100,000 per share (each, a "*Trust Security*" and collectively, the "*Trust Securities*");

WHEREAS, each Trust Security will be conditionally exchangeable into one newly issued share of the Series I Non-cumulative Perpetual Fixed-to-Floating Rate Preferred Stock, \$1.00 par value and having a liquidation preference of \$100,000 per share, of PNC (the "*PNC Preferred Stock*"); and

WHEREAS, the parties hereto desire to ensure that in the event of the occurrence of circumstances requiring the exchange of the Trust Securities into the PNC Preferred Stock, PNC will be contractually bound unconditionally to make available PNC Preferred Stock sufficient for exchange of the Trust Securities, and to effect the exchange of all outstanding Trust Securities into PNC Preferred Stock.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. Definitions. Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"*Agreement*" has the meaning specified in the Preamble to this Agreement.

"*Business Combination*" has the meaning specified in Section 3 of this Agreement.

"*Conditional Exchange*" means if the OCC so directs upon the occurrence of a Conditional Exchange Event, each Trust Security then outstanding shall be automatically exchanged for an equal number of PNC Preferred Stock.

A "*Conditional Exchange Event*" will occur when:

(i) PNC Bank becomes "undercapitalized" under the OCC's "prompt corrective action" regulations pursuant to 12 C.F.R. Part 6 (and including any successor rules or regulations);

(ii) PNC Bank is placed into conservatorship or receivership; or
(iii) the OCC, in its sole discretion, anticipates PNC Bank becoming undercapitalized in the near term or takes a supervisory action that limits the payment of dividends by PNC Bank and in connection therewith directs a Conditional Exchange.

“*Distribution Period*” has the meaning set forth in the LLC Agreement.

“*LLC*” means PNC Preferred Funding LLC, a Delaware limited liability company.

“*LLC Agreement*” means the Second Amended and Restated Limited Liability Company Agreement of PNC Preferred Funding LLC, dated as of March 29, 2007, by and among PNC REIT Corp., PNC Preferred Funding Trust I, PNC Preferred Funding Trust II and the Persons, who may from time to time become additional Securityholders (as defined therein) of PNC Preferred Funding LLC in accordance with the provisions thereof.

“*OCC*” means the Office of the Comptroller of the Currency or any successor United States Federal bank regulatory authority that is the primary supervisory agency for PNC Bank.

“*Period*” means in connection with the Series 2007-A Company Preferred Securities and the Trust Securities, the applicable Distribution Period.

“*Person*” means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or any legal entity or organization.

“*PNC*” has the meaning set forth in the Preamble to this Agreement.

“*PNC Bank*” has the meaning set forth in the Preamble to this Agreement.

“*PNC Preferred Stock*” has the meaning set forth in the Recitals to this Agreement.

“*PNC Substitute Preferred Stock*” means a class or series of equity securities of a Successor Entity having the preferences, limitations and relative rights in its articles or certificate of incorporation or other constituent documents that are substantially similar to those set forth in PNC’s amended and restated articles of association, establishing the PNC Preferred Stock.

“*PNC Delaware*” has the meaning set forth in the Preamble to this Agreement.

“*Preamble*” means the preamble to this Agreement

“*Property Trustee*” means Wilmington Trust Company, acting not in its individual capacity but solely as Property Trustee on behalf of PNC Delaware pursuant to the Trust Agreement.

“*Recitals*” means the recitals to this Agreement.

“*Register*” has the meaning set forth in the Trust Agreement.

“*Series 2007-A Company Preferred Securities*” means the Series 2007-A Fixed-to-Floating Rate Non-cumulative Perpetual Preferred Securities of the LLC, Series 2007-A liquidation preference \$100,000 per security.

“*Subsidiary*” means, at any time, any Person the shares of stock or other ownership interests of which having ordinary voting power to elect a majority of the board of directors or other managers of such Person are at the time owned, or the management or policies of which are otherwise at the time controlled, directly or indirectly through one or more intermediaries (including other Subsidiaries) or both, by another Person.

“*Successor Entity*” means a Person designated by the Board of Directors of PNC (i) that is the surviving, resulting or receiving Person, as applicable, in any Business Combination, (ii) the securities of which are received in a Business Combination by some or all holders of PNC voting equity securities or (iii) that the Board of Directors of PNC determines to be an acquiror of PNC in a Business Combination.

“*Trust Agreement*” means the Amended and Restated Trust Agreement of PNC Preferred Funding Trust II, dated as of March 29, 2007, among PNC Preferred Funding LLC, as Grantor, Wilmington Trust Company, as Delaware Trustee, and Wilmington Trust Company, as Property Trustee.

“*Trust Security*” has the meaning specified in the Recitals to this Agreement.

SECTION 2. Exchange of the Trust Securities. If at any time after the issuance and sale of the Trust Securities, the OCC directs in writing that the Trust Securities be exchanged into an equal number of PNC Preferred Stock following the occurrence of a Conditional Exchange Event, then effective on the date and time of the Conditional Exchange:

(i) each holder of Trust Securities shall be unconditionally obligated to surrender to PNC any certificate representing the Trust Securities as set forth in the Trust Agreement;

(ii) PNC shall immediately and unconditionally issue a number of shares of the PNC Preferred Stock equal to the number of Trust Securities then outstanding to the holders of the Trust Securities; and

(iii) pursuant to Section 4.08(a)(ii) of the Trust Agreement, effective on the date and time of the Conditional Exchange, all of the Trust Securities then outstanding will be deemed to be owned by PNC, without any action by PNC Delaware or any other action being necessary or required by any other Person, and Persons who are holders of Trust Securities shall have no rights under such securities, other than the right to receive PNC Preferred Stock in exchange therefor, as provided herein.

Until receipts evidencing PNC Preferred Stock are delivered or in the event such replacement receipts are not delivered, any certificates previously representing the Trust Securities shall be deemed for all purposes to represent PNC Preferred Stock.

SECTION 3. Permitted Assignment. (a) In the event that PNC prior to the Conditional Exchange effects, or is the subject of, a merger, consolidation, statutory share exchange, sale of all or substantially all of its assets or other form of business combination, (i) in which PNC is not the surviving, resulting or receiving entity thereof, or (ii) if PNC is the surviving or resulting entity, shares representing a majority of PNC's total voting power are either converted or exchanged into securities of another Person or into cash or other property (any such transaction in either (i) or (ii) being a "*Business Combination*"), then PNC Bank will, prior to the effectiveness of such Business Combination, assign, effective upon the consummation of such Business Combination, all of its obligations and rights under this Agreement to a Successor Entity that has PNC Substitute Preferred Stock and, as a result of such assignment, all references to PNC and PNC Preferred Stock, shall become and be deemed to be references to such Successor Entity or to such PNC Substitute Preferred Stock, respectively.

(b) This Section 3 shall apply to any subsequent Business Combination prior to the Conditional Exchange *mutatis mutandis*.

SECTION 4. Representations and Warranties of PNC. PNC hereby represents and warrants that the PNC Preferred Stock will upon issuance, rank senior, in respect of the right to receive dividends and the right to receive payment out of the assets of PNC, upon voluntary or involuntary dissolution, winding-up or termination of PNC, to PNC's common stock and at least *pari passu* with the most senior preferred stock of PNC, if any, then outstanding, and to any other preferred stock that PNC may issue in the future.

SECTION 5. Additional Covenants of PNC.

(a) PNC hereby covenants and agrees that:

(i) if full dividends or distributions, as applicable, on (1) the Series 2007-A Company Preferred Securities, or (2) the Trust Securities have not been declared and paid, in each case, for the applicable Period, then PNC will not declare or pay dividends or other distributions with respect to, or redeem, purchase or acquire or make a liquidation payment with respect to, any of its equity capital securities during the next succeeding Period other than:

(A) purchases, redemptions or other acquisitions of shares of capital stock of PNC in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants;

(B) purchases of shares of common stock of PNC pursuant to a contractually binding requirement to buy stock existing prior to the date of the commencement of the extension period, including under a contractually binding stock repurchase plan;

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- (C) any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under any such plan;
 - (D) as a result of an exchange or conversion of any class or series of PNC's capital stock for any other class or series of PNC's capital stock; or
 - (E) the purchase of fractional interests in shares of PNC's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; or
 - (F) any stock dividends where the dividend stock is the same as that on which the dividend is being paid;
- (ii) prior to the issuance of the PNC Preferred Stock, PNC will not issue any class or series of preferred stock ranking senior to the PNC Preferred Stock in respect of the right to receive dividends and the right to receive payments out of the assets of PNC, upon voluntary or involuntary dissolution, winding-up or termination of PNC; and
 - (iii) it will reserve the PNC Preferred Stock for issuance in accordance with the terms hereof.
- (b) The holders of the Trust Securities will be express third-party beneficiaries of PNC's representations and warranties set forth in Section 4 and PNC's covenants set forth in Section 5(a).
 - (c) PNC hereby agrees to contribute to the capital of PNC Bank any and all Trust Securities deemed to be owned by PNC as a result of the Conditional Exchange immediately after such Conditional Exchange.

SECTION 6. Notices. (a) All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

If given to PNC, at the address set forth below:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Attention: Kevin Glass

Telephone: (412) 762-4346
Facsimile: (412) 705-0044

If given to PNC Delaware, at the address set forth below:

PNC Preferred Funding Trust II
9062 Old Annapolis Road
Columbia, Maryland 21045

Attention: Corporate Trust Secretary PNC Preferred Funding Trust II
Facsimile: (410) 715-2380

With a copy to:

Richards, Layton & Finger, P.A.
One Rodney Square
920 King St.
Wilmington, DE 19801

Attention: Corporate Trust Group
Facsimile: (302) 651-7701
Telephone: (302) 651-7500

And with a copy to:

Cleary Gottlieb Steen & Hamilton LLP
2000 Pennsylvania Avenue, N.W.
Washington, DC 20006

Attention: Kenneth L. Bachman
Facsimile: (202) 974-1999
Telephone: (202) 974-1500

Each such notice, request or other communication shall be effective (i) if given by telecopier, when transmitted to the number specified in such registration books and the appropriate confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified above.

SECTION 7. Governing Law. THIS EXCHANGE AGREEMENT AND ALL RIGHTS HEREUNDER AND PROVISIONS HEREOF SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO APPLICABLE CONFLICTS OF LAW PROVISIONS).

SECTION 8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears thereon and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as signatories.

SECTION 9. Liability of Property Trustee. It is expressly understood and agreed that (a) this Agreement is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Property Trustee, in the exercise of the powers and authority conferred and vested in it, pursuant to the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of PNC Delaware is made and intended not as personal representations, undertakings and agreements by Wilmington Trust Company but is made and intended for the purpose for binding only PNC Delaware, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust Company, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (d) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of PNC Delaware or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by PNC Delaware under this Agreement or any other related documents.

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

PNC PREFERRED FUNDING TRUST II

By: WILMINGTON TRUST COMPANY, acting not in its individual capacity, but solely as Property Trustee

By: /s/ Michele C. Harra

Name: Michele C. Harra

Title: Financial Services Officer

THE PNC FINANCIAL SERVICES GROUP, INC.

By: /s/ Kevin Roy Glass

Name: Kevin R. Glass

Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Lisa M. Kovac

Name: Lisa M. Kovac

Title: Vice President

Replacement Capital Covenant, dated as of March 29, 2007 (this "*Replacement Capital Covenant*"), by The PNC Financial Services, Group, Inc., a Pennsylvania corporation (together with its successors and assigns, the "*Corporation*"), in favor of and for the benefit of each Covered Debtholder (as defined below).

Recitals

A. On the date hereof:

(i) PNC Preferred Funding, LLC, a Delaware limited liability company and an indirect subsidiary of the Corporation (the "*Company*") and PNC Bank, National Association, a national banking association (the "*Bank*"), is issuing 5,000 of its Fixed-to-Floating Rate Non-cumulative Perpetual Preferred Securities, Series 2007-A, liquidation preference \$100,000 per security and \$500,000,000 in the aggregate (the "*Series 2007-A Company Preferred Securities*"), to PNC Preferred Funding Trust II, a Delaware statutory trust established by the Company as grantor (the "*Trust*"); and

(ii) the Trust is issuing to investors 5,000 of its Fixed-to-Floating Rate Exchangeable Non-cumulative Perpetual Trust Securities, liquidation preference \$100,000 per security and \$500,000,000 in the aggregate (the "*Trust Securities*"), pursuant to an Offering Circular, dated March 22, 2007 (the "*Offering Circular*");

B. If a "*Conditional Exchange Event*", as defined and described in the Offering Circular, occurs, and the Office of the Comptroller of the Currency so directs, then the Trust Securities will automatically be exchanged for an equivalent amount of Series I Non-cumulative Perpetual Fixed-to-Floating Rate Preferred Stock (the "*Corporation Preferred Stock*") of the Corporation (the Trust Securities, the Series 2007-A Company Preferred Securities, and the Corporation Preferred Stock, together, the "*Securities*");

C. This Replacement Capital Covenant is the "*Replacement Capital Covenant*" referred to in the Offering Circular;

D. The Corporation is entering into and disclosing the content of this Replacement Capital Covenant in the manner provided below with the intent that the covenants provided for in this Replacement Capital Covenant be enforceable by each Covered Debtholder and that the Corporation be estopped from disregarding the covenants in this Replacement Capital Covenant, in each case to the fullest extent permitted by applicable law; and

E. The Corporation acknowledges that reliance by each Covered Debtholder upon the covenants in this Replacement Capital Covenant is reasonable and foreseeable by the Corporation and that, were the Corporation to disregard its covenants in this Replacement Capital Covenant, each Covered Debtholder would have sustained an injury as a result of its reliance on such covenants.

NOW, THEREFORE, the Corporation hereby covenants and agrees as follows in favor of and for the benefit of each Covered Debtholder.

SECTION 1. *Definitions*. Capitalized terms used in this Replacement Capital Covenant (including the Recitals) have the meanings set forth in Schedule I hereto.

SECTION 2. *Limitations on Purchase of Securities*. The Corporation hereby promises and covenants to and for the benefit of each Covered Debtholder that neither the Corporation nor any Subsidiary of the Corporation shall redeem or purchase all or any part of the Securities except to the extent that (a) the Corporation has obtained the prior approval of the Federal Reserve if such approval is then required under the Federal Reserve's capital guidelines applicable to bank holding companies and (b) the applicable purchase price does not exceed the sum of the following amounts:

(i) 133.33% of the aggregate amount of (a) net cash proceeds received by the Corporation, the Bank or any Eligible Subsidiary from the sale of Common Stock and rights to acquire Common Stock to persons that are not Subsidiaries of the Corporation, (b) the Market Value of any Common Stock that the Corporation, the Bank or any Eligible Subsidiary has delivered as consideration for property or assets in an arm's-length transaction and (c) the Market Value of any Common Stock that the Corporation, the Bank or any Eligible Subsidiary has issued to Persons other than the Corporation and its Subsidiaries in connection with the conversion of any convertible or exchangeable securities, other than securities for which the Corporation or the Bank has received equity credit from any NRSRO, in each case since the most recent Measurement Date; plus

(ii) 100% of the aggregate amount of net cash proceeds received by the Corporation, the Bank or any Eligible Subsidiary since the most recent Measurement Date from the sale of Mandatorily Convertible Preferred Stock, Debt Exchangeable for Equity and Qualifying Non-Cumulative Preferred Stock to Persons other than the Corporation and its Subsidiaries; plus

(iii) 100% of the aggregate amount of net cash proceeds received by the Corporation, the Bank or any Eligible Subsidiary since the most recent Measurement Date from the sale of REIT Preferred Securities to Persons other than the Corporation and its Subsidiaries; plus

(iv) 100% of the aggregate amount of net cash proceeds received by the Corporation, the Bank or any Eligible Subsidiary since the most recent Measurement Date from the sale of Qualifying Capital Securities to Persons other than the Corporation and its Subsidiaries.

For the avoidance of doubt, the provisions of this Replacement Capital Covenant shall not apply to the automatic exchange of Trust Securities for Corporation Preferred Stock described in Recital B.

SECTION 3. *Covered Debt.* (a) The Corporation represents and warrants that the Initial Covered Debt is Eligible Debt.

(b) On or during the 30-day period immediately preceding any Redesignation Date with respect to the Covered Debt then in effect, the Corporation shall identify the series of Eligible Debt that will become the Covered Debt on and after such Redesignation Date in accordance with the following procedures:

(i) the Corporation shall identify each series of its and its Depository Institution Subsidiaries' then outstanding long-term indebtedness for money borrowed that is Eligible Debt;

(ii) if only one series of the Corporation's then outstanding long-term indebtedness for money borrowed is Eligible Debt, such series shall become the Covered Debt commencing on the related Redesignation Date;

(iii) if the Corporation has more than one outstanding series of long-term indebtedness for money borrowed that is Eligible Debt, then the Corporation shall identify the series that has the latest occurring final maturity date as of the date the Corporation is applying the procedures in this Section 3(b) and such series shall become the Covered Debt on the related Redesignation Date;

(iv) if the Corporation has no outstanding series of long-term indebtedness for money borrowed that is Eligible Debt, and its Largest Depository Institution Subsidiary has only one outstanding series of long-term indebtedness for money borrowed that is Eligible Debt, such series shall become the Covered Debt commencing on the related Redesignation Date;

(v) if the Corporation has no outstanding series of long-term indebtedness for money borrowed that is Eligible Debt, but its Largest Depository Institution Subsidiary has more than one outstanding series of long-term indebtedness for money borrowed that is Eligible Debt, then the Corporation shall identify the series that has the latest occurring final maturity date as of the date the Corporation is applying the procedures in this Section 3(b) and such series shall become the Covered Debt on the related Redesignation Date; and

(vi) the series of outstanding long-term indebtedness for money borrowed that is determined to be Covered Debt pursuant to clause (ii), (iii), (iv) or (v) above shall be the Covered Debt for purposes of this Replacement Capital Covenant for the period commencing on the related Redesignation Date and continuing to but not including the Redesignation Date as of which a new series of outstanding long-term indebtedness is next determined to be the Covered Debt pursuant to the procedures set forth in this Section 3(b).

(c) *Notice.* In order to give effect to the intent of the Corporation described in Recital D, the Corporation covenants that (i) simultaneously with the

execution of this Replacement Capital Covenant or as soon as practicable after the date hereof, it shall (x) give (or cause to be given) notice to the Holders of the Initial Covered Debt, in the manner provided in the indenture relating to the Initial Covered Debt, of this Replacement Capital Covenant and the rights granted to such Holders hereunder and (y) file a copy of this Replacement Capital Covenant with the Commission as an exhibit to a Form 8-K under the Securities Exchange Act; (ii) so long as the Corporation is a reporting company under the Securities Exchange Act, the Corporation will include in each annual report filed with the Commission on Form 10-K under the Securities Exchange Act a description of the covenant set forth in Section 2 and identify in such annual report the series of long-term indebtedness for borrowed money that is Covered Debt as of the date such Form 10-K is filed with the Commission; (iii) if a series of the Corporation's long-term indebtedness for money borrowed (1) becomes Covered Debt or (2) ceases to be Covered Debt, the Corporation will give (or cause to be given) notice of such occurrence within 30 days to the holders of such long-term indebtedness for money borrowed in the manner provided for in the indenture, fiscal agency agreement or other instrument under which such long-term indebtedness for money borrowed was issued and report such change in a current report on Form 8-K including or incorporating by reference this Replacement Capital Covenant, and in the Corporation's next quarterly report on Form 10-Q or annual report on Form 10-K, as applicable; (iv) if, and only if, the Corporation ceases to be a reporting company under the Securities Exchange Act, the Corporation will (1) post on its website the information otherwise required to be included in Securities Exchange Act filings pursuant to clauses (ii) and (iii) of this Section 3(c) and (2), to the extent permitted by Bloomberg and any other similar third-party vendor that makes available to the marketplace information with respect to securities that are Covered Debt by posting such information on an electronically accessible screen (each an "Investor Screen"), cause a notation to be included on each such Investor Screen identifying the relevant series of indebtedness of the Corporation or a Subsidiary that is Covered Debt from time to time as Covered Debt for purposes of this Replacement Capital Covenant and cause a hyperlink to a definitive copy of this Replacement Capital Covenant to be included on the Investor Screen for each series of Covered Debt (but only so long as such series is Covered Debt); and (v) promptly upon request by any Holder of Covered Debt, the Corporation will provide such Holder with an executed copy of this Replacement Capital Covenant.

(d) The Corporation agrees that, if at any time the Covered Debt is held by a trust (for example, where the Covered Debt is part of an issuance of trust preferred securities), a holder of the securities issued by such trust may enforce (including by instituting legal proceedings) this Replacement Capital Covenant directly against the Corporation as though such holder owned Covered Debt directly, and such trust securities shall be deemed to be "Covered Debt" for purposes of this Replacement Capital Covenant for so long as the indebtedness held by such trust remains Covered Debt hereunder.

SECTION 4. *Termination, Amendment and Waiver.* (a) The obligations of the Corporation pursuant to this Replacement Capital Covenant shall remain in full

force and effect until the earliest date (the “*Termination Date*”) to occur of (i) the date on which all Securities held by Persons that are not Subsidiaries of the Corporation have been redeemed or have been purchased in accordance with this Replacement Capital Covenant, (ii) the date, if any, on which the Holders of a majority by principal amount of the then-effective series of Covered Debt consent or agree in writing to the termination of this Replacement Capital Covenant and the obligations of the Corporation hereunder, (iii) the date on which neither the Corporation nor any of its Depository Institution Subsidiaries has any series of outstanding Eligible Senior Debt or Eligible Subordinated Debt (in each case without giving effect to the rating requirement in clause (b) of the definition of each such term), and (iv) March 29, 2017. From and after the Termination Date, the obligations of the Corporation pursuant to this Replacement Capital Covenant shall be of no further force and effect.

(b) This Replacement Capital Covenant may be amended or supplemented from time to time by a written instrument signed by the Corporation with the consent of the Holders of a majority by principal amount of the then-effective series of Covered Debt, provided that this Replacement Capital Covenant may be amended or supplemented from time to time by a written instrument signed only by the Corporation (and without the consent of the Holders of the then-effective series of Covered Debt) if (i) such amendment eliminates Common Stock, rights to acquire Common Stock or Mandatorily Convertible Preferred Stock as a security or securities covered by clauses (i) and (ii) of Section 2 and the Corporation has been advised in writing by a nationally recognized independent accounting firm that there is more than an insubstantial risk that the failure to do so would result in a reduction in the Corporation’s earnings per share as calculated for financial reporting purposes or (ii) such amendment or supplement is not adverse to the Holders of the then-effective series of Covered Debt and an officer of the Corporation has delivered to the Holders of the then-effective series of Covered Debt in the manner provided for in the indenture, fiscal agency agreement or other instrument with respect to such Covered Debt a written certificate stating that, in his or her determination, such amendment or supplement is not adverse to the Holders of the then-effective series of Covered Debt.

(c) For purposes of Sections 4(a) and 4(b), the Holders whose consent or agreement is required to terminate, amend or supplement the obligations of the Corporation under this Replacement Capital Covenant shall be the Holders of the then-effective Covered Debt as of a record date established by the Corporation that is not more than 30 days prior to the date on which the Corporation proposes that such termination, amendment or supplement becomes effective.

SECTION 5. *Miscellaneous.* (a) This Replacement Capital Covenant shall be governed by and construed in accordance with the laws of the State of New York.

(b) This Replacement Capital Covenant shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the Covered Debtholders as they exist from time-to-time (it being understood and agreed by the

Corporation that any Person who is a Covered Debtholder at the time such Person acquires, holds or sells Covered Debt shall retain its status as a Covered Debtholder for so long as the series of long-term indebtedness for borrowed money owned by such Person is Covered Debt and, if such Person initiates a claim or proceeding to enforce its rights under this Replacement Capital Covenant after the Corporation has violated its covenants in Section 2 and before the series of long-term indebtedness for money borrowed held by such Person is no longer Covered Debt, such Person's rights under this Replacement Capital Covenant shall not terminate by reason of such series of long-term indebtedness for money borrowed no longer being Covered Debt).

(c) All demands, notices, requests and other communications to the Corporation under this Replacement Capital Covenant shall be deemed to have been duly given and made if in writing and (i) if served by personal delivery upon the Corporation, on the day so delivered (or, if such day is not a Business Day, the next succeeding Business Day), (ii) if delivered by registered post or certified mail, return receipt requested, or sent to the Corporation by a national or international courier service, on the date of receipt by the Corporation (or, if such date of receipt is not a Business Day, the next succeeding Business Day), or (iii) if sent by telecopier, on the day telecopied, or if not a Business Day, the next succeeding Business Day, provided that the telecopy is promptly confirmed by telephone confirmation thereof, and in each case to the Corporation at the address set forth below, or at such other address as the Corporation may thereafter notify to Covered Debtholders or post on its website as the address for notices under this Replacement Capital Covenant:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Attention: Kevin Glass
Facsimile No: 412-705-0044

IN WITNESS WHEREOF, the Corporation has caused this Replacement Capital Covenant to be executed by its duly authorized officer, as of the day and year first above written.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: /s/ Kevin Roy Glass

Name: Kevin R. Glass

Title: Vice President

Definitions

“*Alternative Payment Mechanism*” means, with respect to any securities or combination of securities (together in this definition, “*such securities*”), provisions in the related transaction documents requiring the Corporation to issue (or use commercially reasonable efforts to issue) one or more types of APM Qualifying Securities raising eligible proceeds at least equal to the deferred Distributions on such securities and apply the proceeds to pay unpaid Distributions on such securities, commencing on the earlier of (x) the first Distribution Date after commencement of a deferral period on which the Corporation pays current Distributions on such securities and (y) the fifth anniversary of the commencement of such deferral period, and that

(a) define “eligible proceeds” to mean, for purposes of such Alternative Payment Mechanism, the net proceeds (after underwriters’ or placement agents’ fees, commissions or discounts and other expenses relating to the issuance or sale of the relevant securities, where applicable, and including the fair market value of property received by the Corporation or any of its Subsidiaries as consideration for such securities) that the Corporation has received during the 180 days prior to the related Distribution Date from the issuance of APM Qualifying Securities, up to the Preferred Cap (as defined in paragraph (f), below) in the case of APM Qualifying Securities that are Qualifying Non-Cumulative Preferred Stock;

(b) permit the Corporation to pay current Distributions on any Distribution Date out of any source of funds but (x) require the Corporation to pay deferred Distributions only out of eligible proceeds and (y) prohibit the Corporation from paying deferred Distributions out of any source of funds other than eligible proceeds, unless (if the Corporation elects to so provide in the terms of such securities) the Federal Reserve directs otherwise;

(c) if deferral of Distributions continues for more than one year, require the Corporation not to redeem or repurchase any securities of the Corporation ranking *pari passu* with or junior to any APM Qualifying Securities the proceeds of which were used to settle deferred interest until at least one year after all deferred Distributions have been paid, subject to customary exceptions for redemption, purchase or acquisition “stoppers” (a “*Repurchase Restriction*”);

(d) notwithstanding the foregoing provisions, if the Federal Reserve disapproves the issuer’s sale of APM Qualifying Securities, may (if the Corporation elects to so provide in the term of such securities) permit the Corporation to pay deferred Distributions from any source without a breach of its obligations under the transaction documents;

(e) notwithstanding the foregoing provisions, if the Federal Reserve does not disapprove the Corporation’s issuance and sale of APM Qualifying Securities but disapproves the use of the proceeds thereof to pay deferred

Distributions, may (if the Corporation elects to so provide in the terms of such securities) permit the Corporation to use such proceeds for other purposes and to continue to defer Distributions without a breach of its obligations under the transaction documents; and

(f) with respect to “caps” on the Corporation’s obligation or right to issue (or use commercially reasonable efforts to issue) APM Qualifying Securities to settle deferred Distributions:

(i) limit the obligation of the Corporation to issue (or use commercially reasonable efforts to issue) Common Stock or rights to purchase Common Stock pursuant to the Alternative Payment Mechanism (including at any point in time from all prior issuances thereof pursuant to the Alternative Payment Mechanism) to settle deferred Distributions attributable to the first five years of any deferral period to an amount not exceeding 2% of the product of the average of the current stock market prices of the Common Stock on the ten consecutive trading days ending on the fourth trading day immediately preceding the date of issuance multiplied by the total number of issued and outstanding shares of Common Stock as of the date of the Corporation’s most recent publicly available consolidated financial statements (the “*Common Cap*”), provided (and it being understood) that (x) once the Corporation reaches the Common Cap, until the Common Cap ceases to apply the Corporation will not be required to issue more Common Stock or rights to purchase Common Stock under the Alternative Payment Mechanism with respect to deferred Distributions attributable to the first five years of a deferral period even if the amount referred to in this subclause (i) subsequently increases because of a subsequent increase in the current market price of Common Stock or the number of outstanding shares of Common Stock, and (y) the Common Cap shall cease to apply to such deferral period by a date (as specified in the related transaction documents) which shall be not later than the ninth anniversary of the commencement of such deferral period; and

(ii) limit the obligation or right of the Corporation to issue (or use commercially reasonable efforts to issue) Qualifying Non-Cumulative Preferred Stock pursuant to the Alternative Payment Mechanism (including at any point in time from all prior issuances thereof pursuant to such Alternative Payment Mechanism) to settle deferred Distributions to an amount not exceeding 25% of the initial principal or stated amount of the securities that are the subject of the related Alternative Payment Mechanism (the “*Preferred Cap*”);

provided (and it being understood) that:

(a) the Corporation shall not be obligated to issue (or use commercially reasonable efforts to issue) APM Qualifying Securities for so long as a Market Disruption Event has occurred and is continuing;

(b) if, due to a Market Disruption Event or otherwise, the Corporation is able to raise and apply some, but not all, of the eligible proceeds necessary to pay all deferred Distributions on any Distribution Date, the Corporation will apply any available eligible proceeds to pay accrued and unpaid Distributions on the applicable Distribution Date in chronological order subject to the Common Cap and Preferred Cap, as applicable; and

(c) if the Corporation has outstanding more than one class or series of securities under which it is obligated to sell a type of APM Qualifying Securities and apply some part of the proceeds to the payment of deferred Distributions, then on any date and for any period the amount of net proceeds received by the Corporation from those sales and available for payment of deferred Distributions on such securities shall be applied to such securities on a *pro rata* basis in proportion to the total amounts that are due on such securities, or on such other basis as the Federal Reserve may approve.

“*APM Qualifying Securities*” means, with respect to an Alternative Payment Mechanism, one or more of the following (as designated in the transaction documents for the Qualifying Capital Securities that include an Alternative Payment Mechanism or Debt Exchangeable for Equity):

(a) Common Stock;

(b) rights to purchase Common Stock; or

(c) Qualifying Non-Cumulative Preferred Stock;

provided (and it being understood) that if the APM Qualifying Securities for any Alternative Payment Mechanism include both Common Stock and rights to purchase Common Stock, such Alternative Payment Mechanism may permit, but need not require, the Corporation to issue rights to purchase Common Stock.

“*Appropriate Federal Banking Agency*” means, as to a Depository Institution Subsidiary, the Federal bank regulatory agency or authority that is the “appropriate Federal banking agency” (within the meaning of 12 U.S.C. § 1813(q)) with respect to such Depository Institution Subsidiary.

“*Bank*” has the meaning specified in Recital A.

“*Bankruptcy Claim Limitation Provision*” means, with respect to any Qualifying Capital Securities that have a No Payment Provision or a Mandatory Trigger Provision, provisions that, upon any liquidation, dissolution, winding up or

reorganization or in connection with any insolvency, receivership or proceeding under any bankruptcy law with respect to the issuer, limit the claim of the holders of such securities to Distributions that accumulate during (A) any deferral period, in the case of securities that have a No Payment Provision or (B) any period in which the issuer fails to satisfy one or more financial tests set forth in the terms of such securities or related transaction agreements, in the case of securities that have a Mandatory Trigger Provision, to:

(i) in the case of Qualifying Capital Securities that have a No Payment Provision or Mandatory Trigger Provision with respect to which the APM Qualifying Securities do not include Qualifying Non-Cumulative Preferred Stock, 25% of the stated or principal amount of such Qualifying Capital Securities then outstanding; and

(ii) in the case of any other Qualifying Capital Securities, an amount not in excess of the sum of (x) two years of accumulated and unpaid Distributions and (y) an amount equal to the excess, if any, of the Preferred Cap over the aggregate amount of net proceeds from the sale of Qualifying Non-Cumulative Preferred Stock that the issuer has applied to pay such Distributions pursuant to any related Alternative Payment Mechanism and/or the Mandatory Trigger Provision; *provided* that the holders of such Qualifying Capital Securities are deemed to agree that, to the extent the remaining claim exceeds the amount set forth in clause (x), the amount they receive in respect of such excess shall not exceed the amount they would have received had such claim ranked *pari passu* with the interests of the holders, if any, of Qualifying Non-Cumulative Preferred Stock.

“*Business Day*” means each day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in New York, New York or Pittsburgh, Pennsylvania are authorized or required by law or executive order to remain closed.

“*Commission*” means the United States Securities and Exchange Commission.

“*Common Cap*” has the meaning assigned to it in the definition of “Alternative Payment Mechanism”.

“*Common Stock*” means common stock of the Corporation (including treasury shares and shares of common stock issued pursuant to the Corporation’s dividend reinvestment plan and employee benefit plans).

“*Company*” has the meaning specified in Recital A.

“*Conditional Exchange Event*” has the meaning specified in Recital B.

“Corporation” has the meaning specified in the introduction to this instrument; *provided, however*, that (a) for purposes of the definitions of “Qualifying Capital Securities”, “Eligible Senior Debt” and “Eligible Subordinated Debt” and the use of the term “Corporation” within each such definition and (b) as used in clauses (i), (ii) and (iv) of Section 2, the term “Corporation” includes any Subsidiary of the Corporation if such Subsidiary is a “finance subsidiary” of the Corporation within the meaning of paragraph (h)(7) of Rule 3-10 of the Commission Regulation S-X and, accordingly, the Corporation fully and unconditionally guarantees the securities of such Subsidiary, in which case each reference in each such definition or in such clause of Section 2 to securities or long-term indebtedness for borrowed money, as applicable, of the Corporation shall include securities of such a finance subsidiary of the Corporation and the related guarantee of the Corporation, taken together.

“Corporation Preferred Stock” has the meaning specified in Recital B.

“Covered Debt” means (a) at the date of this Replacement Capital Covenant and continuing to but not including the first Redesignation Date, the Initial Covered Debt and (b) thereafter, commencing with each Redesignation Date and continuing to but not including the next succeeding Redesignation Date, the Eligible Debt identified pursuant to Section 3(b) as the Covered Debt for such period.

“Covered Debtholder” means each Person (whether a Holder or a beneficial owner holding through a participant in a clearing agency) that buys or holds long-term indebtedness for money borrowed of the Corporation during the period that such long-term indebtedness for money borrowed is Covered Debt.

“Debt Exchangeable for Equity” means a security or combination of securities (together in this definition, “such securities”) that:

(a) gives the holder a beneficial interest in (a) subordinated debt securities of the Corporation that include a provision requiring the Corporation to issue (or use commercially reasonable efforts to issue) one or more types of APM Qualifying Securities raising proceeds at least equal to the deferred Distributions on such subordinated debt securities commencing not later than two years after initial issuance of such securities and that are the most junior subordinated debt of the Corporation (or rank *pari passu* with the most junior subordinated debt of the Corporation) and (b) a fractional interest in a stock purchase contract for a share of non-cumulative perpetual preferred stock of the Corporation that ranks *pari passu* with or junior to all other preferred stock of the Corporation (in this definition, “preferred stock” of the Corporation);

(b) provides that the investors directly or indirectly grant to the Corporation a security interest in such subordinated debt securities and their proceeds (including any substitute collateral permitted under the transaction documents) to secure the investors’ direct or indirect obligation to purchase preferred stock of the Corporation pursuant to such stock purchase contracts;

(c) includes a remarketing feature pursuant to which the subordinated debt of the Corporation is remarketed to new investors commencing not later than the first Distribution Date that is at least five years after the date of issuance of the security or earlier in the event of an early settlement event based on (a) the capital ratios of the Corporation, (b) the capital ratios of the Corporation as anticipated by the Federal Reserve, or (c) the dissolution of the issuer of such Debt Exchangeable for Equity;

(d) provides for the proceeds raised in the remarketing to be used to purchase preferred stock of the Corporation under the stock purchase contracts and, if there has not been a successful remarketing by the first Distribution Date that is six years after the date of issuance of such securities, provides that the stock purchase contracts will be settled by the Corporation foreclosing on its subordinated debt securities or other collateral directly or indirectly pledged by investors in the Debt Exchangeable for Equity;

(e) includes a replacement capital covenant substantially similar to this Replacement Capital Covenant that will apply to such securities and to the preferred stock of the Corporation; and

(f) after the issuance of such preferred stock of the Corporation, provides the holder of the security with a beneficial interest in such preferred stock of the Corporation;

provided that Debt Exchangeable for Equity may not be a replacement capital security under a replacement capital covenant for a prior issuance of Debt Exchangeable for Equity.

“Depository Institution Subsidiary” means any Subsidiary of the Corporation that is a depository institution within the meaning of 12 C.F.R. § 204.2(m).

“Distribution Date” means, as to any securities or combination of securities, the dates on which Distributions on such securities are scheduled to be made.

“Distribution Period” means, as to any securities or combination of securities, each period from and including a Distribution Date for such securities to but not including the next succeeding Distribution Date for such securities.

“Distributions” means, as to a security or combination of securities, dividends, interest or other income distributions to the holders thereof that are not subsidiaries of the Corporation.

“Eligible Debt” means, at any time, Eligible Subordinated Debt or, if no Eligible Subordinated Debt is then outstanding, Eligible Senior Debt.

“Eligible Senior Debt” means, at any time in respect of any issuer, each series of then outstanding unsecured long-term indebtedness for money borrowed of such issuer that (a) upon a bankruptcy, liquidation, dissolution or winding up of the issuer, ranks most senior among the issuer’s then outstanding classes of indebtedness for money borrowed, (b) is then assigned a rating by at least one NRSRO (provided that this clause (b) shall apply on a Redesignation Date only if on such date the issuer has outstanding senior long-term indebtedness for money borrowed that satisfies the requirements of clauses (a), (c) and (d) that is then assigned a rating by at least one NRSRO), (c) has an outstanding principal amount of not less than \$100,000,000, (d) was issued through or with the assistance of a commercial or investment banking firm or firms acting as underwriters, initial purchasers or placement or distribution agents and (e) if issued by a Depository Institution Subsidiary, is fully and unconditionally guaranteed by the Corporation on (I) a subordinated basis or (II) if on the relevant Redesignation Date there is no outstanding debt of a Depository Institution Subsidiary meeting the other requirements set forth above and guaranteed by the Corporation on a subordinated basis but there is outstanding debt of a Depository Institution Subsidiary meeting such requirements and guaranteed on a senior basis, a senior basis. For purposes of this definition as applied to securities with a CUSIP number, each issuance of long-term indebtedness for money borrowed that has (or, if such indebtedness is held by a trust or other intermediate entity established directly or indirectly by the Corporation, the securities of such intermediate entity that have) a separate CUSIP number shall be deemed to be a series of the issuer’s long-term indebtedness for money borrowed that is separate from each other series of such indebtedness.

“Eligible Subordinated Debt” means, at any time in respect of any issuer, each series of the issuer’s then-outstanding unsecured long-term indebtedness for money borrowed that (a) upon a bankruptcy, liquidation, dissolution or winding up of the issuer, ranks subordinate to the issuer’s then outstanding series of indebtedness for money borrowed that ranks most senior, (b) is then assigned a rating by at least one NRSRO (provided that this clause (b) shall apply on a Redesignation Date only if on such date the issuer has outstanding subordinated long-term indebtedness for money borrowed that satisfies the requirements in clauses (a), (c) and (d) that is then assigned a rating by at least one NRSRO), (c) has an outstanding principal amount of not less than \$100,000,000, (d) was issued through or with the assistance of a commercial or investment banking firm or firms acting as underwriters, initial purchasers or placement or distribution agents and (e) if issued by a Depository Institution Subsidiary, is fully and unconditionally guaranteed by the Corporation on (I) a subordinated basis or (II) if on the relevant Redesignation Date there is no outstanding debt of a Depository Institution Subsidiary meeting the other requirements set forth above and guaranteed by the Corporation on a subordinated basis but there is outstanding debt of a Depository Institution Subsidiary meeting such requirements and guaranteed on a senior basis, a senior basis. For purposes of this definition as applied to securities with a CUSIP number, each issuance of long-term indebtedness for money borrowed that has (or, if such indebtedness is held by a trust or other intermediate entity established directly or indirectly by the issuer, the securities of such intermediate entity that have) a separate CUSIP number shall be deemed to be a series of the issuer’s long-term indebtedness for money borrowed that is separate from each other series of such indebtedness.

“*Eligible Subsidiary*” means a Subsidiary of the Bank.

“*Existing Junior Subordinated Debentures*” means the Corporation’s 6.125% Junior Subordinated Deferrable Interest Debentures due December 15, 2033, issued by the Corporation on December 18, 2003 to PNC Capital Trust B.

“*Federal Reserve*” means the Board of Governors of the Federal Reserve System, and any regional Federal Reserve Bank in which the Corporation owns stock.

“*Holder*” means, as to the Covered Debt then in effect, each holder of such Covered Debt as reflected on the securities register maintained by or on behalf of the Corporation with respect to such Covered Debt.

“*Initial Covered Debt*” means the Corporation’s \$200,000,000 Floating Rate Junior Subordinated Notes issued by the Corporation on June 9, 1998, CUSIP No. 693475AE5.

“*Intent-Based Replacement Disclosure*” means, as to any security or combination of securities, that the issuer thereof has publicly stated its intention, either in the prospectus or other offering document under which such securities were initially offered for sale or in filings with the Commission made by the issuer under the Securities Exchange Act prior to or contemporaneously with the issuance of such securities, that the issuer will redeem or repurchase such securities only with the proceeds of replacement capital securities that have equity-like characteristics at the time of redemption or repurchase that are the same as or more equity-like than the securities then being redeemed or repurchased, raised within 180 days prior to the applicable redemption or repurchase date. Notwithstanding the use of the term “*Intent-Based Replacement Disclosure*” in the definitions of “*Qualifying Capital Securities*” and “*Qualifying Non-Cumulative Preferred Stock*”, the requirement in each such definition that a particular security or the related transaction documents include *Intent-Based Replacement Disclosure* shall be disregarded and given no force or effect for so long as the Corporation is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended.

“*Largest Depository Institution Subsidiary*” means, from time to time, the Depository Institution Subsidiary of the Corporation with the greatest total assets that also has outstanding at least one series of Eligible Subordinated Debt; provided, however, that if no Depository Institution Subsidiary of the Corporation has outstanding a series of Eligible Subordinated Debt, this term shall mean the Depository Institution Subsidiary of the Corporation with the greatest total assets that also has outstanding at least one series of Eligible Senior Debt.

“*Mandatorily Convertible Preferred Stock*” means cumulative preferred stock with (a) no prepayment obligation on the part of the issuer thereof, whether at the election of the holders or otherwise, and (b) a requirement that the preferred stock convert into Common Stock of the Corporation within three years from the date of its issuance at a conversion ratio within a range established at the time of issuance of the preferred stock.

“*Mandatory Trigger Provision*” means, as to any Qualifying Capital Securities, provisions in the terms thereof or of the related transaction agreements that:

(a) require the issuer of such securities to make payment of Distributions on such securities only pursuant to the issue and sale of APM Qualifying Securities within two years of a failure of the issuer to satisfy one or more financial tests set forth in the terms of such securities or related transaction agreements, in amount such that the net proceeds of such sale are at least equal to the amount of unpaid Distributions on such securities (including without limitation all deferred and accumulated amounts) and in either case require the application of the net proceeds of such sale to pay such unpaid Distributions, *provided* that (i) if the Mandatory Trigger Provision does not require the issuance and sale within one year of such failure, the amount of Common Stock and/or rights to acquire Common Stock the net proceeds of which the issuer must apply to pay such Distributions pursuant to such provision may not exceed the Common Cap and (ii) the amount of Qualifying Non-Cumulative Preferred Stock the net proceeds of which the issuer may apply to pay such Distributions pursuant to such provision may not exceed the Preferred Cap;

(b) prohibit the issuer and its subsidiaries from purchasing any APM Qualifying Securities the proceeds of which were used to settle deferred Distributions before the date six months after the issuer applies the net proceeds of the sales described in clause (a) to pay such unpaid Distributions in full and include a Repurchase Restriction;

(c) include a Bankruptcy Claim Limitation Provision (except that this clause shall not apply to Qualifying Capital Securities that are Non-Cumulative preferred stock); and

(d) permit the issuer, at its option, to provide that if it is involved in a Business Combination where immediately after the consummation of the Business Combination more than 50% of the surviving or resulting entity’s voting stock is owned by the shareholders of the other party to the Business Combination, then clauses (a) and (b) of this definition will not apply to any deferral period that is terminated on the next Distribution Date following the date of consummation of the Business Combination (or, if later, at any time within 90 days following the date of such consummation);

provided (and it being understood) that:

- (i) the issuer will not be obligated to issue (or use commercially reasonable efforts to issue) APM Qualifying Securities for so long as a Market Disruption Event has occurred and is continuing;
- (ii) if, due to a Market Disruption Event or otherwise, the issuer is able to raise and apply some, but not all, of the eligible proceeds necessary to pay all deferred Distributions on any Distribution Date, the issuer will apply any available eligible proceeds to pay accrued and unpaid Distributions on the applicable Distribution Date in chronological order subject to the Common Cap and Preferred Cap, as applicable; and
- (iii) if the issuer has outstanding more than one class or series of securities under which it is obligated to sell a type of APM Qualifying Securities and applies some part of the proceeds to the payment of deferred Distributions, then on any date and for any period the amount of net proceeds received by the issuer from those sales and available for payment of deferred Distributions on such securities shall be applied to such securities on a *pro rata* basis up to the Common Cap and the Preferred Cap, as applicable, in proportion to the total amounts that are due on such securities.

No remedy other than Permitted Remedies will arise by the terms of such securities or related transaction agreements in favor of the holders of such Qualifying Capital Securities as a result of the issuer's failure to pay Distributions because of the Mandatory Trigger Provision until Distributions have been deferred for one or more Distribution Periods that total together at least ten years.

"*Market Disruption Event*" means the occurrence or existence of any of the following events or sets of circumstances:

- (a) the Corporation would be required to obtain the consent or approval of its shareholders or a regulatory body (including, without limitation, any securities exchange) or governmental authority to issue or sell APM Qualifying Securities and such consent or approval has not yet been obtained notwithstanding the Corporation's commercially reasonable efforts to obtain such consent or approval or the Federal Reserve instructs the Corporation not to sell or offer for sale APM Qualifying Securities at such time;
- (b) trading in securities generally on the New York Stock Exchange or any other national securities exchange or over-the-counter market on which the Common Stock and/or the Corporation's preferred stock is then listed or traded shall have been suspended or the settlement of such trading generally shall have been materially disrupted or minimum prices shall have been established on any such exchange or market by the Commission, by the relevant exchange or by any other regulatory body or governmental body having jurisdiction, and the establishment of such minimum prices materially disrupts or otherwise has a material adverse effect on trading in, or the issuance and sale of, Common Stock and/or the Corporation's preferred stock;

(c) a banking moratorium shall have been declared by the federal or state authorities of the United States such that market trading in the Common Stock and/or the Corporation's preferred stock has been materially disrupted;

(d) a material disruption shall have occurred in commercial banking or securities settlement or clearance services in the United States such that market trading in the Common Stock and/or the Corporation's preferred stock has been materially disrupted;

(e) the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States, there shall have been a declaration of a national emergency or war by the United States or there shall have occurred any other national or international calamity or crisis such that market trading in the Common Stock and/or the Corporation's preferred stock has been materially disrupted;

(f) there shall have occurred such a material adverse change in general domestic or international economic, political or financial conditions, including without limitation as a result of terrorist activities, such that market trading in the Common Stock and/or the Corporation's preferred stock has been materially disrupted;

(g) an event occurs and is continuing as a result of which the offering document for such offer and sale of APM Qualifying Securities would, in the judgment of the Corporation, contain an 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 not misleading and either (a) the disclosure of that event at such time, in the judgment of the Corporation, is not otherwise required by law and would have a material adverse effect on the business of the Corporation or (b) the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede the ability of the Corporation to consummate such transaction, provided that no single suspension period contemplated by this paragraph (vii) shall exceed 90 consecutive days and multiple suspension periods contemplated by this paragraph (vii) shall not exceed an aggregate of 180 days in any 360-day period; or

(h) the Corporation reasonably believes, for reasons other than those referred to in paragraph (g) above, that the offering document for such offer and sale of APM Qualifying Securities would not be in compliance with a rule or regulation of the Commission and the Corporation is unable to comply with such rule or regulation or such compliance is unduly burdensome, provided that no single suspension period contemplated by this paragraph (h) shall exceed 90 consecutive days and multiple suspension periods contemplated by this paragraph (h) shall not exceed an aggregate of 180 days in any 360-day period.

The definition of “*Market Disruption Event*” as used in any securities or combination of securities that constitute Qualifying Securities may include less than all of the paragraphs outlined above, as determined by the Corporation at the time of issuance of such securities, and in the case of clauses (a), (b), (c) and (d), as applicable to a circumstance where the Corporation would otherwise endeavor to issue preferred stock, shall be limited to circumstances affecting markets where the Corporation’s preferred stock trades or where a listing for its trading is being sought.

“*Market Value*” with respect to Common Stock means, on any date, the closing sale price per share of Common Stock (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions by the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, as reported by the principal U.S. securities exchange on which the Common Stock is traded or quoted; if the Common Stock is not either listed or quoted on any U.S. securities exchange on the relevant date, the market price will be the average of the mid-point of the bid and ask prices for the Common Stock on the relevant date submitted by at least three nationally recognized independent investment banking firms selected by the Corporation for this purpose.

“*Measurement Date*” means, with respect to any redemption, repurchase or purchase of Securities, the date six months prior to the delivery of notice of such redemption or the date of such repurchase or purchase.

“*Non-Cumulative*” means, with respect to any securities, that the issuer thereof may elect not to make any number of periodic Distributions without any remedy arising under the terms of the securities or related agreements in favor of the holders, other than one or more Permitted Remedies.

“*No Payment Provision*” means a provision or provisions in the transaction documents for securities (referred to in this definition as “*such securities*”) that include the following:

- (a) an Alternative Payment Mechanism;
- (b) a Bankruptcy Claim Limitation Provision; and
- (c) an Optional Deferral Provision modified and supplemented from the general definition of that term to provide that:
 - (i) the issuer of such securities may, in its sole discretion, or (if the Corporation elects to so provide in the terms of such securities) shall in response to a directive or order from the Federal Reserve, defer in

whole or in part payment of Distributions on such securities for one or more consecutive Distribution Periods of up to five years or, if a Market Disruption Event has occurred and is continuing, ten years, without any remedy other than Permitted Remedies and the obligations (and limitations on obligations) described in the definition of “Alternative Payment Mechanism” applying; and

(ii) if the Corporation becomes subject to a bankruptcy, insolvency, receivership or similar proceeding prior to the redemption or repayment of such securities, the holders of such securities will have no claim to any deferred and unpaid Distributions exceeding (x) if the APM Qualifying Securities include only Common Stock or rights to acquire Common Stock and do not include Qualifying Non-Cumulative Preferred Stock, 25% of the principal or stated amount of such securities then outstanding and (y) if the APM Qualifying Securities include Qualifying Non-Cumulative Preferred Stock, two years of Distributions on such securities; provided, however, that if the APM Qualifying Securities include non-cumulative perpetual preferred stock and, accordingly, clause (y) applies, holders of such securities may have an additional claim effectively ranking *pari passu* with preferred stock of the Corporation in respect of deferred and unpaid distributions which are in excess of two years of Distributions up to the amount equal to their *pro rata* shares of any unused portion of the Preferred Cap (as defined in the definition of “Alternative Payment Mechanism”).

“NRSRO” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Securities Exchange Act.

“OCC” means the Office of the Comptroller of the Currency.

“Offering Circular” has the meaning specified in Recital A.

“Optional Deferral Provision” means, as to any securities or combination of securities (together in this definition, “securities”), a provision in the terms thereof or of the related transaction agreements to the effect that the issuer of such securities may, in its sole discretion, defer or skip in whole or in part payment of Distributions on such securities for one or more consecutive Distribution Periods of up to ten years without any remedy other than Permitted Remedies.

“Other Qualifying Replacement Capital Covenant” means a replacement capital covenant, as identified by the Corporation’s Board of Directors acting in good faith and in its reasonable discretion and reasonably construing the definitions and other terms of this Replacement Capital Covenant, (i) entered into by a company that at the time it enters into such replacement capital covenant is a reporting company under the Securities Exchange Act and (ii) that restricts the related issuer from redeeming or purchasing identified securities except out of the proceeds of specified replacement

capital securities that have terms and provisions at the time of redemption or repurchase that are as or more equity-like than the securities then being redeemed or repurchased, raised within 180 days prior to the applicable redemption or repurchase date (and, if the replacement capital securities are Common Stock or rights to acquire Common Stock, with the Corporation being deemed to receive the applicable percentage (which, depending upon the equity-like characteristics being redeemed or repurchased as of the date of redemption or repurchase will be 133.33% if such securities are perpetual or have a remaining term to maturity of more than 50 years, 200% if such securities have a remaining term to maturity of 50 years or less but more than 30 years, and 400% if such securities have a remaining term to maturity of 30 years or less but more than 20 years) of the proceeds actually received).

“*Permitted Remedies*” means, with respect to any securities, one or more of the following remedies:

(a) rights in favor of the holders of such securities permitting such holders to elect one or more directors of the issuer (including any such rights required by the listing requirements of any stock or securities exchange on which such securities may be listed or traded); and

(b) complete or partial prohibitions on the issuer paying Distributions on or repurchasing common stock or other securities that rank pari passu with or junior as to Distributions to such securities for so long as distributions on such securities, including unpaid distributions, remain unpaid.

“*Person*” means any individual, corporation, partnership, joint venture, trust, limited liability company or corporation, unincorporated organization or government or any agency or political subdivision thereof.

“*PNC Delaware*” has the meaning specified in Recital A.

“*Qualifying Capital Securities*” means securities (other than Common Stock, rights to acquire Common Stock and securities convertible into Common Stock) that, in the determination of the Corporation’s Board of Directors reasonably construing the definitions and other terms of this Replacement Capital Covenant, meet one of the following criteria:

(i) securities issued by the Corporation, the Bank or an Eligible Subsidiary that (1) rank (or would rank if the Existing Junior Subordinated Debentures remained outstanding) junior to the Existing Junior Subordinated Debentures upon the liquidation, dissolution or winding up of the Corporation, (2) have a No Payment Provision, (3) have no maturity or a maturity of at least 60 years and (4) either (x) are subject to a replacement capital covenant substantially similar to this Replacement Capital Covenant or an Other Qualifying Replacement Capital Covenant or (y) have a Mandatory Trigger Provision and are subject to Intent-Based Replacement Disclosure; or

(ii) preferred stock issued by the Corporation, the Bank or an Eligible Subsidiary that (1) is Non-Cumulative, (2) has no prepayment obligation on the part of the issuer thereof, whether at the election of the holders or otherwise, (3) has no maturity or a maturity of at least 60 years and (4) either (x) is subject to a replacement capital covenant substantially similar to this Replacement Capital Covenant or an Other Qualifying Replacement Capital Covenant or (y) has a Mandatory Trigger Provision and is subject to Intent-Based Replacement Disclosure; or

(iii) securities issued by the Corporation, the Bank or an Eligible Subsidiary that (1) rank (or would rank if the Existing Junior Subordinated Debentures remained outstanding) junior to the Existing Junior Subordinated Debentures, (2) have no maturity or a legal final maturity of at least 40 years, (3) are subject to a replacement capital covenant substantially similar to this Replacement Capital Covenant or an Other Qualifying Replacement Capital Covenant, (4) have an Optional Deferral Provision and (5) have a Mandatory Trigger Provision.

Additionally, and notwithstanding the foregoing, any securities or combinations of securities if issued to any Subsidiary of the Corporation, without the contemporaneous issuance of any security by such Subsidiary to a Person other than the Corporation or a Subsidiary of the Corporation, shall not qualify as Qualifying Capital Securities (it being understood and agreed for the avoidance of doubt that Persons covered by the Corporation's dividend reinvestment plan and employee benefit plans shall not be deemed to be affiliates of the Corporation for this purpose).

“Qualifying Non-Cumulative Preferred Stock” means non-cumulative preferred stock of the Corporation that ranks *pari passu* with or junior to all other preferred stock of the Corporation, is perpetual and is subject to a replacement capital covenant substantially similar to this Replacement Capital Covenant or has a provision that prohibits the Corporation from paying any dividends thereon upon its failure to satisfy one or more financial tests set forth therein and is subject to Intent-Based Replacement Disclosure, and in each case as to which the transaction documents provide for no remedies as a consequence of non-payment of Distributions other than Permitted Remedies.

“Redesignation Date” means, as to the Covered Debt in effect at any time, the earliest of (a) the date that is two years prior to the final maturity date of such Covered Debt, (b) if the Corporation or the Bank (as applicable) elects to redeem, or the Corporation or a Subsidiary of the Corporation elects to repurchase, such Covered Debt either in whole or in part with the consequence that after giving effect to such redemption or repurchase the outstanding principal amount of such Covered Debt is less than \$100,000,000, the applicable redemption or repurchase date and (c) if such Covered Debt is not Eligible Subordinated Debt of the Corporation, the date on which the Corporation issues long-term indebtedness for money borrowed that is Eligible Subordinated Debt.

“REIT Preferred Securities” means Non-Cumulative perpetual preferred stock of a Subsidiary of a Depository Institution Subsidiary, which may or may not be a “real estate investment trust” (“REIT”) within the meaning of Section 856 of the Internal Revenue Code that is exchangeable for Non-Cumulative perpetual preferred stock of the Corporation or a Depository Institution Subsidiary and satisfies the following requirements:

(a) such Non-Cumulative perpetual preferred stock of a Subsidiary of the Depository Institution Subsidiary and the related Non-Cumulative perpetual preferred stock of the Corporation or the Depository Institution Subsidiary for which it may be exchanged qualify as Tier 1 capital of the Depository Institution Subsidiary under the risk-based capital guidelines of the Appropriate Federal Banking Agency and related interpretive guidance of such Agency (for example, in the case of the OCC, Corporate Decision 97-109) (disregarding any quantitative limits);

(b) such Non-Cumulative perpetual preferred stock of a Subsidiary of the Depository Institution Subsidiary must be exchangeable automatically into Non-Cumulative perpetual preferred stock of the Corporation or the Depository Institution Subsidiary in the event that the Appropriate Federal Banking Agency directs such Depository Institution Subsidiary in writing to make a conversion because such Depository Institution Subsidiary is (i) undercapitalized under the applicable prompt corrective action regulations (which, for example, in the case of the OCC and applicable to national banks, are at 12 C.F.R. 6.4(b)), (ii) placed into conservatorship or receivership, or (iii) expected to become undercapitalized in the near term;

(c) if such Subsidiary of the Depository Institution Subsidiary is a REIT, the transaction documents include provisions that would enable the REIT to stop paying Distributions on its Non-Cumulative perpetual preferred stock without causing the Subsidiary to fail to comply with the income distribution and other requirements of the Internal Revenue Code applicable to REITs;

(d) such Non-Cumulative perpetual preferred stock of the Corporation or the Depository Institution Subsidiary issued upon exchange for the non-cumulative perpetual preferred stock of a Subsidiary of a Depository Institution Subsidiary issued as part of such transaction ranks *pari passu* or junior to other preferred stock of the Corporation or a Depository Institution Subsidiary, as applicable; and

(e) such REIT Preferred Securities and Non-Cumulative perpetual preferred stock of the Corporation or the Depository Institution Subsidiary for which it may be exchanged are subject to a replacement capital covenant substantially similar to this Replacement Capital Covenant or an Other Qualifying Replacement Capital Covenant.

“*Replacement Capital Covenant*” has the meaning specified in the introduction to this instrument.

“*Repurchase Restriction*” has the meaning specified in clause (c) of the definition of “*Alternative Payment Mechanism*”.

“*Securities*” has the meaning specified in Recital B.

“*Securities Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Subsidiary*” means, at any time, any Person the shares of stock or other ownership interests of which having ordinary voting power to elect a majority of the board of directors or other managers of such Person are at the time owned, or the management or policies of which are otherwise at the time controlled, directly or indirectly through one or more intermediaries (including other Subsidiaries) or both, by another Person.

“*Termination Date*” has the meaning specified in Section 4(a).

“*Trust Securities*” has the meaning specified in Recital A.